

M E M O R A N D U M

Date: June 6, 2016

To: Town Manager
From: Susan Smith, Finance Director

SUBJECT: Proposed Resolution SDA 2016-01, Amending and Restating Resolution SDA 2011-12, Authorizing the Issuance of a General Obligation Bond in an Amount Not-to-Exceed \$10,800,000 for Beach Erosion Control

Pursuant to Resolution SDA 2011-02 adopted by the Longboat Key Beach Erosion District A ("District A"), and Resolution SDB 2011-04 adopted by the Longboat Key Beach Erosion District B ("District B"), both adopted on January 6, 2011, two referenda were called, and both passed, thus authorizing District A to issue general obligation bonds in an amount not to exceed \$16,000,000 to be secured by District A's full faith, credit and taxing power, and District B to repay District A 20% of the debt service on such bonds, to be secured by District B's full faith, credit and taxing power. On April 4, 2011, District A adopted SDA 2011-12 to authorize such bonds and determine certain details with respect thereto, to include authorizing execution and delivery of a form interlocal agreement with District B, and District B adopted SDB 2011-13 to authorize execution and delivery of the same form interlocal agreement with District A. The bonds and the interlocal agreement were thereafter validated by circuit court judgment.

BACKGROUND:

The Longboat Key Beach Erosion Control District A, the "Issuer," was created by Ordinance No. 92-24, enacted by the Town Commission of the Town on August 6, 1992, and terminates on October 1, 2021. District B was created by Ordinance No. 92-26, enacted by the Town Commission of the Town on August 6, 1992, and terminates on October 1, 2021.

Resolution SDA 2016-01 of District A amends and restates Resolution SDA 2011-12 in its entirety and authorized the issuance of a General Obligation Bond, Series 2016 in the principal amount of not to exceed \$10,800,000 for the principal purpose of financing and/or reimbursing the cost of rebuilding, restoring and nourishing the beaches of the Gulf of Mexico within the territorial boundaries of District A from the effects of long-term beach erosion, including construction and installation of erosion-control structures and sand. The proposed resolution accepts the bid proposed from Capital One Public Funding on a borrowing not to exceed \$10,800,000 for the purposes of financing the beach renourishment project, and incorporates the terms and conditions of their proposal.

The Town's Financial Advisor, PFM Group, issued a RFP on the Issuer's behalf to seek proposals on a borrowing not to exceed \$12 million for the purpose of financing the rebuilding, restoring, and nourishment of the Gulf Beaches of Longboat Key. The Town has levied and collected \$5,690,639 in beach millage for the past two fiscal years, thereby reducing the amount required to be borrowed. The authorization of the amount of the borrowing, which is greater than the par amount up to the \$16,000,000, will be cancelled following the closing.

FACTS/COMMENTS:

On April 11, 2016, in response to the RFP distributed to about 30 banks the Town received three bids, a summary of those bids are as follows:

	BAML	Capital One	Seaside Bank
oposal Requirements			
Contact Information	Holly Khulman Senior Vice President 9128 Strada Place, Suite 10110 Naples, FL 34103 (239) 598-8805 holly.kuhlman@baml.com	Jacqueline Bretz Vice President (866) 617-2337 jaci.bretz@capitalone.com	George Madden Client Advisor 201 South Orange Avenue, Suite 1350 Orlando, FL 32801 (352) 250-7306 gmadden@seasidebank.com
Tax Exempt Fixed Interest Rate	Indicative: 1.37% (locked two days before closing)	Fixed: 1.79%	Fixed: 1.75%
Calculation	33 month interest swap rate + 46 bps	N/A	N/A
Rate Locked to Closing, or Date to be set	Set 2 days prior to closing	Locked through June 10, 2016	Locked until Closing Date or June 15, 2016
Prepayment Penalty	Make Whole Call	Callable beginning 6/1/2018 at par	No penalty
Legal/Other Fees	\$5,500	None	\$4,500
Other Conditions	(i) Must close by June 30, 2016 (ii) Gross-Up in the event of a Determination of Taxability equal to Interest Rate x Taxable Rate Factor (currently 1.54) (iii) Default Rate: Maximum rate allowed under law (iv) Amend the ordinance to allow expiration of District A and District B on October 1, 2021, only if the debt has been fully paid (v) Subject to final credit approval (vi) Term Sheet expires April 26, 2016 (vii) Interest rate is not locked until 2 days before closing so Interest Rate Risk Exposure for 10-12 weeks.	(i) Must close by June 10, 2016 (ii) Provide legal counsel opinion (iii) Provide audited financial statements within 270 days of FY end (iv) Term Sheet expires April 18, 2016 (v) Subject to final credit approval	(i) Gross-Up in the event of a Determination of Taxability to 4.75% and pay an Additional Amount (ii) Provide annual Budget and CAFR each year the Bond is outstanding (iii) DSC: 1.05x
Legal Comments and Concerns from Bond and Town Counsel:	(i) The requirements to amend the ordinance re. District A and District B termination date, while understandable, will result in a 2-4 week delay in funding (ii) Comfortable only with venue being in a Florida court (State of Florida or federal Florida court). Cannot agree to any United States court having jurisdiction. (iii) The default rate (max permitted by law) seems onerous. A rate that high not required by other proposers. (iv) Town audit shall contain sufficient information to understand the financial position of District A (vi) Acceleration as a remedy seems onerous (vii) Generally, as a practice the Town does not indemnify parties to a contract as this sort of perpetual pledge is prohibited by the Florida Constitution. In limited circumstances where the Town does agree to include an indemnification provision, such indemnification provision is limited "to the extent permitted by applicable Florida law". Town counsel understands what liability, loss, damages, etc. BoA faces with respect to this contractual lending arrangement. Consequently, to the extent the Town is being asked to assume some limited liability "to the extent permitted by law," Town counsel can't appreciate what exposure and/or loss on BoA's part that the Town is agreeing to assume. Simply stated, the inclusion of this section seems inappropriate. This loan is secured by the full faith and credit of the Town's District A's taxing power such that BoA is going to get the full amount borrowed plus interest on amounts loaned to the Town. For that reason, Town counsel is not sure what the Town is being requested to indemnify from, and why the Town would be asked to do more than pledge its ad valorem taxing power to pay back the loan.	None	(i) The 1.05 coverage does not make any sense in a full faith, credit and unlimited taxing power GO, and would require the Town to levy some operating millage (counts towards 10 mill cap) in addition to voted millage.

The Town's consultants, Duane Draper from Bryant Miller Olive, P.A. and Marissa Wortman from Public Financial Management, Inc. reviewed the proposals. In accordance with the sunshine law, the Town's selection committee met with our consultants on April 15, 2016 and the selection committee. Marissa Wortman reviewed the three (3) proposals received: Bank of America/Merrill Lynch, Capital One Public Funding, and Seaside National Bank & Trust. She provided an in-depth summary of each of the proposals received regarding the submitted rates, fees and conditions. Ms. Wortman discussed if the committee were to choose Bank of America/ Merrill Lynch, it would require an amendment to the Town's Ordinance of District A and B to expire the Districts on 10/21/2021 only if the debt is paid in full, as well as applicable prepayment penalties. While Capital One does have a slightly higher rate, they have a much cleaner proposal as they did not list any extra provisions or conditions contingent for award. Seaside National Bank & Trust, also proposed extra conditions listed in their proposal which would require additional operating millage to cover the debt reserve requirements, which were unacceptable to the committee.

It was the consensus of the committee to move forward with Capital One Public Funding due to their lack of bond covenants contained in their submittal proposal. Bank of America/ Merrill Lynch proposal and Seaside National Bank & Trust proposal both included conditions which the Selection Committee deemed unacceptable.

AMOUNT OF BORROWING:

The total amount of borrowing, \$10,720,908, includes bond issuance costs in the amount of \$72,500. The total interest to be paid on the borrowing over four years is \$479,090. The maximum annual debt service is \$2,800,000. Principal on this bond shall be paid in four annual payments every June 1 starting June 1, 2017 and interest semi-annually every December 1 and June 1, starting December 1, 2016 as follows:

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2016			91,154.52	91,154.52	
06/01/2017	2,612,893	1.790%	95,952.13	2,708,845.13	2,799,999.65
12/01/2017			72,566.73	72,566.73	
06/01/2018	2,654,866	1.790%	72,566.73	2,727,432.73	2,799,999.46
12/01/2018			48,805.68	48,805.68	
06/01/2019	2,702,388	1.790%	48,805.68	2,751,193.68	2,799,999.36
12/01/2019			24,619.31	24,619.31	
06/01/2020	2,750,761	1.790%	24,619.31	2,775,380.31	2,799,999.62
	10,720,908		479,090.09	11,199,998.09	11,199,998.09

TERMS OF THE DIRECT PLACEMENT LOAN PROVIDED BY CAPITAL ONE PUBLIC FUNDING

Facility Type: Direct Placement Bank Loan
Purpose: New money for Beach projects
Amount: Not to Exceed \$10,800,000
Interest Rate: 1.79% Fixed Rate
Final Maturity: 2020
Prepayment Penalty: None
Cost of Issuance: \$72,500 (estimated)

RECOMMENDATION:

Resolution SDA 2016-01 was presented at the May 16, 2016 Regular Workshop and forwarded to the June 6, 2016 Regular Meeting for formal action. (The Town Commission will convene and take action as the Governing Board of District A.)

RESOLUTION SDA 2016-01

A RESOLUTION OF THE LONGBOAT KEY BEACH EROSION CONTROL DISTRICT A, AMENDING AND RESTATING RESOLUTION SDA 2011-12 IN ITS ENTIRETY; AUTHORIZING THE ISSUANCE OF THE LONGBOAT KEY BEACH EROSION CONTROL DISTRICT A GENERAL OBLIGATION BOND, SERIES 2016 IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$10,800,000 FOR THE PRINCIPAL PURPOSE OF FINANCING AND/OR REIMBURSING THE COST OF REBUILDING, RESTORING AND NOURISHING THE BEACHES OF THE GULF OF MEXICO WITHIN THE TERRITORIAL BOUNDARIES OF DISTRICT A FROM THE EFFECTS OF LONG-TERM BEACH EROSION, INCLUDING CONSTRUCTION AND INSTALLATION OF EROSION-CONTROL STRUCTURES AND SAND; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF DISTRICT A TO SECURE REPAYMENT OF THE BOND; PROVIDING FOR THE RIGHTS OF THE OWNER; MAKING CERTAIN OTHER COVENANTS RELATING TO SUCH BOND; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA EX OFFICIO AS THE GOVERNING BODY OF THE LONGBOAT KEY BEACH EROSION CONTROL DISTRICT A, THAT:

SECTION 1. Authority for this Resolution. This Resolution is adopted pursuant to the Constitution of the State of Florida, Chapter 189, Florida Statutes, Chapter 166, Part II, Florida Statutes, Sections 100.201 through 100.351, Florida Statutes, Ordinance No. 92-24 enacted by the Town Commission of the Town on August 6, 1992, as amended, and other applicable provisions of law (hereinafter referred to as the "Act"), Resolution SDA 2011-02 adopted by the governing body of the Issuer on January 6, 2011 and an approving election held on March 15, 2011, and the Original Resolution (as hereinafter defined).

SECTION 2. Definitions. Unless the context otherwise requires, the terms defined in this section shall have the meanings so specified. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"**Authorized Investments**" shall mean investments permitted by applicable law and the written investment policy of the Town.

"**Bond**" shall mean the General Obligation Bond, Series 2016 herein authorized to be issued by the Issuer.

"**Bond Service Requirement**" for any Bond Year, as applied to the Bond, shall mean the sum of:

(1) The amount required to pay the interest becoming due on the Bond during such Bond Year, and principal of the Bond payable in such Bond Year, except to the extent that such interest shall have been provided by payments into the Sinking Fund of investment income or capitalized interest; and

(2) The Mandatory Sinking Fund Installment for the Term Bond coming due in such Bond Year. (In computing the Bond Service Requirement for any Bond Year for the Bond, the Issuer shall assume that an amount of the Term Bond equal to the Mandatory Sinking Fund Installment for such Bond Year will be retired by purchase or redemption in such Bond Year. When determining the amount of principal of and interest on the Bond which mature in any Bond Year, for purposes of this Resolution, the stated maturity date of the Term Bond shall be disregarded, and the Mandatory Sinking Fund Installment, if any, applicable to Term Bond in such year shall be deemed to mature in such year.)

"Bond Year" shall mean the twelve month period ending on each June 1st.

"Bond Counsel" means Bryant Miller Olive P.A., Tampa, Florida, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the Issuer.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"District A" shall mean the Longboat Key Beach Erosion Control District A, created by Ordinance No. 92-24, enacted by the Town Commission of the Town on August 6, 1992, as amended. District A is the Issuer.

"District B" shall mean the Longboat Key Beach Erosion Control District B, created by Ordinance No. 92-26, enacted by the Town Commission of the Town on August 6, 1992, as amended. District B is not the Issuer.

"Federal Securities" shall mean direct obligations of the United States of America and obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor.

"Finance Director" shall mean the Finance Director of the Town as designated in the Town's Charter and such other person as may be duly authorized to act on his or her behalf.

"Interlocal Agreement" shall mean the Interlocal Agreement among the Town, the Issuer and District B, in substantially the form approved by the governing boards of each party on April 4, 2011, to be executed and delivered on the date of issuance of the Bond.

"Issuer" shall mean District A.

"Mandatory Sinking Fund Installment" with respect to the Bond, shall mean an amount so designated which is established for the Bond and which shall be deposited in

the Term Bond Account within the Sinking Fund (hereinafter established and defined) provided that the aggregate of such installments together with interest to be earned on funds within the Term Bond Account and retained in such account for payment of the Bond, shall equal the aggregate principal amount of the Bond delivered on original issuance.

"Maturity Date" shall mean June 1, 2020.

"Original Purchaser" shall mean Capital One Public Funding, LLC, the original purchaser of the Bond.

"Original Resolution" shall mean Resolution SDA 2011-12, adopted by the governing body of the Issuer on April 4, 2011.

"Owner" shall mean the owner from time to time of the Bond, as shown on the registration books of the Issuer kept for the purpose in accordance with provisions of this Resolution.

"Pledged Revenues" shall mean the proceeds of taxes levied and collected pursuant to Sections 13 and 14 hereof and Section 2 of the Interlocal Agreement, which are deposited into the Sinking Fund herein created.

"Project" shall mean rebuilding, restoring and nourishing the beaches of the Gulf of Mexico within the territorial boundaries of the Issuer from the effects of long-term beach erosion, including construction and installation of erosion-control structures and sand.

"Resolution" shall mean the Original Resolution, as amended and restated in its entirety by this Resolution.

"Term Bond" shall mean the Bond if stated to mature on one date and which shall be subject to retirement by operation of the Term Bond Account established in the Sinking Fund. The Bond shall be a Term Bond.

"Term Bond Account" means the account by that name created by Section 14 hereof.

"Town" shall mean the Town of Longboat Key, Florida, a municipal corporation duly organized and validly existing under the laws of the State of Florida.

"Town Attorney" shall mean the Town Attorney or assistant Town Attorney of the Town, or any special counsel appointed by the Town Commission, as provided for in the Town's Charter.

"Town Clerk" shall mean the Town Clerk of the Town, or his or her duly authorized designee, as provided for in the Town's Charter.

"Town Manager" shall mean the Town Manager of the Town and such other person as may be duly authorized to act on his or her behalf, as provided for in the Town's Charter.

SECTION 3. Findings. It is hereby found, determined and declared as follows, that:

- A. The issuance of the Bond was approved by a majority of votes cast in a bond referendum held on March 15, 2011, by the qualified electors of the Issuer in the manner required by the Constitution and Statutes of the State of Florida, including the Act and the Original Resolution.
- B. The Issuer adopted the Original Resolution authorizing the issuance of the Bond in the principal amount of not to exceed \$16,000,000 for the purpose of financing and/or reimbursing the cost of the Project.
- C. Section 23 of the Original Resolution provided for and directed the institution of bond validation proceedings pursuant to Chapter 75, Florida Statutes. On August 3, 2011, the Circuit Court of the Twelfth Judicial Circuit of the State of Florida, in and for Sarasota County, Florida, entered a Final Judgment validating the Bond and related matters in Case No. 2011-CA-003720-NC, and the appeal period has expired without any appeal having been filed.
- D. The Issuer has determined, based on the size and term of the financing, transaction cost estimates and the advice of its financial advisor, to issue the Bond as a private placement.
- E. The Issuer publicly advertised and requested proposals from lending institutions to provide the necessary financing. The Issuer received three (3) proposals. In particular, the Issuer has received an offer from the Original Purchaser to purchase the Bond which, based on consultation with the financial advisor, Bond Counsel and the Town Attorney and the recommendation of a selection committee, the Issuer determined to be the best proposal received, and the Issuer desires to accept such offer.
- F. The Issuer now desires to amend and restate the Original Resolution in its entirety to incorporate the terms of the Original Purchaser's offer.
- G. Debt service on the Bond will be payable solely from Pledged Revenues.
- H. It is necessary, desirable, and in the best interest of the Issuer and its inhabitants that the Bond in an amount not exceeding \$10,800,000 be issued for the financing and/or reimbursing the costs of the Project herein described, which amount is hereby authorized to be expended for such purposes.

SECTION 4. Resolution to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the Owner, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Owner. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Owner of such Bond.

SECTION 5. Authorization of Project; Filing and Recordation of Interlocal Agreement.

- A. The Project is hereby authorized to be designed, acquired, constructed and reconstructed with proceeds derived from the sale of the Bond. The costs of the Project shall include legal fees, fees of fiscal agents, the cost of insurance or other credit enhancement for the Bond, if applicable, and other costs associated with issuance of the Bond, reimbursement of advances made by the Issuer or the Town for the costs of the Project, capitalized interest, if any, until the estimated receipt of the first ad valorem tax revenues available to pay interest on the Bond, engineering fees, and other costs attributable to the Project. The Town and the Issuer have previously declared their respective official intent pursuant to U.S. Treasury Regulations to reimburse from proceeds of the Bond for "preliminary expenditures" (as defined in such regulations) related to the Project and for certain other costs of the Project to be paid prior to the anticipated date of issuance of the Bond. To the extent of any such reimbursement, the Issuer will restore advances made to it by the Town for such purposes.
- B. Upon its execution and delivery, the Interlocal Agreement shall be filed of record by the Issuer, or its respective authorized agents or representatives, with the clerks of the circuit courts of Manatee and Sarasota Counties, all in accordance with Chapter 163, Part I, Florida Statutes.

SECTION 6. Authorization of the Bond; Cancellation of Excess Referendum Authority. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer to be known as "General Obligation Bond, Series 2016" herein sometimes referred to as the "Bond," is hereby authorized to be issued as a single Term Bond in the principal amount of not exceeding Ten Million Eight Hundred Thousand Dollars (\$10,800,000).

Because of the characteristics of the Bond, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Bond, it is in the best interest of the Issuer to accept the offer of the Original Purchaser to purchase the Bond at a private negotiated sale. Prior to the issuance of the Bond, the Issuer shall receive a Lender's Certificate from the Original Purchaser in the form attached hereto as Exhibit A, and the Disclosure Letter from the Original Purchaser containing the information required by Section 218.385, Florida Statutes, a form of which is attached hereto as Exhibit B.

Except for the Bond authorized hereunder, the Issuer irrevocably covenants not to issue any additional bonds or other obligations following the issuance of the Bond, and cancels the Issuer's authority to issue in the future the positive difference as between \$16,000,000 authorized by the referendum held on March 15, 2011, and the principal amount of the Bond.

SECTION 7. Description of the Bond. The Bond shall be issued only as a single, fully registered Bond, and shall be dated the date of its delivery, which shall be a date agreed upon by the Issuer and the Original Purchaser, subject to the following terms:

- A. The Bond shall have a fixed interest rate equal to 1.79%, calculated on 30/360 day count basis.
- B. Interest on the Bond shall be paid semi-annually on each June 1 and December 1, commencing December 1, 2016. Amortization Installments on the Bond shall be paid annually beginning on June 1, 2017, with a final maturity date of June 1, 2020.

SECTION 8. Execution of the Bond. The Bond shall be manually executed in the name of the Issuer by the Mayor of the Town and attested by the Town Clerk, subject to the approval of the Town Attorney as to form and legal correctness, and the corporate seal of the Issuer or a facsimile thereof shall be affixed thereto or reproduced thereon. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. 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 with the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

SECTION 9. Negotiability and Registration.

The Bond is initially registered to the Original Purchaser of the Bond. So long as the Bond shall remain unpaid, the Issuer will keep books for the registration and transfer of the Bond. The Bond shall be transferable only upon such registration books. The Owner of the Bond shall have the right at any time to assign, transfer or convey the Bond or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the Issuer unless and until such Owner has delivered to the Issuer written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the Owner or (ii) banks, insurance companies or other financial institutions or their affiliates that execute a certificate substantially in the form attached hereto as Exhibit A. Nothing herein shall limit the right of the Owner or its assignees to sell or assign participation interests in the Bond to one or more entities listed in (i) or (ii).

The Owner of the Bond shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal and interest on such Bond shall be made only to or upon the written order of the Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

SECTION 10. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer shall issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and in substitution for such mutilated Bond, or in lieu of and in substitution for the Bond destroyed, stolen or lost and upon the Owner of the Bond furnishing the Issuer proof of ownership thereof and indemnity reasonably satisfactory to the Issuer and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. The Bond so surrendered shall be canceled by

the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bond issued pursuant to this section shall constitute original, additional contractual obligations 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 and source and security for payment from the funds, as hereinafter pledged.

SECTION 11. Redemption Provisions. The Bond shall be subject to redemption as provided in the Bond.

SECTION 12. Form of the Bond. The Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or in any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof:

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FORM OF THE BOND

\$10,720,908

UNITED STATES OF AMERICA
STATE OF FLORIDA
LONGBOAT KEY BEACH EROSION CONTROL DISTRICT A
GENERAL OBLIGATION BOND
SERIES 2016

Maturity Date
June 1, 2020

Interest Rate
1.79%

Dated Date
June 10, 2016

Owner: Capital One Public Funding, LLC

Principal Amount: Ten Million Seven Hundred Twenty Thousand Nine Hundred Eight and No/100 Dollars

KNOW ALL MEN BY THESE PRESENTS, that the Longboat Key Beach Erosion Control District A (hereinafter called "Issuer") of the Town of Longboat Key, Florida (the "Town"), for value received, hereby promises to pay to the Owner identified above, or registered assigns, on the Maturity Date specified above, the Principal Amount shown above, and to pay interest on said sum from the Date of Issue of this Bond or from the most recent interest payment date to which interest has been paid, at the Rate of Interest per annum set forth above until payment of such sum on the dates and in the amounts set forth on Schedule A attached hereto.

The final payment of the principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof on the date fixed for maturity or redemption at the principal office of the Town Clerk.

This Bond is authorized in the principal amount of \$10,720,908 of like date, tenor and effect issued to finance and/or reimburse the cost of rebuilding, restoring and nourishing the beaches of the Gulf of Mexico within the territorial boundaries of the Issuer from the effects of long-term beach erosion, including construction and installation of erosion-control structures and sand, under the authority of and in full compliance with the Constitution of the State of Florida, Chapter 189, Florida Statutes, Chapter 166, Part II, Florida Statutes, Sections 100.201 through 100.351, Florida Statutes, Ordinance No. 92-24 enacted by the Town Commission of the Town on August 6, 1992, as amended, and other applicable provisions of law (hereinafter referred to as the "Act"), Resolution SDA 2011-02 adopted by the governing body of the Issuer on January 6, 2011 and an approving election held on March 15, 2011, and Resolution SDA 2011-12 adopted by the governing body of the Issuer on April 4, 2011, as amended and restated in its entirety by a resolution adopted by the governing body of the Issuer on June 6, 2016, as may be further amended and supplemented from time to time (collectively, the "Resolution"), and is subject to all the terms and conditions of such Resolution, all of which are incorporated herein by reference.

It is hereby certified and recited that all acts, conditions and things required to happen, exist and be performed, precedent to and in the issuance of this Bond, have

happened, exist, and have been performed in due time, form and manner as required by the Constitution and laws of the State of Florida applicable thereto, that this Bond has been approved at an election held in accordance with the Constitution and laws of the State of Florida in the Issuer on March 15, 2011; that the total indebtedness of the Issuer, including this Bond, does not exceed any constitutional, statutory or charter limitation; and that provision has been duly made for the levy and collection of a tax, without limitation as to rate or amount, on all taxable property within the Issuer, together with any amounts on deposit in the Sinking Fund and anticipated receipt from the levy and collection of ad valorem taxes in District B (as hereinafter defined), in an amount sufficient to pay the principal of and interest on this Bond as the same shall become due, which tax shall be levied and collected at the same time, and in the same manner, as other ad valorem taxes of the Town, are levied and collected. For the prompt payment of the principal of and interest on this Bond, the full faith, credit and taxing power of the Issuer, without limitation, are irrevocably pledged.

The Issuer and the Town have entered into an Interlocal Agreement with Longboat Key Beach Erosion Control District B ("District B") pursuant to which District B has pledged its full faith, credit and taxing power to partially pay the Bond Service Requirement for this Bond; provided, that the annual millage rate to be levied upon taxable property in District B shall always be equal to 20% of the sum of the annual millage levies in District B and the Issuer, such annual tax levies, calculated together, being always sufficient to pay all principal of and interest coming due on this Bond in the ensuing year.

Upon 30 days prior written notice to the Owner of this Bond, the principal on this Bond may not be prepaid prior to June 1, 2018. On or after June 1, 2018, the principal of this Bond may be prepaid in whole at the option of the Town, on any interest payment date without penalty.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in Sarasota County, Florida where the principal office of the Town Clerk is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The Issuer may deem and treat the Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Issuer shall not be affected by any notice to the contrary.

This Bond may be exchanged or transferred by the Owner hereof but only upon the registration books maintained by the Town Clerk and in the manner provided in the Resolution.

IN WITNESS WHEREOF, the Issuer has issued this Bond and has caused the same to be manually signed by the Mayor of the Town of Longboat Key, Florida and attested by the Town Clerk of the Town of Longboat Key, Florida, subject to the approval of the Town Attorney as to form and legal correctness, and the corporate seal of the Issuer

or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, as of the 10th day of June, 2016.

LONGBOAT KEY BEACH
EROSION CONTROL DISTRICT A

(SEAL)

By: _____
Jack G. Duncan, Mayor

ATTESTED:

By: _____
Trish Granger, Town Clerk

APPROVED AS TO FORM AND
LEGAL CORRECTNESS:

By: _____
Maggie Mooney-Portale, Town Attorney

CERTIFICATE OF VALIDATION

This Bond was validated by judgment of the Circuit Court of the Twelfth Judicial Circuit of the State of Florida, in and for Sarasota County, Florida rendered on August 3, 2011.

LONGBOAT KEY BEACH
EROSION CONTROL DISTRICT A

By: _____
Jack G. Duncan, Mayor
Town of Longboat Key, Florida

**SCHEDULE A TO BOND
PAYMENT SCHEDULE**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2016			91,154.52	91,154.52	
06/01/2017	2,612,893	1.790%	95,952.13	2,708,845.13	2,799,999.65
12/01/2017			72,566.73	72,566.73	
06/01/2018	2,654,866	1.790%	72,566.73	2,727,432.73	2,799,999.46
12/01/2018			48,805.68	48,805.68	
06/01/2019	2,702,388	1.790%	48,805.68	2,751,193.68	2,799,999.36
12/01/2019			24,619.31	24,619.31	
06/01/2020	2,750,761	1.790%	24,619.31	2,775,380.31	2,799,999.62
	10,720,908		479,090.09	11,199,998.09	11,199,998.09

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SECTION 13. Pledge of Full Faith, Credit and Taxing Power. For the prompt payment of the principal of and interest on the Bond, the full faith, credit and taxing power of the Issuer, without limitation, are irrevocably pledged.

SECTION 14. Levy and Application of Ad Valorem Tax. There is hereby created a special fund of the Issuer entitled General Obligation Bond, Series 2016 Sinking Fund (the "Sinking Fund") to be held and administered by the Issuer solely for the purpose of retiring The Bond by purchase, redemption, or payment at maturity from funds or proceeds of investments, and paying interest thereon. In each year while the Bond is outstanding there shall be levied and collected a tax, without limitation as to rate or amount, on all taxable property within the Issuer, sufficient in amount to pay into the Sinking Fund an amount which, together with any moneys on deposit therein and anticipated receipts from levy and collection of ad valorem taxes in District B, to be deposited therein, will be equal to the Bond Service Requirement as the same shall become due. The proceeds of such tax shall be deposited into the Sinking Fund to pay the principal of and interest on such Bond and any Mandatory Sinking Fund Installments as the same shall become due. Such tax shall be levied and collected in the same manner and at the same time as other ad valorem taxes are levied and collected for the Town.

Mandatory Sinking Fund Installments deposited to the Sinking Fund shall be held in a special account therein (herein referred to as the "Term Bond Account") and shall be used for the mandatory redemption of the Bond.

The funds and principal of and interest on investments in the Term Bond Account shall be applied exclusively for payment of the Bond, by purchase or redemption, as applicable, and any excess shall be transferred to the Sinking Fund to make up any deficiencies in required payments therein.

The Issuer shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in the Sinking Fund is at least equal to the total Bond Service Requirement for all Bond Years of the Bond then outstanding, plus the amount of redemption premium, if any, then due and thereafter to become due on such Bond then outstanding upon mandatory redemption of the Bond.

The Issuer shall pay from the Sinking Fund all expenses in connection with any such purchase or redemption.

SECTION 15. Application of Proceeds of the Bond. All moneys received from the sale of the Bond shall be deposited by the Issuer in a special fund of the Issuer entitled General Obligation Bond, Series 2016 Construction Fund (the "Construction Fund"), in a bank or trust company and applied by the Issuer as follows:

- A. At the option of the Issuer, an amount not exceeding interest on the Bond which will become due prior to the estimated receipt of sufficient proceeds of the first ad valorem tax to be levied after issuance of the Bond may be deposited in the Sinking Fund.

- B. An amount equal to the costs of issuance of the Bond shall be used to pay when due the costs of issuance of the Bond, including, without limitation, legal, financial advisory, accounting, underwriting and consulting fees.
- C. The balance of the moneys remaining in the Construction Fund after making all the deposits and payments above provided for shall be kept separate and apart from all other accounts of the Issuer, and the moneys on deposit therein shall be withdrawn, used and applied by the Issuer solely to the payment of the cost of the Project, as hereinabove described and set forth. If for any reason such proceeds or any part thereof are not necessary for and are not applied to the payment of the cost of the Project, then the unapplied proceeds shall be transferred to the Sinking Fund and used for the redemption of Bond on the available redemption date. All such proceeds shall be and constitute trust funds for such purposes.

SECTION 16. Trust Funds. The Sinking Fund and the Construction Fund shall constitute trust funds for the purposes provided herein for such funds. The money in such funds shall be continuously secured in the same manner as municipal deposits are authorized to be secured by the laws of the State of Florida.

Moneys on deposit in the Sinking Fund and the Construction Fund may be invested and reinvested in Authorized Investments, and the earnings shall remain in the fund in which earned and used for the purposes of such fund.

In accordance with Article III, Section 4 and Article V, Section 1 of the Town Charter, the governing board of the Issuer hereby delegates to the Town Manager, based on the best interests of the Issuer and taking into consideration advice of the Town's investment advisor, the authority to, at any time and from time to time, appoint one or more depositories to collect and hold, for the benefit of the Owner of the Bond, the funds and accounts established hereby. Such depository or depositories shall perform at the direction of the Town Manager and the Finance Director the duties of the Issuer in depositing, transferring and disbursing moneys to and from such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository selected by the Town Manager shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing.

The cash required to be accounted for in each of the funds and accounts described in this Resolution may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein for the various purposes of such funds and accounts as herein provided. The designation and establishment of the funds 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 tax-revenues and assets of the Issuer for the purposes herein provided and to establish certain priorities for application of such tax revenues and assets.

SECTION 17. Tax Compliance.

With respect to any Bond for which the Issuer intends on the date of issuance thereof for the interest thereon to be excluded from gross income for purposes of federal income taxation:

- A. The Issuer shall not use or permit the use of any proceeds of the Bond or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Issuer with respect to the Bond in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Bond to be a "private activity bond" within the meaning of Section 141 or an "arbitrage bond" within the meaning of Section 148, or "federally guaranteed" within the meaning of Section 149(b), of the Code, or otherwise cause interest on such Bond to become subject to federal income taxation.
- B. The Issuer shall, at all times, do and perform all acts and things permitted by law and this Resolution which are necessary or desirable in order to ensure that interest paid on such Bond will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being so excluded.
- C. The Issuer shall pay or cause to be paid to the United States Government any amounts required by Section 148(f) of the Code and the regulations thereunder (the "Regulations"). In order to ensure compliance with the rebate provisions of Section 148(f) of the Code with respect to any Bond for which the Issuer intends on the date of issuance thereof to be excluded from gross income for purposes of federal income taxation, the Issuer hereby creates a special fund of the Issuer entitled General Obligation Bond, Series 2016 Rebate Fund (the "Rebate Fund") to be held by the Issuer. The Rebate Fund need not be maintained so long as the Issuer timely satisfies its obligation to pay any rebatable earnings to the United States Treasury; however, the Issuer may, as an administrative convenience, maintain and deposit funds in the Rebate Fund from time to time. Moneys in the Rebate Fund (including earnings and deposits therein) shall be held for future payment to the United States Government as required by the Regulations and as set forth in instructions of Bond Counsel delivered to the Issuer upon issuance of such Bond. Moneys on deposit in the Rebate Fund may be invested in Authorized Investments.

SECTION 18. Modification or Amendment. No material modification or amendment of this Resolution may be made without the consent of the Owner of the Bond; provided, however, that no modification or amendment shall permit a change in the maturity of such Bond or a reduction in the rate of interest thereon or in the amount of the principal obligation thereof or affecting the promise of the Issuer to pay the principal of and interest on the Bond as the same shall become due pursuant to its pledge of the full faith, credit and taxing power of the Issuer, without limitation, or the promise of the Issuer to levy and collect ad valorem taxes for such payment within the Issuer, or reduce the percentage

of the Owner of the Bond required to consent to any material modification or amendment hereof.

SECTION 19. Defeasance and Subrogation.

If at any time, the Issuer shall have paid, or shall have made provision for payment of, the principal, interest, Mandatory Sinking Fund Installments and redemption premiums, if any, with respect to the Bond, then, and in that event, all covenants and pledges made in this Resolution in favor of the Owner of the Bond shall be no longer in effect. For purposes of the preceding sentence, deposit of sufficient cash and/or Federal Securities, in irrevocable trust with a banking institution or trust company, for the sole benefit of the Owners of the Bond shall be considered "provision for payment." The receipts when due of principal of and interest on such Federal Securities shall be sufficient to make timely payment of the principal, interest, Mandatory Sinking Fund Installments and redemption premiums, if any, on the Bond. Nothing herein shall be deemed to require the Issuer to call the Bond 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 20. Events of Default. The following shall constitute "Events of Default":

- A. if the Issuer fails to pay any payment of principal of or interest on the Bond as the same becomes due and payable;
- B. if the Issuer defaults in the performance or observance of any covenant or agreement contained in this Resolution or the Bond (other than as set forth in (a) above) and fails to cure the same within thirty (30) days; or
- C. filing of a petition by or against the Issuer relating to bankruptcy, reorganization, arrangement or readjustment of debt of the Issuer or for any other relief relating to the Issuer under the United States Bankruptcy Code, as amended, or any other insolvency act or law now or hereafter existing, or the involuntary appointment of a receiver or trustee for the Issuer, and the continuance of any such event for 90 days undismissed or undischarged.

Upon the occurrence and during the continuation of any Event of Default, the Owner of the Bond may, in addition to any other remedies set forth in this Resolution or the Bond, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted or 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. Acceleration of the payment of principal of and interest on the Bond shall not be a remedy hereunder in the case of an Event of Default.

SECTION 21. Reporting Requirements. Upon request by the Owner of the Bond, not later than 270 days after the close of each fiscal year, the Issuer shall provide the Owner of the Bond with a copy of the Town's Comprehensive Annual Financial Report including annual financial statements for the prior fiscal year of the Town, prepared in accordance with applicable law and generally accepted accounting principles and audited by an independent certified public accountant. All accounting terms not specifically defined or specified herein shall have the meanings attributed to such terms under generally accepted accounting principles as in effect from time to time consistently applied.

SECTION 22. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions herein contained 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 or provisions hereof or of the Bond issued hereunder.

SECTION 23. Members of the Governing Board of the Issuer not Liable. No covenant, stipulation, obligation or agreement contained in this Resolution shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Town in his or her individual capacity, and neither the members of the governing board of the Issuer nor any person executing the Bond shall be liable personally on the Bond or this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution of the Bond or this Resolution.

SECTION 24. Authorizations. The Mayor and any member of the governing board of the Issuer, the Town Manager, the Town Attorney, the Town Clerk, the Finance Director and such other officials and employees of the Town as may be designated by the Town Manager are each designated as agents of the Issuer in connection with the issuance and delivery of the Bond and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the Bond, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution.

SECTION 25. Open Meeting Findings. It is hereby found and determined that all official acts by the governing body of the Issuer concerning and relating to the adoption of this Resolution and all prior resolutions affecting the governing board of the Issuer's ability to issue the Bond were taken in an open meeting of the governing board of the Issuer and that all deliberations of the governing board of the Issuer or any of the Town's committees that resulted in such official acts were in meetings open to the public, in compliance with all legal requirements, including Section 286.011, Florida Statutes.

SECTION 26. Repealer. The Original Resolution is hereby amended and restated; provided, however, the authorizations provided for in Sections 5.B. and 23 of the Original Resolution remain in full force and effect. All resolutions or portions thereof in conflict herewith are otherwise hereby repealed.

SECTION 27. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 6th day of June, 2016.

LONGBOAT KEY BEACH
EROSION CONTROL DISTRICT A

By: _____
Jack G. Duncan, Mayor
Town of Longboat Key, Florida

(SEAL)

Attest:

By: _____
Trish Granger, Town Clerk
Town of Longboat Key

Attachments: Exhibits A and B

I, as Town Clerk to the Town of Longboat Key, Florida, do hereby certify that the above and foregoing is a true and correct copy of a resolution as the same was duly adopted and passed at a special meeting of the Issuer on the 6th day of June, 2016, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this 6th day of June, 2016.

By: _____
Name: Trish Granger
Title Town Clerk, Town of Longboat Key

EXHIBIT A

FORM OF LENDER'S CERTIFICATE

I, _____, _____ of Capital One Public Funding, LLC, Melville, New York (“COPF”), do hereby certify as follows with regard to the \$10,720,908 General Obligation Bond, Series 2016 (the “Loan Obligation”), dated June 10, 2016, issued by the Longboat Key Beach Erosion Control District A (the “Borrower”):

1. COPF has full power and authority to carry on its business as now conducted, deliver this Certificate and make the representations and certifications contained herein.

2. COPF is a lender that regularly extends credit by purchasing loans in the form of state and local government obligations such as the Loan Obligation; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Loan Obligation and the risks associated with the purchase of the Loan Obligation; has the ability to bear the economic risk of extending the credit evidenced by the Loan Obligation, and no inference should be drawn that COPF, in the acceptance of said Loan Obligation, is relying on Bond Counsel or Issuer's Counsel as to any such matters other than the legal opinion rendered by Bond Counsel, Bryant Miller Olive P.A. and by Issuer's Counsel, Persson & Cohen, P.A. COPF is a limited liability company engaged in the primary business of extending credit and making loans to state and local governments and non-profit entities and has total assets in excess of \$1 billion. COPF is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its purchase of the Loan Obligation. COPF is aware that the Loan Obligation involves various risks, COPF acknowledges that no CUSIP numbers or credit ratings have been obtained with respect to the Loan Obligation.

3. COPF has conducted its own investigation of the financial condition of the Borrower, the purpose for which the Loan Obligation is being executed and delivered and of the security for the payment of the principal of and interest on the Loan Obligation, and has obtained such information regarding the Loan Obligation and the Borrower and its operations, financial condition and financial prospects as COPF deems necessary to make an informed investment decision with respect to the purchase of the Loan Obligation.

4. COPF is purchasing the Loan Obligation as a vehicle for making a commercial loan for its own loan account and without any present intention of distributing or selling any interest therein or portion thereof, provided that COPF retains the right at any time to dispose of the Loan Obligation or any interest therein or portion thereof, but agrees that any such sale, transfer or distribution by COPF shall be made in accordance with applicable law and the provisions of the Loan Obligation and related documents to (a) an affiliate of COPF; or (b) one or more banks, insurance companies

or similar financial institutions that execute a lender letter substantially in the form of this Certificate.

5. COPF acknowledges that (a) the Loan Obligation has not been registered under the Securities Act of 1933, as amended, and has not been registered or otherwise qualified for sale under the securities laws of any state, (b) the Loan Obligation will not be listed on any securities exchange and (c) there is no established market for the Loan Obligation and that none is likely to develop. COPF understands and acknowledges that (i) its purchase of the Loan Obligation is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and (ii) in connection with its purchase of the Loan Obligation, the Borrower has not prepared or caused to be prepared, any official statement, private placement memorandum or other offering document.

6. COPF is acting solely for its own loan account and not as a fiduciary for the Borrower or in the capacity of broker, dealer, placement agent, municipal securities underwriter, municipal advisor or fiduciary. It has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the Borrower (including to any financial advisor or any placement agent engaged by the Borrower) with respect to the structuring, issuance, sale or delivery of the Loan Obligation. COPF has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to the transactions relating to the structuring, issuance, sale or delivery of the Loan Obligation and the discussions, undertakings and procedures leading thereto. Each of the Borrower and its financial advisor has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters and compliance with legal requirements applicable to such parties) with respect to the Loan Obligation from its own financial, legal, tax and other advisors (and not from the undersigned or its affiliates) to the extent that the Borrower or its financial advisor desires, should or needs to obtain such advice. The undersigned expresses no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the Borrower's financial advisor, or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the Borrower's financial advisor, with respect to any such matters. The transactions between the Borrower and COPF are arm's length, commercial transactions in which COPF is acting and has acted solely as a principal and for its own interest and COPF has not made recommendations to the Borrower with respect to the transactions relating to the Loan Obligation.

7. COPF is not creating the Loan Obligation for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

DATED this 10th day of June, 2016.

CAPITAL ONE PUBLIC FUNDING, LLC

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF DISCLOSURE LETTER

Following a competitive selection process, the undersigned, as purchaser, proposes to negotiate with the Longboat Key Beach Erosion Control District A (the "Issuer") for the private purchase of its General Obligation Bond, Series 2016 (the "Bond") in the principal amount of \$10,720,908. Prior to the award of the Bond, the following information is hereby furnished to the Issuer:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us (the "Purchaser") in connection with the issuance of the Bond (such fees and expenses to be paid by the Issuer):

Purchaser's Counsel
Gilmore & Bell, P.C.
\$_____

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Purchaser in connection with the issuance of the Bond to any person not regularly employed or retained by the Purchaser (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Purchaser, as set forth in paragraph (1) above:

None

(b) No person has entered into an understanding with the Purchaser, or to the knowledge of the Purchaser, with the Issuer, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Purchaser or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bond.

3. The amount of the underwriting spread expected to be realized by the Purchaser is \$0.

4. The management fee to be charged by the Purchaser is \$0.

5. Truth-in-Bonding Statement:

The Bond is expected to be repaid by June 1, 2020. At an interest rate of 1.79%, total interest paid over the life of the Bond is estimated to be \$479,090.09.

The Bond will be payable solely from amounts pledged and described in Resolution SDA 2011-12 adopted by the governing body of the Issuer on April 4, 2011, as amended and restated in its entirety by a resolution adopted by the governing body of the Issuer on June 6, 2016, as may be further amended and supplemented from time

to time (collectively, the "Resolution"). Issuance of the Bond is estimated to result in an annual average of approximately \$2,817,609.58 of revenues of the Issuer not being available to finance the services of the Issuer during the life of the Bond.

6. The name and address of the Purchaser is as follows:

Capital One Public Funding, LLC
275 Broadhollow Road
Melville, NY 11747

7. The truth-in-bonding statements contained herein and prepared pursuant to Section 218.385, Florida Statutes, are for informational purposes only and shall not affect or control the actual terms and conditions of the Bond.

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Purchaser this 10th day of June, 2016.

CAPITAL ONE PUBLIC FUNDING, LLC

By: _____
Name: _____
Title: _____

SOURCES AND USES OF FUNDS

Town of Longboat Key, FL
Revenue Note, Series 2016 (Beach Erosion)

Preliminary Final Numbers
Bank Loan Provider: Capital One Public Funding, LLC
Rate Locked: April 18, 2016 @ 1.79%

Dated Date 06/10/2016
Delivery Date 06/10/2016

Sources:

Bond Proceeds:	
Par Amount	10,720,908.00
	<hr/>
	10,720,908.00

Uses:

Project Fund Deposits:	
Project Fund	10,648,408.00
	<hr/>
Delivery Date Expenses:	
Cost of Issuance	72,500.00
	<hr/>
	10,720,908.00

BOND SUMMARY STATISTICS

Town of Longboat Key, FL
Revenue Note, Series 2016 (Beach Erosion)

Preliminary Final Numbers

Bank Loan Provider: Capital One Public Funding, LLC
Rate Locked: April 18, 2016 @ 1.79%

Dated Date	06/10/2016
Delivery Date	06/10/2016
Last Maturity	06/01/2020
Arbitrage Yield	1.790078%
True Interest Cost (TIC)	1.790078%
Net Interest Cost (NIC)	1.790000%
All-In TIC	2.070842%
Average Coupon	1.790000%
Average Life (years)	2.497
Weighted Average Maturity (years)	2.497
Duration of Issue (years)	2.442
Par Amount	10,720,908.00
Bond Proceeds	10,720,908.00
Total Interest	479,090.09
Net Interest	479,090.09
Total Debt Service	11,199,998.09
Maximum Annual Debt Service	2,799,999.65
Average Annual Debt Service	2,817,609.58
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	

Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	10,720,908.00	100.000	1.790%	2.497	2,568.57
	10,720,908.00			2.497	2,568.57

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,720,908.00	10,720,908.00	10,720,908.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(72,500.00)	
- Other Amounts			
Target Value	10,720,908.00	10,648,408.00	10,720,908.00
Target Date	06/10/2016	06/10/2016	06/10/2016
Yield	1.790078%	2.070842%	1.790078%

BOND PRICING

Town of Longboat Key, FL
Revenue Note, Series 2016 (Beach Erosion)

Preliminary Final Numbers
Bank Loan Provider: Capital One Public Funding, LLC
Rate Locked: April 18, 2016 @ 1.79%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	06/01/2017	2,612,893	1.790%	1.790%	100.000
	06/01/2018	2,654,866	1.790%	1.790%	100.000
	06/01/2019	2,702,388	1.790%	1.790%	100.000
	06/01/2020	2,750,761	1.790%	1.790%	100.000
		10,720,908			

Dated Date	06/10/2016		
Delivery Date	06/10/2016		
First Coupon	12/01/2016		
Par Amount	10,720,908.00		
Original Issue Discount			
Production	10,720,908.00	100.000000%	
Underwriter's Discount			
Purchase Price	10,720,908.00	100.000000%	
Accrued Interest			
Net Proceeds	10,720,908.00		

BOND DEBT SERVICE

Town of Longboat Key, FL
Revenue Note, Series 2016 (Beach Erosion)

Preliminary Final Numbers
Bank Loan Provider: Capital One Public Funding, LLC
Rate Locked: April 18, 2016 @ 1.79%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2016			91,154.52	91,154.52	
06/01/2017	2,612,893	1.790%	95,952.13	2,708,845.13	2,799,999.65
12/01/2017			72,566.73	72,566.73	
06/01/2018	2,654,866	1.790%	72,566.73	2,727,432.73	2,799,999.46
12/01/2018			48,805.68	48,805.68	
06/01/2019	2,702,388	1.790%	48,805.68	2,751,193.68	2,799,999.36
12/01/2019			24,619.31	24,619.31	
06/01/2020	2,750,761	1.790%	24,619.31	2,775,380.31	2,799,999.62
	10,720,908		479,090.09	11,199,998.09	11,199,998.09

BOND DEBT SERVICE

Town of Longboat Key, FL
Revenue Note, Series 2016 (Beach Erosion)

Preliminary Final Numbers
Bank Loan Provider: Capital One Public Funding, LLC
Rate Locked: April 18, 2016 @ 1.79%

Period Ending	Principal	Coupon	Interest	Debt Service
06/01/2017	2,612,893	1.790%	187,106.65	2,799,999.65
06/01/2018	2,654,866	1.790%	145,133.46	2,799,999.46
06/01/2019	2,702,388	1.790%	97,611.36	2,799,999.36
06/01/2020	2,750,761	1.790%	49,238.62	2,799,999.62
	10,720,908		479,090.09	11,199,998.09

COST OF ISSUANCE

Town of Longboat Key, FL
Revenue Note, Series 2016 (Beach Erosion)

Preliminary Final Numbers
Bank Loan Provider: Capital One Public Funding, LLC
Rate Locked: April 18, 2016 @ 1.79%

Cost of Issuance	\$/1000	Amount
Bond Counsel Fee	3.03146	32,500.00
Bond Counsel Expenses	0.23319	2,500.00
Financial Advisor Fee	1.86551	20,000.00
Financial Advisor Expenses	0.13991	1,500.00
City Attorney Fee	1.30586	14,000.00
Miscellaneous	0.18655	2,000.00
	6.76249	72,500.00

FORM 8038 STATISTICS

Town of Longboat Key, FL
 Revenue Note, Series 2016 (Beach Erosion)

 Preliminary Final Numbers
 Bank Loan Provider: Capital One Public Funding, LLC
 Rate Locked: April 18, 2016 @ 1.79%

Dated Date 06/10/2016
 Delivery Date 06/10/2016

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	06/01/2017	2,612,893.00	1.790%	100.000	2,612,893.00	2,612,893.00
	06/01/2018	2,654,866.00	1.790%	100.000	2,654,866.00	2,654,866.00
	06/01/2019	2,702,388.00	1.790%	100.000	2,702,388.00	2,702,388.00
	06/01/2020	2,750,761.00	1.790%	100.000	2,750,761.00	2,750,761.00
		10,720,908.00			10,720,908.00	10,720,908.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/01/2020	1.790%	2,750,761.00	2,750,761.00		
Entire Issue			10,720,908.00	10,720,908.00	2.4965	1.7901%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	72,500.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00



End of Agenda Item