

M E M O R A N D U M

To: Town Commission
From: Tom Harmer, Town Manager
Report date: September 21, 2020
Meeting date: October 5, 2020
Subject: Resolution 2020-24 Supplemental Resolution, Beach Bonds
Authorizing the Issuance of Not-To-Exceed \$22,000,000 General
Obligation Bonds

Recommended Action

Pending public hearing, Pass Resolution 2020-24

Background

The Town presently maintains 10.5 miles of engineered beaches. The management of the beaches is guided by the recently updated, 2019 Comprehensive Beach Management Plan adopted on October 1, 2019. Over the next five years, the comprehensive beach spending plan includes \$49.5 million of capital outlay and \$500,000 of operating costs, requiring borrowing of \$21 million in FY21 to finance capital projects that the Town expects to spend down within 3 years. The 5-Year Beach Capital Plan includes, but is not limited to:

- \$685,000 Continue with Canal 1A Dredge (Funded in FY19)
- \$10 Million for installation of five (5) permeable groins at North end in FY21 (Permits pending)
- \$25 - \$30 Million for sand fill in FY21-FY22 (inlets and Passage Key sand sources)
- \$1.5 Million for Army Corp Shore Protection Program Study (FY21-FY23)
- \$1.45 Million Sand Interim Nourishment (FY24)
- \$4.5 Million for Sand Search, Design, Consulting, Monitoring Protected Species.

Other funding sources to help pay for the project include \$11.5 million of accumulated Fund Balance, which was substantially funded from FEMA and State grants for prior storm sand losses, a \$2.69 million contribution from Manatee County, \$1 million from Tourist Development Taxes, and up to \$10.9 million is available from the Florida Department of Environmental Protection ("FEDP") Beach Management Funding Assistance Program.

On December 2, 2019, the Commission enacted Ordinance 2019-13, approving Gulfside and Bayside District Referenda to authorize the issuance of up to \$34.5 million of general obligation bonds/notes, maturing not more than eight (8) years from issuance, for beach restoration, renourishment and maintenance capital projects on Longboat Key (including Erosion Control Structures and Sand Placement).

On March 17, 2020, the voters of both Gulfside and Bayside Districts, approved the issuance. With 884 ballots cast on the Gulfside, 83% voted in favor and with 1701 ballots cast on the Bayside District 72% voted in favor. The Gulfside District pays 80% and the Bayside District pays 20% of the combined millage for the debt payments.

The Master Bond Resolution 2020-11, approved on June 1, 2020, authorized the Town's Bond Counsel and Town Attorney to institute a bond validation proceeding (litigation). The bonds were validated on August 12, 2020 and the final judgment was not appealed with the period for an appeal having expired.

On June 30, 2020, the maximum millages were set using a \$21 million borrow at a 2% interest rate over a 6-year payback term. The FY21 budgeted debt millage for the Gulfside District is 0.9458 mills and the Bayside District is 0.2365, which is pending final adoption at the September 29, 2020 Special Meeting. Based on our Beach Finance Forecasting Model, in order to keep our future borrowings manageable, a 6-year payback term has been recommended with additional sinking fund requirements in years 7 and 8, prior to the next major renourishment estimated to take place in FY29.

Supplemental Resolution

Resolution 2020-24, supplements Resolution 2020-11, and authorizes the issuance of up to \$22 million in general obligation bonds through a competitive bid sale. The Resolution approves the forms of the Summary Notice of Sale and the Official Notice of Sale, approves the form of, and distribution of, a Preliminary Official Statement, and Continuing Disclosure Certificate, and appoints Zions Bank as Bond Registrar and Paying Agent related to the bonds.

While the Resolution is set for Not-To- Exceed (NTE) \$22 million, our intent is to obtain \$21 million in proceeds, net of closing costs. The additional \$1 million was added to ensure adequate flexibility to minimize borrowing costs in volatile markets. The preliminary financing schedule currently contemplates a credit rating at the end of October with a bond sale scheduled for November 12, 2020 and final closing on or about December 9, 2020.

Attached is a copy in draft form, the Preliminary Official Statement and Continuing Disclosure Certificate as prepared by Bond and Disclosure Counsel.

Representatives of our Bond and Disclosure Counsel at Bryant Miller Olive, P.A. and our Financial Advisor from Hilltop Securities Inc., will be present at the October 5, 2020 Regular Meeting to discuss Resolution 2020-24 and answer questions you may have.

Staff Recommendation

Pending public hearing, Pass Resolution 2020-24.

Attachments

- A. Resolution 2020-24
- B. Form of Summary Notice of Sale (Exhibit A-Available in Town Clerk's Office)

- C. Form of Official Notice of Sale (Exhibit B-Available in Town Clerk's Office)
- D. Form of Preliminary Official Statement (Exhibit C-Available in Town Clerk's Office)
- E. Form of Continuing Disclosure Certificate (Exhibit D-Available in Town Clerk's Office)

RESOLUTION 2020-24

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA SUPPLEMENTING RESOLUTION 2020-11 ADOPTED ON JUNE 1, 2020, AUTHORIZING THE ISSUANCE OF THE TOWN OF LONGBOAT KEY, FLORIDA GENERAL OBLIGATION BONDS, SERIES 2020 (GULFSIDE AND BAYSIDE DISTRICTS BEACHES PROJECT) IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT (TAKING INTO ACCOUNT ANY GROSS PREMIUM) OF NOT TO EXCEED \$22,000,000; FIXING CERTAIN DETAILS OF SAID BONDS; APPROVING THE FORMS OF THE SUMMARY NOTICE OF SALE AND OFFICIAL NOTICE OF SALE WITH RESPECT TO SUCH BONDS; DELEGATING TO THE FINANCE DIRECTOR THE AUTHORITY TO DETERMINE THE PRINCIPAL AMOUNTS OF SUCH BONDS TO BE ISSUED AND THE BID DATE WITH RESPECT TO SUCH BONDS, TO AWARD THE SALE THEREOF TO THE LOWEST CONFORMING BIDDER BASED ON BIDS SUBMITTED AT PUBLIC SALE, AND TO DETERMINE THE TERMS OF SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; APPOINTING THE BOND REGISTRAR AND PAYING AGENT; APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT PERTAINING TO THE BONDS; AUTHORIZING CERTAIN OFFICIALS OF THE TOWN TO EXECUTE ANY DOCUMENT OR TO TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AUTHORIZING THE PURCHASER OF THE BONDS TO OPT TO INSURE ALL, A PORTION, OR NONE OF THE BONDS WITH A POLICY OF MUNICIPAL BOND INSURANCE; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; PROVIDING FOR THE SEVERABILITY OF PARTS HEREOF IF DECLARED INVALID; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Longboat Key, Florida (the "Town") has, by Resolution 2020-11 adopted by the Town Commission of the Town (the "Town Commission") on June 1, 2020 (the "Bond Resolution"), authorized the issuance of Town of Longboat Key, Florida General Obligation Bonds and/or Notes, in one or more series, in the aggregate principal amount (taking into account any gross premium) not to exceed \$34,500,000, for the primary purpose of financing the Costs of the design, acquisition, construction, and installation of the beach restoration, renourishment, and maintenance capital projects within the Town (the "Project"); and

WHEREAS, the Town Commission has now determined to supplement the Bond Resolution hereby to authorize the issuance of not to exceed \$22,000,000 taking into

account any gross premium) Town of Longboat Key, Florida General Obligation Bonds, Series 2020 (Gulfside and Bayside Districts Beaches Project) (the "Series 2020 Bonds") (i) to finance a portion of the Costs of the Project, and (ii) to pay certain costs and expenses relating to the issuance and sale of the Series 2020 Bonds; and

WHEREAS, relating to the Series 2020 Bonds, the Town wishes to approve the forms of the Summary Notice of Sale attached hereto as Exhibit A and the Official Notice of Sale attached hereto as Exhibit B, each by reference made a part hereof; and

WHEREAS, the Official Notice of Sale is to be provided to all parties expressing an interest in the offering of the Series 2020 Bonds; and

WHEREAS, the Town wishes to delegate to the Finance Director the authority to determine the bid date with respect to the Series 2020 Bonds, to award the sale thereof to the lowest conforming bidder (the "Purchaser") in the aggregate principal amount (taking into account any gross premium) of not exceeding \$22,000,000 for the purposes described in the Bond Resolution, and to determine the terms of such sale, all in accordance with the Official Notice of Sale; and

WHEREAS, prior to the award and sale of the Series 2020 Bonds, the Town will be provided all applicable disclosure information required by Section 218.385, Florida Statutes, a copy of which will be attached to or otherwise included as part of the Official Notice of Sale; and

WHEREAS, the Town Commission desires to approve the form of and authorize the distribution of a Preliminary Official Statement, a form of which is attached hereto as Exhibit C (the "Preliminary Official Statement") in connection with the marketing and sale of the Series 2020 Bonds, to authorize the execution and delivery of a final Official Statement incorporating the final details of the Series 2020 Bonds; and

WHEREAS, the Town Commission desires to approve the form of and authorize the execution of a Continuing Disclosure Certificate, a form of which is attached hereto as Exhibit D (the "Continuing Disclosure Certificate"); and

WHEREAS, because of current volatile market conditions and conditions surrounding the current credit ratings of the various municipal bond insurance companies, the Town desires to authorize the Purchaser of the Series 2020 Bonds to opt to insure some, all or none of the Series 2020 Bonds with a policy of municipal bond insurance, and to authorize the Finance Director, based on the advice of the Financial Advisor, to take any actions and do all things necessary in order to accept such policy in connection with the issuance of the Series 2020 Bonds to the extent that it is in the best economic interest of the Issuer; and

WHEREAS, this resolution shall constitute a supplemental resolution under the terms of the Bond Resolution and all capitalized undefined terms shall have the meanings set forth in the Bond Resolution.

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

SECTION 1. There is hereby authorized the issuance of Town of Longboat Key, Florida General Obligation Bonds, Series 2020 (Gulfside and Bayside Districts Beaches Project), in the aggregate principal amount of not exceeding \$22,000,000 (taking into account any gross premium) for the purpose of (i) financing a portion of the Costs of the Project and (ii) paying certain costs and expenses relating to the issuance and sale of the Series 2020 Bonds. It is hereby ascertained, determined, and declared that it is in the best interest of the Town to provide for the sale by competitive bid of the Series 2020 Bonds.

SECTION 2. (A) The forms of the Summary Notice of Sale and the Official Notice of Sale attached hereto as Exhibits A and B, respectively, are hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made in such form by the Finance Director in a manner consistent with the terms of this resolution. The Finance Director is hereby authorized to accept the offer of the Purchaser to purchase the Series 2020 Bonds in the aggregate principal amount (taking into account any gross premium) of not exceeding \$22,000,000 (taking into account any gross premium) in accordance with the terms of the Official Notice of Sale; provided, however, that (i) the aggregate principal amount (taking into account any gross premium) of the Series 2020 Bonds shall not exceed \$22,000,000, (ii) the true interest cost rate of the Series 2020 Bonds shall not exceed 3.0%, (iii) the Series 2020 Bonds shall not be subject to redemption prior to maturity, (iv) the Series 2020 Bonds may be issued as serial bonds and/or term bonds to be determined in the Purchaser's bid proposal in accordance with the Official Notice of Sale and shall have the Debt Service Payment Date of February 1 and August 1 of each year, commencing February 1, 2021 (or such other date or dates as determined in the Official Notice of Sale), and (v) the final maturity date for the Series 2020 Bonds shall not be later than eight (8) years following the date of the issuance of the Series 2020 Bonds. The Finance Director is hereby authorized to award the sale of the Series 2020 Bonds to the Purchaser for and on behalf of the Town pursuant to the terms hereof and of the Official Notice of Sale. The Town hereby authorizes the publication of the Summary Notice of Sale pursuant to the requirements of law.

(B) Prior to the delivery of the Series 2020 Bonds, the Purchaser will provide the Town with a disclosure statement containing the information required by Section 218.38(1)(b)2., Florida Statutes and a Truth in Bonding Statement pursuant to Section 218.385, Florida Statutes.

SECTION 3. The Town hereby ratifies and approves the form of the Preliminary Official Statement relating to the Series 2020 Bonds which is attached hereto as Exhibit C. The Town hereby ratifies and approves the use of such Preliminary Official Statement as part of the competitive sale of the Series 2020 Bonds. The Town hereby authorizes execution and delivery of a final Official Statement (with such changes as are necessary to describe the final terms of the Series 2020 Bonds) by the Town Manager and the Finance Director, which execution and delivery shall constitute complete evidence of the approval of such final Official Statement by the Town.

SECTION 4. The Town hereby approves the form of the Continuing Disclosure Certificate attached hereto as Exhibit D. Subject to satisfaction of the conditions in Section 2(A) hereof, the Continuing Disclosure Certificate shall be executed in the name of the Town with the manual signature of the Mayor and the official seal of the Town shall be imprinted thereon, attested with the manual signature of the Clerk and approved as to form and legal correctness by the Town Attorney. The execution and delivery thereof in the manner described in the preceding sentence shall constitute complete approval of such Continuing Disclosure Certificate by the Town, including any changes to the form being approved, and shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 5. Zions Bancorporation, National Association is hereby appointed Bond Registrar and Paying Agent relating to the Series 2020 Bonds. The Town and the Bond Registrar and Paying Agent will enter into a Bond Registrar and Paying Agent Agreement relating to the Series 2020 Bonds, in a form to be approved by the Town Attorney and Bond Counsel. Subject to satisfaction of the conditions in Section 2(A) hereof, the Bond Registrar and Paying Agent Agreement shall be executed in the name of the Town with the manual signature of the Mayor and the official seal of the Town shall be imprinted thereon, attested with the manual signature of the Clerk and approved as to form and legal correctness by the Town Attorney. The execution and delivery thereof in the manner described in the preceding sentence shall constitute complete approval of such Bond Registrar and Paying Agent Agreement by the Town.

SECTION 6. A blanket letter of representation dated October 21, 1999, has been entered into by the Town (the "Letter of Representation") with The Depository Trust Company ("DTC"). It is intended that the Series 2020 Bonds be registered so as to participate in a global book-entry system with DTC as set forth herein and in such Letter of Representation. The Series 2020 Bonds shall be initially issued in the form of a single fully registered bond of each maturity. Upon initial issuance, the ownership of such Series 2020 Bonds shall be registered by the Bond Registrar and Paying Agent in the name of Cede & Co., as nominee for DTC. With respect to Series 2020 Bonds registered by the Bond Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, the Town, the Bond Registrar and Paying Agent shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Series 2020 Bonds from time to time as securities depository (each such broker-dealer, bank, or other financial institution being referred to herein as a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Series 2020 Bonds (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, the Town, the Bond Registrar and Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to the ownership interest in the Series 2020 Bonds, (b) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a registered owner of a Series 2020 Bond as shown in the bond register, of any notice with respect to the Series 2020 Bonds, including any notice of redemption, if applicable, or (c) the payment to any Depository Participant or Indirect Participant or any other person, other than a registered owner of a Series 2020 Bond as shown in the bond register, of any amount with respect to principal

of, premium, if any, or interest on, the Series 2020 Bonds. No person other than a registered owner of a Series 2020 Bond as shown in the bond register shall receive a Series 2020 Bond certificate with respect to any Series 2020 Bond. Upon delivery by DTC to the Bond Registrar and Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest by the mailing of checks or drafts to the registered owners of Series 2020 Bonds appearing as registered owners in the registration books maintained by the Bond Registrar and Paying Agent at the close of business on regular record date, the name "Cede & Co." in this resolution shall refer to such new nominee of DTC.

In the event that (a) the Town determines that DTC is incapable of discharging its responsibilities described herein and in the Letter of Representation, (b) the Agreement among the Town, the Bond Registrar and Paying Agent and DTC evidenced by the Letter of Representation shall be terminated for any reason or (c) the Town determines that it is in the best interests of the beneficial owners of the Series 2020 Bonds that they be able to obtain certificated Series 2020 Bonds, subject to compliance with the requirements between any agreements between the Town and DTC with respect thereto, the Town shall notify DTC of the availability through DTC of Series 2020 Bond certificates and the Series 2020 Bonds shall no longer be restricted to being registered in the bond register in the name of Cede & Co., as nominee of DTC. At that time, the Town may determine that the Series 2020 Bonds shall be registered in the name of and deposited with a successor depository operating a universal book-entry system, as may be acceptable to the Town, or such depository's agent or designee, and if the Town does not select such alternate universal book-entry system, then the Series 2020 Bonds may be registered in whatever name or names registered owners of Series 2020 Bonds transferring or changing Series 2020 Bonds designate, in accordance with the provisions hereof. Notwithstanding any other provision of this resolution to the contrary, so long as any Series 2020 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2020 Bond and all notices with respect to such Series 2020 Bond shall be made and given, respectively, in the manner provided in the Letter of Representation.

SECTION 7. The Town hereby authorizes the Purchaser of the Series 2020 Bonds to opt to insure, at the Purchaser's expense, some, all or none of the Series 2020 Bonds with a policy of municipal bond insurance, and further authorizes the Finance Director, based on the advice of the Financial Advisor, to take any actions and do all things necessary in order to accept such policy in connection with the issuance of the Series 2020 Bonds to the extent that it is in the best economic interest of the Town.

SECTION 8. All prior resolutions of the Town inconsistent with the provisions of this resolution are hereby supplemented to conform with the provisions herein contained, and, except as otherwise supplemented hereby, shall remain in full force and effect.

SECTION 9. If any one or more of the covenants, agreements, or provisions of this resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any

reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements, or provisions of this resolution or of the Series 2020 Bonds issued hereunder.

SECTION 10. It is hereby found and determined that all official acts by the Town Commission concerning and relating to the adoption of this resolution were taken in an open public meeting of the Town Commission and that all deliberations of the Town Commission or any of its committees that resulted in such official acts were in meetings open to the public, in compliance with all legal requirements, including without limitation Section 286.011, Florida Statutes and the Office of the Governor of the State of Florida Executive Orders Numbers 20-69, 20-112, 20-123, 20-139, 20-150, 20-179 and 20-193, if in effect.

SECTION 11. All resolutions or portions thereof in conflict herewith are hereby repealed.

SECTION 12. This resolution shall take effect immediately upon its adoption on October 5, 2020 by the Town Commission of the Town of Longboat Key, Florida.

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Passed by the Town Commission of the Town of Longboat Key, Florida this 5th day of October, 2020.

(SEAL)

TOWN OF LONGBOAT KEY, FLORIDA

Kenneth Schneier, Mayor

ATTEST:

Trish Shinkle, Town Clerk

EXHIBIT A

FORM OF SUMMARY NOTICE OF SALE

EXHIBIT B

FORM OF OFFICIAL NOTICE OF SALE

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

EXHIBIT D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

End of Agenda Item