

In the opinion of bond counsel, assuming compliance by the Issuer and the Borrower with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Bonds.

\$16,500,000

**FLORIDA MUNICIPAL LOAN COUNCIL
REVENUE BONDS, SERIES 2019A**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The Florida Municipal Loan Council's \$16,500,000 Revenue Bonds, Series 2019A (the "Bonds") are being issued by the Florida Municipal Loan Council (the "Issuer"). The Issuer is a separate legal entity created pursuant to an Interlocal Agreement entered into initially by and among the City of Stuart, the City of Deland and the City of Rockledge, each of which is a Florida municipality.

The Bonds are being issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form only, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds will not receive certificates representing their interests in the Bonds so purchased. So long as Cede & Co. is the registered owner of the Bonds, references herein to the registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS – Book-Entry Only System" herein for further information.

Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020. The principal of, premium, if any, and interest on the Bonds will be paid through The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as described herein. So long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants (as defined herein), as more fully described herein.

The Bonds are subject to optional redemption and mandatory redemption prior to maturity. See "THE BONDS - Redemption Provisions" herein for further information.

The proceeds to be received by the Issuer from the sale of the Bonds will be used by the Issuer to make a loan (the "Loan") to the City of Lighthouse Point, Florida (the "Borrower"), pursuant to a loan agreement between the Issuer and the Borrower (the "Loan Agreement") for the purposes of (i) providing funds to finance the costs of the acquisition, construction and/or equipping of certain qualifying projects, including a new fire station and emergency operations center, a new public works building and renovation of another public works building, a new recreational building, and renovation of the public library, and (ii) paying costs and expenses related to the issuance of the Bonds.

Payments made by the Borrower to the Issuer in repayment of the Loan (the "Loan Repayments") are included in the trust estate granted by the Issuer to the Trustee pursuant to a Trust Indenture, dated as of April 1, 2019, between the Issuer and the Trustee (the "Indenture").

THE BONDS ARE NOT A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM (I) THE PAYMENTS TO BE MADE BY THE BORROWER PURSUANT TO THE LOAN AGREEMENT, (II) ALL AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS CREATED PURSUANT TO THE INDENTURE, AND (III) ALL REVENUES, ANY AND ALL OTHER PROPERTY, RIGHTS AND INTEREST OF EVERY KIND AND NATURE FROM TIME TO TIME HEREAFTER BY DELIVERY OR BY WRITING OF ANY KIND SUBJECT TO THE INDENTURE, AS AND FOR ADDITIONAL SECURITY FOR THE BONDS, BY THE ISSUER OR BY ANY OTHER PERSON ON ITS BEHALF OR WITH ITS WRITTEN CONSENT, AS MORE FULLY DESCRIBED HEREIN. The Bonds are not a debt, liability or obligation of the State of Florida or any political subdivision or entity thereof other than the Issuer and the Borrower.

The obligation of the Borrower pursuant to the Loan Agreement is a general obligation of the Borrower. The Loan Repayments are secured by a pledge of the full faith, credit, and taxing power of the Borrower without limitation, as more fully described herein.

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

SEE THE INSIDE COVER FOR MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND INITIAL CUSIP NUMBERS.

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to the approval of legality and tax-exempt status by Bryant Miller Olive P.A., Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by David Cruz, Esq., counsel to the Issuer, as deputy general counsel to the Florida League of Cities, Inc., and by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Disclosure Counsel to the Issuer. The Underwriter is represented by Holland & Knight LLP, Lakeland, Florida. Public Resources Advisory Group, St. Petersburg, Florida, has served as financial advisor to the Issuer in connection with the Bonds. Florida League of Cities, Inc. is the administrator of the Issuer's bond program. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about April 18, 2019.

WELLS FARGO SECURITIES

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

**\$16,500,000
FLORIDA MUNICIPAL LOAN COUNCIL
REVENUE BONDS, SERIES 2019A**

\$11,295,000 Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP No.*</u>
2020	\$110,000	5.000%	1.620%	104.282	34282CQG9
2021	305,000	5.000	1.670	107.436	34282CQH7
2022	320,000	5.000	1.730	110.399	34282CQJ3
2023	335,000	5.000	1.790	113.184	34282CQK0
2024	355,000	5.000	1.850	115.790	34282CQL8
2025	370,000	5.000	1.920	118.153	34282CQM6
2026	390,000	5.000	1.980	120.393	34282CQN4
2027	410,000	5.000	2.040	122.457	34282CQP9
2028	430,000	5.000	2.110	124.252	34282CQQ7
2029	450,000	5.000	2.200	124.528†	34282CQR5
2030	475,000	5.000	2.310	123.437†	34282CQS3
2031	495,000	5.000	2.390	122.651†	34282CQT1
2032	520,000	3.000	2.900	100.844†	34282CQU8
2033	535,000	3.250	3.000	102.103†	34282CQV6
2034	555,000	4.000	2.850	109.757†	34282CQW4
2035	575,000	4.000	2.950	108.865†	34282CQX2
2036	600,000	3.000	3.100	98.666	34282CQY0
2037	620,000	3.000	3.150	97.924	34282CQZ7
2038	640,000	3.000	3.190	97.276	34282CRA1
2039	660,000	3.125	3.280	97.713	34282CRB9
2040	680,000	5.000	2.820	118.525†	34282CRC7
2041	715,000	5.000	2.850	118.244†	34282CRD5
2042	750,000	5.000	2.870	118.056†	34282CRE3

\$1,610,000 4.000% Term Bonds due August 1, 2044 - Yield 3.350% Price 105.381† Initial CUSIP No.* 34282CRF0

\$3,595,000 3.250% Term Bonds due August 1, 2048 - Yield 3.500% Price 95.439 Initial CUSIP No.* 34282CRG8

*Neither the Issuer, the Borrower nor the Underwriter shall be responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

†Price and yield calculated to first optional redemption date of February 1, 2029.

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THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS UNDER THE SECURITIES LAWS OF THE JURISDICTIONS IN WHICH THEY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or

sections in this Official Statement. The offering of the Bonds is made only by means of this entire Official Statement.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan", "expect", "estimate", "project", "forecast", "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Issuer does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUER, THE BORROWER OR THE UNDERWRITER AND ANY ONE OR MORE HOLDERS OF THE BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTY THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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OFFICIAL STATEMENT

Relating to

\$16,500,000

FLORIDA MUNICIPAL LOAN COUNCIL REVENUE BONDS, SERIES 2019A

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to furnish certain information with respect to the original issuance and sale of \$16,500,000 Revenue Bonds, Series 2019A (the "Bonds") to be issued by the Florida Municipal Loan Council (the "Issuer").

This Introduction is only a brief description of the matters described in this Official Statement, and a full review of this Official Statement should be undertaken by potential investors in the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The Issuer is a separate legal entity under the laws of the State of Florida. The Issuer was created by an Interlocal Agreement (the "Interlocal Agreement"), dated December 1, 1998, initially among the City of Stuart, the City of Deland and the City of Rockledge, each of which is a Florida municipality. Subsequent to that date, other Florida municipalities and counties have joined in the Interlocal Agreement, including Gadsden County, Florida, Jackson County, Florida and Leon County, Florida.

The Bonds are being issued pursuant to the Constitution of the State of Florida, Chapter 163, Florida Statutes, Chapter 166, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), an authorizing resolution adopted by the Issuer on February 7, 2019, and a Trust Indenture (the "Indenture"), dated as of April 1, 2019, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Bonds are being issued to provide funds to make a loan to the City of Lighthouse Point, Florida (the "Borrower") pursuant to a Loan Agreement, dated as of April 1, 2019, between the Issuer and the Borrower (the "Loan Agreement"). The Borrower will use proceeds of the loan made to it by the Issuer (the "Loan") to finance or reimburse itself for the costs of the acquisition, construction and/or equipping of certain qualifying projects, including a new fire station and emergency operations center, a new public works building and renovation of another public works building, a new recreational building, and renovation of the public library, as provided herein (the "Project"), and to pay the costs of issuance of the Bonds.

Pursuant to the Loan Agreement, the Borrower has agreed to make payments (the "Basic Payments") in such amounts and at such times as shall be sufficient to pay the principal of, premium, if any, and interest on the Loan when due. The Basic Payments correlate to the debt service on the Bonds. The aggregate scheduled Basic Payments under the Loan Agreement

equals the scheduled payments of principal and interest on the Bonds. The Basic Payments for the Borrower are set forth herein under the caption "DEBT SERVICE REQUIREMENTS."

Pursuant to the Loan Agreement, the Borrower also agrees to make certain other payments (the "Additional Payments"), including, but not limited to, the fees and expenses of the Issuer, the Administrator (as described under the heading "THE ADMINISTRATOR AND THE ADMINISTRATION AGREEMENT," below) and the Trustee, and any fees, including any rebate obligation with respect to the Bonds, related to the Loan.

The Basic Payments and the Additional Payments are jointly referred to as the "Loan Repayments."

The Borrower will pay when due under the Loan Agreement, as promptly as money becomes available, amounts of ad valorem taxes of the Borrower sufficient to satisfy the Loan Repayments as required under the Loan Agreement. The Borrower has agreed in the Loan Agreement, for each year the Loan is outstanding, to levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Borrower at least equal to the Loan Repayment for the ensuing Bond Year.

Pursuant to the Indenture, the Issuer has granted to the Trustee as part of the trust estate established thereby all of the Issuer's right, title and interest (with certain exceptions specified therein) in and to the Loan Agreement.

THE BONDS ARE NOT A GENERAL DEBT, LIABILITY OR OBLIGATION OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM (I) THE PAYMENTS TO BE MADE BY THE BORROWER PURSUANT TO THE LOAN AGREEMENT, (II) ALL AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS CREATED PURSUANT TO THE INDENTURE, AND (III) ALL REVENUES, ANY AND ALL OTHER PROPERTY, RIGHTS AND INTEREST OF EVERY KIND AND NATURE FROM TIME TO TIME HEREAFTER BY DELIVERY OR BY WRITING OF ANY KIND SUBJECTED TO THE INDENTURE, AS AND FOR ADDITIONAL SECURITY FOR THE BONDS, BY THE ISSUER OR BY ANY OTHER PERSON ON ITS BEHALF OR WITH ITS WRITTEN CONSENT, AS MORE FULLY DESCRIBED HEREIN. The Bonds are not a debt, liability or obligation of the State of Florida or any political subdivision or entity thereof other than the Issuer and the Borrower.

The obligation of the Borrower pursuant to the Loan Agreement is a general obligation of the Borrower. The Loan Repayments are secured by a pledge of the full faith, credit, and taxing power of the Borrower without limitation, as more fully described herein.

There follows in this Official Statement descriptions of the Bonds, the Issuer, the Borrower and certain other matters. The descriptions and information contained herein do not purport to be complete, comprehensive, or definitive, and all references herein to documents or reports are qualified in their entirety by reference to the complete text of such documents or

reports. Copies of documents and reports referred to herein that are not included in their entirety herein may be obtained from the Underwriter at 28059 U.S. Highway 19 N, Suite 205, Clearwater, Florida 33761 prior to delivery of the Bonds and thereafter from the Trustee upon payment of any required fee. Unless otherwise defined herein, terms used in capitalized form in this Official Statement shall have the same meanings as in the Indenture or the Loan Agreement. See Appendices C and D for definitions of certain terms used in this Official Statement.

THE BONDS

General Description

The Bonds are being issued as fully registered bonds without coupons in principal denominations of \$5,000 or any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated as of the date of their initial issuance and delivery, will bear interest from that date at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Bonds will be subject to the redemption provisions set forth below. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable semiannually on each February 1 and August 1 (each, an "Interest Payment Date,"), commencing February 1, 2020.

The principal and premium, if any, of the Bonds shall be payable when due by check, upon presentation and surrender of the Bonds at the Designated Office of the Trustee, and interest will be payable by check mailed by the Trustee on each Interest Payment Date to the holders of the Bonds registered as such as of the Record Date; provided, however, that at the expense of and upon the written request of a holder of \$1,000,000 or more, interest will be paid by wire transfer to an account in the United States. The Record Date with respect to any Interest Payment Date is the fifteenth day of the calendar month preceding such Interest Payment Date. For so long as the book-entry only system of ownership of the Bonds is in effect, payments of principal, premium, if any, and interest on the Bonds will be made as described below under the caption "Book-Entry Only System" below.

All payments of principal of, premium, if any, and interest on the 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.

Redemption Provisions

Optional Redemption. The Bonds maturing on or before August 1, 2028 are not subject to optional redemption prior to their maturities. The Bonds maturing after August 1, 2028 are subject to redemption at the option of the Issuer on or after February 1, 2029 as a whole or in part at any time, in any manner as determined by the Trustee in its discretion taking into consideration the maturity of the Loan prepaid by the Borrower, at the Redemption Price (as defined in the Indenture) equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Scheduled Mandatory Redemption. The Bonds maturing on August 1, 2044 are subject to mandatory redemption, in part, by lot, at Redemption Prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on August 1, 2043 and on each August 1 thereafter, in the following principal amounts in the following years:

<u>Year</u>	<u>Principal Amount</u>
2043	\$790,000
2044*	820,000

*Maturity, not a redemption.

The Bonds maturing on August 1, 2048 are subject to mandatory redemption, in part, by lot, at Redemption Prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on August 1, 2045 and on each August 1 thereafter, in the following principal amounts in the following years:

<u>Year</u>	<u>Principal Amount</u>
2045	\$855,000
2046	885,000
2047	915,000
2048*	940,000

*Maturity, not a redemption.

Selection of Bonds to be Redeemed. The Bonds may be redeemed only in the principal amount of an Authorized Denomination. The Bonds or portions of the Bonds to be redeemed shall, except as otherwise described above or as specified in the Indenture, be selected by the Registrar by lot or in such other manner as the Issuer in its discretion may deem appropriate.

Notice of Redemption. In the case of every redemption, notice of the call for redemption shall be given by the Trustee as Registrar (the "Registrar") by mailing a copy of the redemption notice, identifying the Bonds or portions thereof to be redeemed, (1) by first class mail at least thirty (30) days prior to the date fixed for redemption to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register, and (2) in addition to the mailing of the notice described above, the Registrar shall give additional notice of the redemption of Bonds in accordance with any regulation or release of the Municipal Securities Rulemaking Board or governmental agency or body from time to time applicable to such Bonds. No defect in any notice delivered pursuant to clause (2) above nor any failure to give all or any portion of such notice shall in any manner defeat the effectiveness of a call for redemption if notice is given as prescribed in clause (1) above. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner or any other recipient receives the notice.

Each notice of redemption given under the Indenture shall contain (i) information identifying the Bonds or portions thereof to be redeemed; (ii) the CUSIP numbers of all Bonds being redeemed; (iii) the date of issue of the Bonds as originally issued; (iv) the rate of interest

borne by each Bond being redeemed; (v) the maturity date of each Bond being redeemed; (vi) a brief description, if applicable, of any conditions that must be satisfied prior to the redemption of the Bonds being redeemed; and (vii) any other descriptive information needed to identify accurately the Bonds being redeemed; provided, however, that no notice shall be deemed defective if the information required in clause (i) above is provided in such notice.

In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Registrar, Paying Agent or a fiduciary institution acting as escrow agent no later than the redemption date or (2) the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this section. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Issuer delivers a written direction to the Registrar directing the Registrar to rescind the redemption notice. The Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the Issuer to make such funds available shall constitute an Event of Default under the Indenture. The Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the affected Bonds called for redemption and not so paid remain Outstanding.

Effect of Calling for Redemption. On the redemption date, the principal amount of the Bonds to be redeemed, together with the accrued interest thereon to such date, shall become due and payable; and from and after such date, notice (if required) having been given and moneys available for such redemption being on deposit with the Trustee in accordance with the provisions of the Indenture, then notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds or portions thereof to be redeemed. From and after such date of redemption (such notice having been given and moneys available solely for such redemption being on deposit with the Trustee), the Bonds or portions thereof to be redeemed shall not be deemed to be Outstanding under the Indenture and the Issuer shall be under no further liability in respect thereof.

Book-Entry Only System

The information provided immediately below concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter, the Issuer, the Trustee or the Borrower.

Unless the book-entry system described herein is terminated, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for the Bonds, and will be deposited with the Registrar on behalf of DTC. Individual purchases

of beneficial interests in the Bonds will be made in increments of \$5,000 or integral multiples thereof.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's Rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The contents of such website do not constitute a part of this Official Statement.

Purchases. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose

accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NEITHER THE ISSUER NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE ISSUER CANNOT PROVIDE ANY ASSURANCE THAT DTC, DIRECT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR ANY NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

Payments. Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar on the relevant payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such

Participant and not of DTC, the Registrar, or the Issuer subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuance of Book Entry-Only System. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificated Bonds are required to be printed and delivered to the holders of record.

The Issuer may decide to discontinue use of the system of book entry-only transfers through DTC (or a successor securities depository) with respect to the Bonds. Under current industry practices, however, DTC would notify its Direct or Indirect Participants of the Issuer's decision but will only withdraw beneficial interests from a Bond at the request of any Direct or Indirect Participant. In that event, certificates for the Bonds will be printed and delivered.

No Assurance Regarding DTC Practices

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer, the Borrower, the Underwriter and the Registrar take no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Neither the Issuer, the Borrower, the Registrar nor the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Direct or Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of the Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the Bonds.

Registration, Transfer and Exchange

Subject to the provisions described above under "-- Book Entry-Only System" while the Bonds are held under a book entry system of registration, the Issuer shall cause books for the registration and transfer of the Bonds, as provided in the Indenture, to be kept by the Registrar. Upon surrender for transfer of any Bond at the Designated Office of the Registrar, accompanied by an assignment duly executed by the registered Owner or his attorney-in-fact duly authorized in writing, the Issuer shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount.

Bonds of the same type may be exchanged at the Designated Office of the Registrar for a like aggregate principal amount of Bonds of other Authorized Denominations. The Issuer shall execute and the Registrar shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding.

The Registrar shall not be required to (a) transfer or exchange any Bonds during the 10 days next preceding any day upon which notice of redemption of Bonds is to be mailed; or (b) transfer or exchange any Bonds selected, called, or being called for redemption in whole or in part.

The person in whose name any Bond shall be registered shall be deemed and regarded by the Trustee, the Registrar, the Paying Agent, and the Issuer as the absolute Owner thereof for all purposes, and payment of or on account of the principal of, premium, if any, or interest on any Bond shall be made only to or upon the written order of the registered Owner thereof or his legal representative, subject to the provisions of the Indenture, and neither the Issuer, the Trustee, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided. 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 paid.

A reasonable transfer charge may be made for any exchange or transfer of the Bond and the Registrar shall require the payment by any Bondholder requesting exchange or transfer of a sum sufficient to cover any tax or other governmental charge required to be paid with respect to such exchange or transfer and a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer.

THE ISSUER

The Issuer was created pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes, as amended, through the Interlocal Agreement described above.

The Issuer is a separate legal entity created for the purpose of enabling participating municipalities and counties or other participating governmental entities to finance or refinance (including reimbursement of prior expenditures) undertakings on a cost effective basis. The Bonds are being issued in furtherance of the Issuer's program (the "Program") of making loans to participating governmental units. Pursuant to the Interlocal Agreement, the Issuer has the power to issue, from time to time, in various series, bonds, notes or other obligations to finance and refinance loans to participating governmental entities.

Membership in the Issuer consists of those governmental entities which from time to time have been admitted to membership by the affirmative vote of two-thirds of the board of directors of the Issuer and which have joined in the Interlocal Agreement. While membership in the Issuer is open to other governmental entities, membership in the Issuer is not a pre-condition to becoming a borrower under the Program.

The Issuer is governed by a board of directors which consists of not less than one or more than seven elected public officials, each of which shall be appointed by the President of the Florida League of Cities, Inc. There is no limitation upon the term of office of a director, and directors serve until the expiration of their term in elected office, their resignation or their removal. A director may be removed upon the affirmative vote of at least two-thirds of the members of the Issuer.

The duration of the Issuer shall continue so long as any obligation of the Issuer or any obligation of any participating governmental entity issued under the Program remains outstanding.

The Bonds constitute the twenty-eighth series of bonds to be issued by the Issuer, eleven of which are currently outstanding.

The current Board of Directors of the Issuer consists of the following elected officials:

Chairman Isaac Salver, Councilman, Town of Bay Harbor Islands
Anne Gerwig, Mayor, Village of Wellington
Frank C. Ortis, Mayor, City of Pembroke Pines
Kevin Ruane, Mayor, City of Sanibel
Susan Starkey, Councilmember, Town of Davie
Leo E. Longworth, Mayor, City of Bartow
Teresa Watkins Brown, Councilwoman, City of Fort Myers

THE ADMINISTRATOR AND THE ADMINISTRATION AGREEMENT

The Administrator

The Administrator of the Issuer's Program is the Florida League of Cities, Inc., a Florida non-profit corporation established in 1922. The mission of the Administrator, as outlined in its charter, is primarily to provide assistance to Florida municipalities on matters of common interest. The Administrator will provide loan origination and administration services under the Indenture pursuant to the Administration Agreement (hereinafter described).

The Administrator is organized on a non-stock membership basis. The members of the Administrator consist of over 400 Florida cities and counties. The Administrator is governed by a Board of Directors consisting of up to 55 members. Directors are elected by the members of the Administrator.

In addition to the Issuer's eleven outstanding bond issues, the Administrator has also provided loan origination and administration services in connection with other prior loan pools established by entities other than the Issuer and, in that capacity, has participated in the origination of numerous loans to Florida municipalities and counties.

In addition to loan pool origination and administration services, the Administrator provides services to its members in the areas of pool insurance and advice on current and

emerging constitutional, legislative, and regulatory issues. The Administrator has 199 full-time employees and an annual operating budget of approximately \$37.8 million.

The Bonds are not obligations of the Administrator. The Administrator is neither obligated nor expected to advance its own funds to pay principal of or interest on the Bonds or to perform the other obligations of the Issuer under the Indenture.

The Administration Agreement

The Issuer and the Administrator have entered into an ongoing Administration Agreement (the "Administration Agreement"). Under the terms of the Administration Agreement, the Administrator agrees to receive and review applications of municipalities and counties to participate in the Program and to forward the same to any institutions as may be providing credit support for the Program. The Administrator agrees to meet with representatives of applicants and to aid applicants in determining whether to participate in the Program. The Administrator agrees to abide by the terms of the Indenture and to use its best efforts to ensure that the Loan complies with the terms of the Indenture. Under the terms of the Administration Agreement, the Administrator is to be paid a semi-annual fee based upon the principal balance of all loans outstanding. For bonds issued on or after April 1, 2016 under the Issuer's fixed rate bond program, the fee shall be computed annually for the Borrower at the rate of 10/100 of 1% (.001) of the principal balance outstanding on the Bonds, with a minimum annual fee of \$1,500 and a maximum annual fee of \$10,000.

THE BORROWER

CERTAIN OF THE INFORMATION HEREIN REGARDING THE BORROWER IS BEYOND THE KNOWLEDGE OF THE ISSUER. WHILE THE ISSUER HAS NO REASON TO BELIEVE THAT SUCH INFORMATION IS INCOMPLETE OR INACCURATE, THE ISSUER HAS NOT INDEPENDENTLY INVESTIGATED OR CONFIRMED THE ACCURACY OR COMPLETENESS THEREOF AND HAS INCLUDED SUCH INFORMATION IN THIS OFFICIAL STATEMENT IN RELIANCE UPON THE REPRESENTATIONS AND WARRANTIES OF THE BORROWER THAT SUCH INFORMATION DOES NOT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT AND DOES NOT OMIT TO STATE ANY MATERIAL FACT NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE HEREIN, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT MISLEADING.

The Borrower is a Florida municipality. Financial information with respect to the Borrower is contained in Appendix F hereof. See also "SECURITY AND SOURCES OF PAYMENT" herein.

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PURPOSE OF THE BONDS

General

The proceeds to be received by the Issuer from the sale of the Bonds will be used by the Issuer to make the Loan to the Borrower for the purpose of providing funds to (i) finance the costs of the Project, and (ii) pay costs and expenses related to the issuance of the Bonds.

Under the terms of the Indenture, an amount sufficient to pay the costs of issuance of the Bonds will be deposited into the Costs of Issuance Fund and the balance of the proceeds of the Bonds will be deposited into the Project Loan Fund, to be disbursed upon requisition therefor.

The Borrower is borrowing the proceeds of the Bonds, \$17,719,630.70, (which amount is the par amount of the Bonds of \$16,500,000.00 plus the net bond premium of \$1,219,630.70) for the purposes of financing the cost of the Project. The Loan is expected to be repaid over a period of 29 years.

ESTIMATED SOURCES AND USES

The following table sets forth the estimated sources and uses of funds in connection with the Bonds:

SOURCES OF FUNDS:

Par Amount	\$16,500,000.00
Net Bond Premium	<u>1,219,630.70</u>
TOTAL SOURCES:	\$17,719,630.70

USES OF FUNDS:

Deposit to Project Loan Fund	\$17,478,651.87
Costs of Issuance ⁽¹⁾	<u>240,978.83</u>
TOTAL USES:.....	\$17,719,630.70

⁽¹⁾ This includes legal fees, Underwriter's discount, costs of printing and other incidental expenses.

SECURITY AND SOURCES OF PAYMENT

Limited Obligations; Trust Estate

The Bonds and all payments by the Issuer under the Indenture are limited and special obligations of the Issuer and are payable solely out of Loan Repayments made under the Loan Agreement and certain proceeds of the Bonds as authorized by the Constitution and laws of the

State of Florida, as and to the extent provided in the Indenture. The Bonds and the Issuer's other obligations under the Indenture are solely and exclusively obligations of the Issuer to the extent set forth therein and do not constitute or create an obligation, general or special, or debt, liability, or moral obligation of the State or any political subdivision or any municipal corporation of the State (except the Borrower). The Bonds shall not be or constitute a general obligation of the Issuer, the State, or any political subdivision or any municipal corporation thereof (except the Borrower) or a lien upon any property owned or situated within the territorial limits of the Issuer, the State, or any political subdivision or any municipal corporation thereof (except the Borrower), other than the trust estate granted under the Indenture, in the manner provided in the Indenture and in the Loan Agreement. The Loan Agreement does not represent joint liabilities of the Borrower with the Issuer, and is payable solely as provide in the Loan Agreement.

Proceeds to be received by the Issuer from the sale of the Bonds will be loaned by the Issuer to the Borrower pursuant to the Loan Agreement. The Loan Agreement provides that the Borrower will levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Borrower at least equal to the Basic Payments (that is, the principal of, premium, if any, and interest) and the Additional Payments, if any, on the Loan. The aggregate principal and interest payments included in the Basic Payments scheduled to be made by the Borrower equal the scheduled debt service on the Bonds. The Loan is a general obligation of the Borrower secured by a pledge of the full faith, credit, and taxing power of the Borrower without limitation.

Pursuant to the Indenture, the Issuer has granted to the Trustee as part of the trust estate all of the Issuer's right, title and interest (with certain exceptions specified therein) in and to the Loan Agreement, including the Issuer's right to receive Loan Repayments, as the source of payment of and security for the Bonds.

Levy of Ad Valorem Taxes

The principal of and interest on the Bonds and all other amounts due under the Loan Agreement are payable from and secured by Loan Repayments made under the Loan Agreement, which in turn are payable from and secured by a pledge of the full faith and credit of the Borrower without limitation, as a general obligation of the Borrower, under which the Borrower is obligated to levy ad valorem taxes on all taxable property within the City of Lighthouse Point, Florida (the "Ad Valorem Taxes") at a rate as shall be necessary to provide for the prompt payment of all Loan Repayments. See "AD VALOREM TAXATION" herein.

On November 6, 2018, a majority of the electors voting at a referendum within the City of Lighthouse Point, Florida approved the issuance of general obligation bonds in a principal amount of not exceeding \$16,500,000 for purposes of funding the Costs of the Project.

For so long as the Loan remains outstanding, the Borrower shall, each, year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Borrower at least equal to the Loan Repayments for the ensuing Bond Year. Such tax shall be levied and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Borrower and shall be in addition to all other taxes authorized to be levied by the

Borrower. The Borrower has covenanted and agreed in the Loan Agreement that it will not accept payment of taxes levied for operating expenses of the Borrower unless there shall be paid at the same time the taxes required by the Loan Agreement.

The Borrower has covenanted and agreed to establish a special fund to be designated the "City of Lighthouse Point, Florida General Obligation Bonds, Series 2019 Debt Service Fund". All taxes levied pursuant to the Loan Agreement, as collected, shall immediately be deposited into the Debt Service Fund and held in trust for the payment of the Loan Repayments as they become due and shall be expended for no other purpose. Until disbursed, the funds shall be secured as may from time to time be provided by law. See "APPENDIX F -- Financial Information Regarding the City of Lighthouse Point, Florida" for additional information, including property tax levies and collections and the assessed value of taxable property within the City of Lighthouse Point, Florida.

AD VALOREM TAXATION

General

Local ad valorem property taxes are levied by the application of the millage rate to the assessed valuation of non-exempt property within the City of Lighthouse Point, Florida. Under the laws of the State of Florida, the assessment of all properties and the collection of all property taxes of Broward County, Florida (the "County"), all municipalities located within the County, and the School District of Broward County, Florida are consolidated in the offices of the Broward County Property Appraiser and the Broward County Tax Collector.

Procedure for Property Assessment

Real and personal property valuations are determined each year as of January 1 by the Property Appraiser. Except as noted below regarding the homestead exemption and other exemptions which may heretofore or hereafter be provided by applicable law, all taxable real and personal property must be assessed at its just or fair market value. The property owner has the right to file a petition with the Clerk of the Value Adjustment Board if, in the owner's opinion, such assessed property value, as determined by the Property Appraiser, is inconsistent with that as determined by the property owner. All petitions relating to such valuation determinations are heard and reviewed by the Value Adjustment Board, which consists of members of the Board of County Commissioners of the County and the School Board of Broward County. The Value Adjustment Board certifies an assessment roll upon completion of the hearings on all petitions so filed.

Setting the Millage

Article VII, Section 9 of the Constitution of the State of Florida provides that, exclusive of taxes levied for the payment of voter-approved general obligation bonds (such as the Loan), cities may levy up to ten (10) mills for municipal purposes. Pursuant to the Florida Constitution, there is no limit on the amount of ad valorem taxes a city may levy for the payment of debt service on voter-approved general obligation bonds.

The Property Appraiser assesses all taxable real, personal and centrally assessed property and the Tax Collector collects all ad valorem taxes within the County. While one tax bill emanates from Broward County, that bill represents ad valorem taxes levied by the County and any taxing units, including any municipal service taxing unit ("MSTU"), the County, the school district, municipalities located within the County (including the Borrower) and other taxing authorities.

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

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

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

Exemptions and Assessment Limitations

General Exemptions. The Florida Constitution provides that every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the State his or her permanent residence, or makes the State the permanent residence of another or others legally or naturally dependent upon such person, is entitled to an exemption from all taxation, except for assessments for special benefits, on the value of such property up to the assessed valuation of \$25,000 on the residence and contiguous real property. A further exemption of up to \$25,000 on the assessed valuation of homestead property greater than \$50,000 is granted for all ad valorem taxes other than school district levies. Additional exemptions include: homestead property of totally and permanently disabled persons; improved real property on which a renewable energy source device is installed and operated; inventory; property used by not-for-profit hospitals, nursing homes and homes for special services; property used by certain not-for-profit homes for the aged; property used exclusively for educational purposes by educational institutions or other exempt organizations, including charter schools, for educational purposes; property owned by certain charitable, literary, religious or scientific

organizations and used predominantly for such purposes; property owned and used for educational purposes by labor organizations; property of certain community centers; certain property used for affordable housing; property owned and used by certain governmental units; property of certain not-for-profit sewer and water companies; \$5,000 of property of every disabled ex-service member and their unmarried surviving spouses and the first \$500 of property of every widow, widower, blind person or disabled person.

Constitutional Amendments and Other Changes Related to Ad Valorem Taxes. The following highlight changes related to ad valorem taxation and exemptions made in recent years:

Save Our Homes. By voter referendum held on November 2, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) 3% of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. The amendment is known as the "Save Our Homes" amendment. The effective date of the amendment was January 5, 1993 and, pursuant to a ruling by the Supreme Court of the State of Florida, it began to affect homestead property valuations commencing January 1, 1995 with 1994 assessed values being the base year for determining compliance.

Low Income Seniors. In the November 7, 2006 general election, the voters of Florida approved amendments to the State Constitution which provided for an increase in the homestead (ad valorem tax) exemption to \$50,000 from \$25,000 for certain low-income seniors effective January 1, 2007 and provide a discount from the amount of ad valorem taxes for certain permanently disabled veterans effective December 7, 2006, respectively. See also "-- Exemption for Low Income Seniors" below.

2008 Amendments. On January 29, 2008, in a special election held in conjunction with Florida's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The amendments were effective beginning with the 2008 tax year (2008-09 fiscal year for local governments). The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000. This exemption does not apply to school district taxes.

2. Permits owners of homestead property to transfer their Save Our Homes benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of 3% or the annual rate of inflation.
3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax.
4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases was initially in effect for a 10 year period, but was made permanent by vote of the electorate in 2018. (See "-- Extending the Limitation on Assessed Values of Non-Homestead Real Property", below). This limitation does not apply to school district taxes.

From time to time over the last few years, the Save Our Homes assessment cap and portability provision described above have been subject to legal challenge. The plaintiffs in such cases have generally argued that the Save Our Homes assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution's Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution, and that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions. However, there is no assurance that any future challenges to such provisions will not be successful. Any potential impact on the Borrower or its finances as a result of such challenges cannot be ascertained at this time.

In the November 2008 general election, the voters of Florida approved amendments to the State Constitution providing the Florida Legislature with authority to enact exemptions or special assessment protections for certain types of property subject to ad valorem taxation, including exemptions for conservation lands and residential wind damage resistance and renewable energy source improvements, and restrictions on the assessment of working waterfront properties.

Exemption for Deployed Military Personnel. In the November 2010 general election, voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support

of military operations designated by the legislature. This constitutional amendment took effect on January 1, 2011.

Exemption for Disabled Veterans. During the 2011 regular legislative session, the legislature passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment became effective January 1, 2013.

Exemption for Surviving Spouses of Veterans. During the 2012 regular legislative session, the legislature passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment became effective January 1, 2013.

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

In the November 2016 general election, voters approved a constitutional amendment changing the existing homestead tax exemption for low income seniors so that the value of property owned by eligible senior citizens with a household income of \$20,000 or less could be assessed when they first apply for the exemption. The measure was designed to ensure eligible seniors' ability to be able to keep their tax exemption even if their home value exceeded \$250,000 in the future. The amendment took effect on January 1, 2017 but is retroactive to January 1, 2013, meaning a senior who qualified for the exemption in 2013, but lost it, would regain the exemption.

2013 Changes. During its 2013 Regular Session, the Florida Legislature passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and creates a number of changes affecting ad valorem taxation which became effective as of July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing time frames. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the term "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third,

SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of Florida real property permanently reside upon on such property in order to qualify for a homestead exemption. This change conforms the statute at issue with the Florida Constitution by allowing non-resident owners of property to claim a homestead exemption if a person legally or naturally dependent upon the owner permanently resides on such property. Fifth, SB 1830 clarifies a drafting error regarding the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for limited liability partnerships with a general partner that is a charitable 501(c)(3) organization to qualify for the affordable housing property tax exemption. Finally, SB 1830 exempts from property taxes property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

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

Exemption and Assessment of Renewable Energy Devices Upon all Real Property. In the August 2016 primary election, the voters in the State approved a constitutional amendment exempting the assessed value of certain renewable energy devices from the ad valorem tax on intangible personal property and prohibiting certain renewable energy devices from being considered when calculating the assessed value of all real property, not just real property used for residential purposes as provided for the HB 277 described above. This constitutional amendment took effect on January 1, 2018 and expires on December 31, 2037.

Exemption for Disabled First Responders. In the November 2016 general election, voters approved a constitutional amendment authorizing first responders who are totally and permanently disabled as a result of injuries sustained in the line of duty to receive ad valorem tax relief on their homestead property. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. Florida defines first responders as law enforcement officers, correctional officers, firefighters, emergency medical technicians and paramedics. This amendment took effect on January 1, 2017.

Extending the Limitation on Assessed Values of Non-Homesteaded Real Property. In the November 2018 general election, voters approved a constitutional amendment removing the scheduled January 1, 2019 repeal of the limitation prohibiting the increase in the assessed value of non-homestead property to 10% per year. The limitation does not apply to property taxes levied by school districts. This amendment took effect on January 1, 2019.

Exempting Assessed Value of a Renewable Energy Device. During the Florida Legislature's 2017 Regular Session, the Florida Legislature passed SB 90 ("SB 90") implementing Amendment 4, which was approved by the voters in August 2016. SB 90 exempts the assessed value of a renewable energy device from tangible personal property tax and the installation of those devices from determining the assessed value of real property, both residential and non-residential, for the purpose of ad valorem taxation. SB 90 also revises the definition of "renewable energy source device" to include power conditioning and storage devices, wiring, structural support and other components used as integral parts of such systems. The changes made by SB 90 expire on December 31, 2037.

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

Tax Collection

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

Delinquent Taxes

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

Tax Certificates

On or before April 25, delinquent personal property taxes must be advertised and after May 1, the property is subject to levy, seizure and sale. Florida law provides that real property liens are superior to all other liens except prior Internal Revenue Service liens. The Tax Collector advertises once each week for four weeks and sells tax certificates, by auction, on all real property with taxes due on or before June 1 of each year. The purchaser of any tax

certificate must pay all of the then due property taxes plus an interest component. Delinquent tax certificates not sold at auction become the property of the County.

Tax Deeds

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

Redemption of Land by Owners

Redemption may be made by the owner of any land upon which a tax certificate has been sold. To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of five percent (5%), whichever is higher) from the date of the sale of the tax certificate to the date of redemption.

Disposition of Tax Collections

Section 197.016, Florida Statutes, requires the County to distribute to each taxing authority, including the Borrower, the ad valorem taxes collected four times during the first two months after the tax roll becomes due and once per month thereafter.

Upon receipt by the Borrower, the monies representing debt service are to be credited to the Principal Fund and the Revenue Fund, special accounting funds created and maintained pursuant to the Loan Agreement. Debt service millage over and above millage limitations fixed by the Florida Constitution is authorized only for the payment of General Obligation Bonds such as the Bonds, and any diversion of such tax collections to a purpose other than payment of the voted General Obligation Bonds would violate the Florida Constitution. Consistent with the above, the Loan Agreement provides that the proceeds of all such Ad Valorem Taxes levied for the payment of the principal of and interest on the Bonds issued pursuant to the Resolution shall be deposited by the Borrower in the Series 2019A Principal Fund and the Series 2019A Revenue Fund and used solely for the payments of principal and interest on such Bonds.

Assessment Data

Under the Florida Constitution, real and personal property is required to be assessed at its "just value" for purposes of ad valorem taxation. Just value generally means the present cash value of the property, which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase (including costs of financing), in cash or the immediate equivalent thereof in a transaction at arm's length. The following table summarizes the assessed value and estimated value of taxable property within the City of Lighthouse Point, Florida for the last ten fiscal years.

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

Fiscal Year	Tax Year	Real Property			Personal Property	Less: Exemptions		Total Taxable Assessed Value	City Direct Tax Rate	Estimated Actual Taxable Value	Net Assessed Value as a Percentage of Estimated Actual Value
		Residential	Commercial	Other ⁽¹⁾		Real Property	Personal Property				
2009	2008	\$2,830,154	\$158,127	\$22,048	\$25,537	\$941,210	\$5,159	\$2,089,497	3.5142	\$3,035,867	68.83%
2010	2009	2,269,144	161,598	22,154	24,775	617,028	4,568	1,856,075	3.8825	2,477,671	74.91
2011	2010	1,853,180	151,486	23,355	22,922	406,911	4,075	1,639,957	3.8825	2,050,943	79.96
2012	2011	1,897,551	144,278	22,972	23,332	435,107	4,230	1,648,796	3.8602	2,088,133	78.96
2013	2012	1,994,093	143,483	24,009	21,967	472,386	3,996	1,707,170	3.8691	2,183,551	78.18
2014	2013	2,109,780	140,854	28,578	24,317	523,322	3,946	1,776,261	3.8307	2,303,550	77.11
2015	2014	2,370,635	140,326	29,413	25,995	679,481	4,978	1,881,910	3.8175	2,566,369	73.33
2016	2015	2,630,639	141,754	30,113	26,671	844,533	4,979	1,979,665	3.8028	2,829,177	69.97
2017	2016	2,780,511	155,879	30,118	27,196	896,758	5,305	2,091,641	3.7892	2,993,718	69.87
2018	2017	2,973,368	167,257	30,789	28,922	950,577	5,350	2,244,409	3.7803	3,200,337	70.13

Source: Broward County Property Appraiser

⁽¹⁾ Other includes institutional, government, and miscellaneous property uses.

Prior Levies of Ad Valorem Taxes within the City of Lighthouse Point, Florida

The chart below evidences the ad valorem taxes levied and received by the Borrower for the past ten years:

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽²⁾	Total Collections to Date	
	Gross Levy	Discount ⁽¹⁾	Net Levy	Amount	Percentage of Gross Levy		Amount	Percentage of Gross Levy
2009	\$7,368,624	\$316,056	\$7,052,568	\$6,627,949	89.95%	\$98,399	\$6,726,348	91.28%
2010	7,208,468	309,283	6,899,185	6,846,662	94.98	212,441	7,059,103	97.93
2011	6,380,071	273,740	6,106,331	5,926,606	92.89	188,496	6,115,102	95.85
2012	6,382,448	273,944	6,108,504	5,931,892	92.94	164,493	6,096,385	95.52
2013	6,610,703	283,841	6,326,862	6,228,508	94.22	162,200	6,390,708	96.67
2014	6,812,658	340,039	6,472,619	6,421,761	94.26	159,268	6,581,029	96.60
2015	7,195,575	358,575	6,837,000	6,768,795	94.07	170,320	6,939,115	96.44
2016	7,535,473	372,364	7,163,109	7,100,350	94.23	188,367	7,288,717	96.73
2017	7,930,348	359,908	7,570,440	7,463,634	94.11	141,396	7,605,030	95.90
2018	8,495,187	372,468	8,122,719	8,005,847	94.24	-	8,005,847	94.24

Source: Broward County Property Appraiser

⁽¹⁾ Florida Statutes provide for up to 4% discount for timely payment of property taxes.

⁽²⁾ Collection in subsequent years include prior year's collections, corrections, and penalties.

Millage Rates

Eight different taxing authorities levy ad valorem taxes on property located within the City of Lighthouse Point, Florida. Taxing authorities may also covenant to levy such millages as are necessary to pay debt service on general obligation bonds approved by referendum, such as the Bonds. The ability of the taxing authorities to levy ad valorem taxes on property within the City of Lighthouse Point, Florida for operational purposes is currently restricted, constitutionally and statutorily, as follows:

1. The County levies ad valorem taxes on a county-wide basis. The County is constitutionally limited to an annual levy of 10.0 mills for county-wide operations. In addition to its county-wide operating millage, counties are authorized to levy additional ad valorem taxes for the provision of certain services within MSTUs located within the unincorporated areas of such county or, with approval of a municipality, within its municipal limits, and for levies associated with voter-approved general obligation debt service. MSTU taxes for operations are constitutionally limited to an annual levy of 10.0 mills. No MSTU has been established by the County which is applicable to the Borrower.

2. The School District of Broward County (the "School District") levies taxes on a county-wide basis and is constitutionally limited to an annual levy of 10.0 mills for operating and maintenance expenses, although millage associated with voter-approved general obligation debt service is not restricted. Section 236.25, Florida Statutes, however, places a practical restriction upon school districts' ad valorem tax levies for operational purposes by conditioning school districts' participation in the State allocation of school funds upon the levy of lower millage rates prescribed by law, which include certain discretionary components. The majority of the School District's operating funds are derived from its allocation of State school funds, and the School District has indicated its intention to continue participating in such allocation. For the past ten years, the School District has levied the maximum operational millages (including the permitted capital outlay millage) which permit it to participate in the State allocation.

3. All property within the City of Lighthouse Point, Florida is subject to levy in connection with the Broward County Children's Services Council, and is located within the South Florida Water Management District, the Florida Inland Navigation District, the North Broward Hospital District and the Hillsboro Inlet District. The Broward County Children's Services Council is statutorily limited to an annual levy of 0.50 mills, South Florida Water Management District is constitutionally limited to an annual levy of 0.80 mills for operations, the Florida Inland Navigation District is statutorily limited to an annual levy of 0.10 mills, the North Broward Hospital District is statutorily limited to an annual levy of 2.50 mills, and the Hillsboro Inlet District is limited to a levy of 0.50 mills.

4. The Borrower levies ad valorem taxes within the corporate limits of the City of Lighthouse Point, Florida. Except for voted millages (like the Bonds), the Borrower is constitutionally limited to an annual levy of 10.0 mills for municipal purposes.

The following table lists the ad valorem tax millage rates levied by each of the taxing authorities within the City of Lighthouse Point, Florida for operating purposes and debt service for fiscal years 2010 through 2019.

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Historical Millage Rates⁽¹⁾

Fiscal Year	City of Lighthouse Point			Broward County			School Board			Overlapping Rates					Total Direct And Overlapping Rate
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Board Millage	Child Services Council	South Florida Water Management District	Florida Inland Navigation District	North Broward Hospital District	Hillsboro Inlet	
2009/10	3.6188	0.2637	3.8825	4.8889	0.4256	5.3145	7.4310	-	7.4310	0.4243	0.6240	0.0345	1.7059	0.0860	19.5027
2010/11	3.6188	0.2637	3.8825	5.1021	0.4509	5.5530	7.6310	-	7.6310	0.4696	0.6240	0.0345	1.8750	0.0860	20.1556
2011/12	3.5893	0.2709	3.8602	5.1860	0.3670	5.5530	7.4180	-	7.4180	0.4789	0.4363	0.0345	1.8750	0.0860	19.7419
2012/13	3.5893	0.2798	3.8691	5.2576	0.2954	5.5530	7.4560	-	7.4560	0.4902	0.4289	0.0345	1.8564	0.0860	19.7741
2013/14	3.5893	0.2414	3.8307	5.4400	0.2830	5.7230	7.4800	-	7.4800	0.4882	0.4110	0.0345	1.7554	0.0860	19.8088
2014/15	3.5893	0.2282	3.8175	5.4584	0.2646	5.7230	7.4380	-	7.4380	0.4882	0.3842	0.0345	1.5939	0.0860	19.5653
2015/16	3.5893	0.2135	3.8028	5.4741	0.2489	5.7230	7.2030	0.0710	7.2740	0.4882	0.3551	0.0320	1.4425	0.0860	19.2036
2016/17	3.5893	0.1999	3.7892	5.4474	0.2216	5.6690	6.8360	0.0703	6.9063	0.4882	0.3307	0.0320	1.3462	0.0860	18.6476
2017/18	3.5893	0.1910	3.7803	5.4623	0.2067	5.6690	6.4740	0.0654	6.5394	0.4882	0.3100	0.0320	1.2483	0.0860	18.1532
2018/19	3.5893	0.1730	3.7623	5.4792	0.1898	5.6690	6.2750	0.1279	6.4029	0.4882	0.2936	0.0320	1.0855	0.0860	17.8195

Source: City of Lighthouse Point, Florida.

⁽¹⁾ One mill equals \$1 per \$1,000 of taxable value.

The Borrower estimates that it will impose an initial additional millage of 0.4000 mills to pay debt service on the Bonds. The reason for the less-than proportional increase in millage with respect to the Bonds is due to a smaller partial year debt service for the Bonds and rising property values within the City of Lighthouse Point, Florida.

Information Regarding the Borrower's Prior General Obligation Debt

The City issued \$6,190,000 in General Obligation Bonds on August 1, 2002 to pay for the repair, improvement and replacement of the City police and fire stations, library, stormwater system, bridges and streets. The issue was funded entirely by the debt service levy on taxable property in the City. In May 2012 the City issued a \$3,685,000 note payable to defease the 2002 bonds. The outstanding principal balance as of September 30, 2018 was \$1,561,043 and the note matures in August 2022. The debt service millage rate levy for fiscal year 2018-19 is 0.1730, and annual debt service requirements to maturity for this note are as follows:

Fiscal year ended <u>Sept 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$378,811	\$28,907	\$407,718
2020	386,257	21,461	407,718
2021	393,958	13,761	407,719
Final Year 2022	402,017	5,962	407,979
	\$1,561,043	\$70,091	\$1,631,134

Principal Taxpayers

The following table lists the ten principal taxpayers within the City of Lighthouse Point, Florida, the 2017 taxable assessed valuation and the percent of total assessed valuation for such taxpayers.

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PRINCIPAL TAXPAYERS

Taxpayer	Fiscal Year 2018		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Centro Heritage Venetian Isle	\$18,411,720	1	0.82%
Florida Power & Light Co	9,021,073	2	0.40%
Acheson, James C & Suzanne J	8,509,960	3	0.38%
Lighthouse Point Yacht Club	6,421,400	4	0.29%
Grove Gateway LLC & JCS Investment Mgmt	6,299,810	5	0.28%
Wye, Jane & Thomas	5,986,160	6	0.27%
Verrillo, James & Teresa	5,603,850	7	0.25%
ACL Holdings LLC	5,469,610	8	0.24%
Foxman, Leonard A Trstee Leonard A Foxman Liv Tr	5,183,040	9	0.23%
Centro Heritage Venetian Isle	4,978,500	10	0.22%
Total	\$75,885,123		3.38%

Source: City of Lighthouse Point.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City provides pension benefits for all its full-time employees through either a defined contribution or defined benefit plan.

Municipal Employees' Retirement Fund – Defined Contribution

In a defined contribution plan, benefits depend solely on amounts contributed to the defined contribution plan plus investment earnings. Employees are eligible to participate after completion of one year of continuous service and attainment of age 21. Additionally, police officers and firefighters employed by the City prior to October 2003 continue in the defined contribution plan if they did not convert to the defined benefit plan described later in this section. For the year 2018, the City made biweekly contributions to the defined contribution plan equal to 12.5% for general employees and 14% for fire, police and management employees of each participant's base salary. In addition, each participant was required to make the following contributions to the defined contribution plan: 3% of base salary for general employees, 8% of base salary for fire employees, and 6% of base salary for all other police and management employees.

The defined contribution plans were established by City Resolution No. 681 in April 1988 for general employees, Resolution No. 841 in January 1993 for fire employees, and

Resolution No. 993 in October 1997 for police officers and management employees. Amendments to the defined contribution plans can only be made by resolution.

Each participant's interest in their accrued benefits from employer contributions and associated investment earnings is vested 20% after three years of credited service and 20% for each additional year of service for the next four years. Employee contributions vest immediately. Contributions made by the City for the Fiscal Year ended September 30, 2018 are as follows:

Employee Classification	Covered Payroll	Required Contribution Amount			Percentage of Contributions to Total Covered Payroll
		City	Employee	Total	
General Employees	\$1,523,974	\$190,497	\$45,719	\$236,216	15.50%
Firefighters	270,900	37,926	21,672	59,998	22.00
Police Officers	100,670	14,094	6,040	20,134	20.00
Management	948,305	132,763	56,898	189,661	20.00
Total	\$2,843,849	\$375,280	\$130,329	\$505,609	17.78%

Plan membership at September 30, 2018, consisted of the following:

	General	Fire	Police	Management
Retirees and beneficiaries currently receiving benefits	6	7	2	9
Terminated members entitled to but not yet receiving benefits	5	-	-	1
Current employees:				
Fully vested	18	6	8	4
Partially vested	8	-	-	6
Nonvested	8	-	-	-
Total current employees	34	6	8	10
Total membership	45	13	10	20

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Investment summaries at September 30, 2018, are as follows:

Investment Type	General Employees	Firefighters	Police Officers	Management Employees
Money Market Funds	23%	21%	47%	45%
Balanced Funds	64%	10%	17%	21%
U.S. Stock Funds	10%	58%	32%	30%
Bond Funds	2%	1%	1%	3%
International Stock Funds	1%	2%	3%	1%
Specialty Funds	0%	8%	0%	0%
	100%	100%	100%	100%
Fair Value of Investments	\$4,218,264	\$4,400,737	\$2,282,895	\$5,468,941

All defined contribution (401a) plans provide for employee loans. Loans are limited to 50% of the employee's vested balance not to exceed \$ 50,000. Interest rates are based on prime plus 0.5%. As of September 30, 2018, participant loans outstanding amounted to \$281,437.

Police and Fire – Defined Benefit

Effective October 1, 2003, the City established a defined benefit pension plan for full-time police officers and firefighters. The defined benefit pension plan is a single-employer variety. In accordance with Ordinance 835, the defined benefit pension plan is mandatory for all new hires and optional for all police officers and firefighters employed on October 1, 2003. In FY 2018, the City contributed 22.27% of employee base salaries and employees contributed 16.34%. All investments, totaling \$26,089,344 at September 30, 2018, are managed by the Florida League of Cities, Inc. through the Florida Municipal Pension Trust. The plan has no past service costs because any employees who opt to purchase past service credits were required to do so at the actuarial computed value. The option to purchase past service with the City of Lighthouse Point expired in FY 2009. As of September 30, 2018, the membership in the plan consists of 52 active participants, two former employees who are either vested or entitled to a refund of employee contributions, and thirteen retirees/beneficiaries receiving a benefit. A separate audited GAAP-basis pension plan is completed annually and is available for review in the City's Finance Department. See "INTRODUCTION" herein, for information on obtaining additional documentation.

Police and Fire – Florida Retirement System

In the summer of 2018, the City reached agreement with both its firefighters and police officers to allow members to enroll in the Florida Retirement System (FRS). The join date for firefighters was October 1, 2018, and for police officers March 1, 2019. Currently, the City contributes 24.50% of eligible employee wages and employees contribute 3%. Employees may choose from a FRS Pension Plan (defined benefit) or FRS Investment Plan (defined contribution). There are currently 23 firefighters and 26 police officers participating in the FRS, and any vested benefit in the City's defined benefit plan is frozen until their eventual retirement.

The FRS Pension Plan is one of the largest public retirement plans in the U.S. and comprises roughly three-quarters of total assets under Florida State Board of Administration (SBA) management. The Florida State Legislature determines plan structure, benefit levels and funding.

Net Pension (Asset) liability

The City's net pension (asset) liability as measured as of September 30, 2018 and the total pension liability (asset) used to calculate the net pension (asset) liability was determined by an actuarial valuation as of October 1, 2017. Actuarial valuations for pension plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as, results are compared to past expectations and new estimates are made about the future. Actuarial calculations also reflect a long-term perspective.

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Set forth below is a schedule of changes in the net pension asset (liability) and related ratios for the past four fiscal years:

	2018	2017	2016	2015
Total pension liability				
Service cost	\$398,297	\$371,661	\$371,661	\$253,497
Expected interest growth	1,658,825	1,586,392	1,129,166	1,514,924
Demographic experience	2,898,623	(426,868)	659,097	(32,379)
Assumption changes	1,803,577	-	4,860,207 ⁽¹⁾	(1,940,714) ⁽¹⁾
Benefit payments, including refunds of member contributions	(746,176)	(455,688)	(454,253)	(355,333)
Net change in total pension liability	6,013,146	1,075,497	6,565,878	(560,005)
Total pension liability – beginning	23,829,473	22,753,976	16,188,098	16,748,103
Total pension liability – ending (A)	\$29,842,619	\$23,829,473	\$22,753,976	\$16,188,098
Plan fiduciary net position				
Contributions – employer	\$1,372,607	\$991,535	\$815,761	\$776,750
Contributions – member	702,611	722,202	564,019	544,741
Net investment income (loss)	1,733,186	2,653,471	1,400,099	(79,907)
Benefit payments, including refunds of member contributions	(746,176)	(455,688)	(454,253)	(355,333)
Net change in plan fiduciary net position	3,062,228	3,911,520	2,325,626	886,251
Plan fiduciary net position - beginning	23,442,126	19,530,606	17,204,980	16,318,729
Plan fiduciary net position – ending (B)	\$26,504,354	\$23,442,126	\$19,530,606	\$17,204,980
City net pension (asset) liability – ending (A) – (B)	\$3,338,265	\$387,347	\$3,223,370	\$(1,016,882)
Plan fiduciary net position as a percentage of the total pension (asset) liability	88.81%	98.37%	85.83%	106.28%
Covered-employee payroll	\$3,261,638	\$3,208,439	\$3,011,289	\$3,043,337
City net pension (asset) liability as percentage of covered-employee payroll	102.35%	Not available	107.04%⁽¹⁾	Not applicable

⁽¹⁾ During the 2015 Florida legislative session, changes were enacted to sections of Florida Statutes which required that local government pension plans use updated mortality tables. These changes went into effect on January 1, 2016, and were the chief cause for the significant increase in the liability from 2015 to 2016.

Set forth below is a schedule of City contributions to its police and fire defined benefit pension plan for the past four fiscal years:

	2018	2017	2016	2015
Actuarially determined contribution	\$1,372,607	\$991,535	\$815,761	\$776,750
Actual contribution	1,372,907	991,535	815,761	776,750
Contribution deficiency (excess)	-	-	-	-
Covered-employee payroll	\$3,261,638	\$3,208,439	\$3,011,289	\$3,043,337
Contributions as a percentage of covered-employee payroll	42.08%	N/A	27.09%	25.52%

Set forth below is a schedule of investment returns on the City's police and fire defined benefit pension plans for the past four fiscal years:

	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	7.49%	13.46%	8.20%	-0.23%

Deferred Compensation Plan

Employees may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 as amended by Congress. The deferred compensation plan is available to all full-time employees of the City. Under the deferred compensation plan, employees may elect to defer a portion of their salaries and therefore defer paying taxes on such portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency subject to approval by the City. The deferred compensation plan is administered by an unrelated independent plan administrator. Under the terms of the Internal Revenue Code Section 457, all deferred compensation and income attributable to the investment returns are held in trust by the City for the exclusive benefit of the participants and their beneficiaries. As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator, approving investments offered to participants, monitoring compliance with maximum contribution limits, catch-up provisions, and emergency withdrawals. The current plan administrator is the

International City Management Association Retirement Corporation ("ICMA-RC"). In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the deferred compensation plan.

Retirement Health Savings Plan

As a voluntary supplement to the employees' required pension trust funds, the City established by Resolution 2003-1298 a retirement health saving plan and trust for the exclusive benefit of plan participants and their beneficiaries. The retirement health saving plan is fully funded by employee pre-tax contributions. The account totaled \$461,353 at September 30, 2017 and is invested by ICMA-RC per the direction of each participant. Funds can only be withdrawn for medical expenses as approved by Internal Revenue Service regulations. Should funds not be expended, they revert back to the City plan, however the City's policy is to distribute any remaining proceeds upon death of a participant to their beneficiaries as they have provided in writing. Based upon employee group commitments, the plan currently includes Fire Captains, Police Department non-union employees, Administrative Secretaries, the Chief Clerk of the Police Department, and Fire Driver-Engineers.

Roth IRA

The City administration allows employees to make voluntary after-tax contributions to a Roth IRA, established through ICMA-RC. Participants choose how much to contribute to the voluntary plan, and the IRS provides guidelines on contributions and distributions.

Other Post-Employment Benefits (OPEB)

The City's only post-retirement benefit is offering retired employees the opportunity to retain the City's health insurance coverage by, except for certain employees as described below, paying the full premium paid by the City for active employees. For department directors only, employees who retire at age 62 with at least ten years of service receive the City health insurance until age 65 with the City paying the full premium for the retiree. At age 55 with at least ten years of service, a department director may receive 33% of the premium subsidy from the City. At present, there are no former city employees receiving this benefit. Elected officials, who have served five years, are eligible to retain City health insurance at their own expense. An actuarial valuation was completed as of September 30, 2018 and reflects the most current estimate of the other post-employment benefit obligation liability. As of September 30, 2018, the net OPEB obligation was \$282,281. Consequently, the Statement of Net Position reflects this amount. The actuarial methods and assumptions are as follows:

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Valuation date	October 1, 2017
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level-dollar payment
Investment return	4.00% per annum
Inflation	2.75% per annum
Healthcare cost trend select rates	8.00% for FY 2015/16 graded to 5.50% for FY 2020/21
Ultimate rate	5.00% per annum

The net other post-employment benefit obligation outstanding as of September 30, 2018 is calculated as follows:

	<u>2018</u>
Total pension liability	
Service cost	\$ 29,429
Expected interest growth	10,007
Demographic experience	-
Assumption changes	-
Benefit payments, including refunds of member contributions	(5,255)
Net change in total OPEB liability	282,281
Total OPEB liability – beginning	248,100
Total OPEB liability – ending (A)	\$282,281
Plan fiduciary net position	
Contributions – employer	\$ -
Contributions – member	-
Net investment income (loss)	-
Benefit payments, including refunds of member contributions	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position – ending (B)	-
City net OPEB (asset) liability – ending (A) – (B)	\$282,281
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	0.00%
Covered-employee payroll	\$4,992,342
City net OPEB (asset) liability as percentage of covered-employee payroll	5.65%

The liabilities and costs used in the valuation studies were based on numerous assumptions concerning the cost of benefits to be provided in the future, the contributions expected to be made by retirees in the future, the incidence and level of benefit coverage in the future, and the future demographic experience of the current active employees of the City and current retirees and their covered dependents. The cost developed pursuant to GASB Statement 75 is only an estimate of the true cost of providing post-employment benefits. The basis for these benefits is authorized by the City Commission by resolution.

The plan is not pre-funded and is therefore supported on a pay-as-you-go basis. For the latest actuarial valuation date of October 1, 2017, the actuarial accrued liability for benefits was \$282,281, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$282,281. The covered payroll was \$4,992,342 for FY 2018, and the ratio of unfunded actuarial accrued liability to the covered payroll was 5.65%.

The schedule of funding progress for the other post-employment benefits provided below includes multi-year trend information about the actuarial value of the plan assets relative to the actuarial accrued liability for benefits over time. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as, results are compared to past expectations and new estimates are made about the future. Actuarial calculations also reflect a long-term perspective.

Set forth below is a schedule of funding progress of the City's other post-employment benefits liability:

Measurement Date	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Funded Percentage	Covered Payroll	Net OPEB Liability as a Percentage of Covered Payroll
September 30, 2018	\$282,281	\$0	\$282,281	0.00%	\$4,492,342	5.65%
September 30, 2017	248,100	0	248,100	0.00	4,492,342	4.97

HURRICANE IRMA IMPACTS

On September 10-11, 2017, Hurricane Irma swept through Florida and caused a significant amount of damage within the State, with the center of the storm making landfall twice, once as a Category 4 storm with 130 mph sustained winds in the Florida Keys and once as a Category 3 storm with 115 mph sustained winds near the City of Marco Island. While the center of the storm did not pass near the Borrower, it was impacted by the storm and incurred approximately \$878,000 in emergency preparedness and recovery costs, the vast majority of which were the cost of debris removal and disposal. The majority of such cost is expected to be reimbursed by FEMA during the fiscal year 2019, to which the Borrower has filed claims. City properties sustained only minimal damages, and there were no damages to City buildings.

INVESTMENT CONSIDERATIONS

General

The purchase of the Bonds involves a degree of risk, as is the case with all investments. Factors that could affect the Issuer's ability to perform its obligations under the Indenture, including the timely payment of principal of and interest on the Bonds, include, but are not necessarily limited to, the following:

Limited Special Obligations

The Bonds are limited obligations of the Issuer and are not a lien or charge upon the funds or property of the Issuer, except to the extent of the mentioned pledge and assignment in the Indenture. Neither the State of Florida nor the Issuer shall be obligated to pay the principal of the Bonds, nor the interest thereon, except from Loan Repayments received by the Issuer, and neither the faith and credit nor the taxing power of the State of Florida or of any political subdivision or any municipal corporation (other than the Borrower) thereof is pledged to the payment of the principal of, or interest on, the Bonds. However, the obligation of the Borrower pursuant to the Loan Agreement is a general obligation of the Borrower. The Loan Repayments are secured by a pledge of the full faith, credit, and taxing power of the Borrower without limitation, as more fully described herein.

Limited Remedies Under the Indenture and Loan Agreement

The remedies available to owners of the Bonds upon the occurrence and continuance of an Event of Default under the Indenture and Loan Agreement are limited to the seeking of specific performance or a writ of mandamus or other suit, action or proceeding compelling and requiring the Issuer and the Borrower and their respective officers to observe and perform any covenant, condition or obligation prescribed in the Indenture and Loan Agreement, respectively. The remedies available under the Indenture and the Loan Agreement depend in many respects upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law, such remedies may not be readily available. In addition, enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion, (ii) are subject to the exercise in the future by the State and its agencies and political subdivisions of the police power inherent in the sovereignty of the State, (iii) are subject, in part, to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and (iv) are subject to the exercise by the United States of the powers delegated to it by the federal Constitution. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Bankruptcy Risks

Both the Issuer and the Borrower are authorized to file for bankruptcy under Chapter 9 of the United States Bankruptcy Code under certain circumstances, including the approval of the Governor of the State of Florida. The rights of the Owners of the Bonds could be adversely affected by a restructuring of the Borrower's obligations under such Chapter 9. Although general obligation debt such as the Borrower's obligation to make Loan Repayments is most often trusted as "secured debt" in a bankruptcy proceeding, and the Borrower is obligated under the Loan Agreement to immediately deposit ad valorem taxes levied pursuant to the Loan Agreement into a separate account to make Loan Repayments, should the Borrower file for bankruptcy, there could be adverse effects on the holders of the Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the total annual scheduled debt service requirements for the Bonds.

Year Ending September 30 (Inclusive)	Principal	Interest	Total Annual Debt Service
2020	\$110,000	\$855,714.03	\$965,714.03
2021	305,000	659,850.00	964,850.00
2022	320,000	644,600.00	964,600.00
2023	335,000	628,600.00	963,600.00
2024	355,000	611,850.00	966,850.00
2025	370,000	594,100.00	964,100.00
2026	390,000	575,600.00	965,600.00
2027	410,000	556,100.00	966,100.00
2028	430,000	535,600.00	965,600.00
2029	450,000	514,100.00	964,100.00
2030	475,000	491,600.00	966,600.00
2031	495,000	467,850.00	962,850.00
2032	520,000	443,100.00	963,100.00
2033	535,000	427,500.00	962,500.00
2034	555,000	410,112.50	965,112.50
2035	575,000	387,912.50	962,912.50
2036	600,000	364,912.50	964,912.50
2037	620,000	346,912.50	966,912.50
2038	640,000	328,312.50	968,312.50
2039	660,000	309,112.50	969,112.50
2040	680,000	288,487.50	968,487.50
2041	715,000	254,487.50	969,487.50
2042	750,000	218,737.50	968,737.50
2043	790,000	181,237.50	971,237.50
2044	820,000	149,637.50	969,637.50
2045	855,000	116,837.50	971,837.50
2046	885,000	89,050.00	974,050.00
2047	915,000	60,287.50	975,287.50
2048	940,000	30,550.00	970,550.00
TOTALS	\$16,500,000	\$11,542,751.53	\$28,042,751.53

VALIDATION

On February 13, 2003, the Circuit Court of the Second Judicial Circuit of Florida in and for Leon County, Florida, entered an order validating the Bonds pursuant to the provisions of Chapter 75, Florida Statutes. The time for filing an appeal from such judgment expired with no appeal having been filed.

The Loan Agreement was validated pursuant to the provisions of Chapter 75, Florida Statutes, by means of a judgment entered by the Circuit Court of the Seventeenth Judicial Circuit in and for Broward County on February 13, 2019, and the time for an appeal thereof has expired with no appeal having been taken.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Bonds to be included in federal gross income retroactive to the date of issuance of the Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Issuer has covenanted in the Indenture and the Borrower has covenanted in the Loan Agreement to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Bonds; (iii) the inclusion of interest on the Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Issuer and the Borrower, certificates of appropriate officers and certificates of public officials (including certifications as to the use of

proceeds of the Bonds and of the property financed thereby), without undertaking to verify the same by independent investigation.

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

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of owning the Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Bonds maturing on August 1 in the years 2036 through and including 2039 and 2048 (the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Bonds maturing on August 1 in the years 2020 through and including 2035, 2040, 2041, 2042 and 2044 (the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on the Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

LITIGATION

The Borrower experiences claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on its operations or financial condition, but may, in the aggregate, have a material impact thereon. On the date of delivery of the Bonds, the Borrower will certify that there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending, or to the best of the Borrower's knowledge, threatened, against or affecting the Borrower wherein an unfavorable decision, ruling or finding would materially and adversely affect the Borrower, its financial condition, its authority to levy ad valorem taxes to pay its Loan Repayments or its ability to comply with its obligations under the Loan Agreement or the validity or enforceability of the Loan Agreement.

On the date of delivery of the Bonds, the Issuer will certify that there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending, or to the best knowledge of the Issuer, threatened, against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity of the Bonds, the Indenture or the Loan Agreement.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale by the Issuer of the Bonds are subject to the approving opinion of Bryant Miller Olive P.A., Miami, Florida, Bond Counsel. Bond Counsel has not been engaged to, nor has it undertaken to, review the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Bonds; provided, however, that Bond Counsel shall render an opinion to the Underwriter of the Bonds (upon which only it may rely) relating to the accuracy of certain statements contained herein under the heading "TAX MATTERS" and certain statements which summarize provisions of certain documents described herein. Certain legal matters will be passed upon for the Issuer by David Cruz, Esquire, counsel to the Issuer, as deputy general counsel to the Florida League of Cities, Inc. and Nabors, Giblin & Nickerson, P.A., Tampa, Florida, as Disclosure Counsel. Holland & Knight LLP, Lakeland, Florida, has served as counsel to the Underwriter. Certain legal matters will be passed upon for the Borrower by its counsel.

The proposed text of the approving opinion of Bond Counsel to be delivered concurrently with the delivery of the Bonds is set forth as APPENDIX E to this Official Statement. The actual legal opinion to be delivered may vary from the text of APPENDIX E, if necessary, to reflect facts and law on the date of delivery of the Bonds. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

The legal opinions to be delivered by Bond Counsel, Disclosure Counsel and Counsel to the Issuer concurrently with the delivery of the Bonds are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made as of the date thereof. The attorneys rendering legal opinions concurrently with the delivery of the Bonds

assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law that may thereafter occur or become effective. In addition, such legal opinions express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed in such opinions. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The fees of Bond Counsel and Disclosure Counsel and payment of the Underwriter's discount, which includes the fees of counsel to the Underwriter, are contingent upon the issuance of the Bonds.

FINANCIAL STATEMENTS

Included in APPENDIX F are the audited financial statements of the Borrower as of September 30, 2018, for the year then ended. Such financial statements, including the auditor's report, have been included in this Official Statement as a public document, and consent from the auditor was not requested. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Bonds.

RATINGS

S&P Global Ratings, a division of The McGraw-Hill Companies ("S&P") has assigned a rating to the Bonds of "AA+" (stable outlook). The rating reflects only the view of S&P and an explanation of the significance of the rating may be obtained only from S&P. The rating is not a recommendation to buy, sell or hold the Bonds, and there is no assurance that such rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The Underwriter has not undertaken responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the rating of the Bonds, or to oppose any proposed revision or withdrawal.

UNDERWRITING

Wells Fargo Bank, National Association (the "Underwriter"), has agreed, subject to certain customary conditions precedent, to purchase the Bonds at a price of \$17,635,426.85 (which includes net bond premium of \$1,219,630.70 and Underwriter's discount of \$84,203.85), and to reoffer the Bonds at the prices shown on the inside cover hereof. If obligated to purchase any of the Bonds, the Underwriter will be obligated to purchase all of the Bonds. The initial public offering prices may be changed from time to time by the Underwriter.

There can be no assurance that there will be a secondary market for purchase or sale of the Bonds. Depending upon prevailing market conditions, including the financial condition or market positions of firms which may make the secondary market, evaluation of the Borrower's

capabilities and the financial condition and results of their operations, there may not be a secondary market for the Bonds from time to time, and investors in the Bonds may be unable to divest themselves of their interests therein.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, and brokerage services. The Underwriter and its respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer or the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and the Borrower.

The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Bond Counsel and Disclosure Counsel may, from time-to-time, serve as counsel to the Underwriter on matters unrelated to the issuance of the Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the sole underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal

securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR TO THE ISSUER

The Issuer has retained Public Resources Advisory Group, St. Petersburg, Florida, as Financial Advisor in connection with the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

In compliance with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, 240.15c2-12) (the "Rule"), the Issuer and the Borrower have entered into a covenant (a "Continuing Disclosure Agreement") that constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of the Rule. The forms of the Continuing Disclosure Agreements for the Borrower and the Issuer are contained in Appendices A and B hereof.

As noted elsewhere in this Official Statement, the Bonds constitute the twenty-eighth series of bonds issued by the Issuer. The Issuer's prior bond issues funded loans to various borrowers (the "Prior Borrowers") in a fashion similar to that described herein with respect to the Bonds. In connection with its prior bond issues, the Issuer and each of the Prior Borrowers entered into continuing disclosure agreements (the "Prior Undertakings") pursuant to the Rule. Pursuant to the Prior Undertakings, the Issuer and each Prior Borrower agreed to provide certain annual financial information on or before certain specified dates after the end of each fiscal year of the Issuer and the respective Prior Borrowers. The Issuer has reviewed its filings on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access "EMMA" website with respect to its Prior Undertakings during the past five years, and determined that the Issuer failed to make required timely filings of certain rating changes in 2014, 2016, 2017 and 2018. Certain undertakings of Prior Borrowers during such period were also delayed or not met. The Issuer has taken certain steps to ensure timely notice of ratings changes are made, and has instituted a tickler system to ensure reminders and cross-checks are in place with respect to compliance by the Borrower with its Continuing Disclosure Agreement. The Borrower has not been obligated under a continuing disclosure undertaking during the past five years.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Rule 69W-400.003, Rules of Government Securities under Section 517.051(1), Florida Statutes, promulgated by the Florida Department of Financial Services, Office of Financial Regulation, Division of Securities and Finance ("Rule 69W-400.003"), requires the Issuer to disclose each and every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the Issuer after December 31, 1975. Rule 69W-400.003 further provides, however, that if the Issuer, in good faith, believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

Except as described below, the Issuer is not, and since December 31, 1975, has not been, in default as to principal of and interest on bonds or other debt obligations. The Borrower has certified that it is not, and since December 31, 1975, has not been, in default as to principal of and interest on bonds or other debt obligations for which either ad valorem or non-ad valorem revenues of the Borrower were pledged.

On January 15, 2016, the City of Valparaiso ("Valparaiso"), one of the Prior Borrowers with respect to the Issuer's Revenue Bonds, Series 2005A Bonds (the "Series 2005A Bonds"), deposited sufficient debt service funds with The Bank of New York Mellon Trust Company, N.A. ("BNY Mellon") as trustee for the Series 2005A Bonds, to make the required February 1, 2016 interest and mandatory redemption payments thereon. Valparaiso was the only remaining borrower under the Series 2005A program, so there were no debt service fund deposits required beyond that of Valparaiso. The Series 2005A Bonds have since been retired. BNY Mellon, due to an internal processing error, inadvertently failed to make the full February 1, 2016 mandatory redemption principal payment in a timely manner, resulting in a shortfall of \$115,000 from what should have been redeemed. BNY Mellon, upon becoming aware of its internal processing error, submitted the payment to Depository Trust Company ("DTC") for processing. The mandatory redemption payment of \$115,000 was sent to DTC on March 3, 2016. No legal proceedings, civil, criminal, or administrative, were commenced as a result of or related to the failure to make the mandatory redemption principal payment in a timely manner, and there are no legal proceedings which may materially affect the Issuer's ability to perform its obligations to the present and future holders of the securities being offered. In addition, no trustee or receiver has ever been appointed over the assets of the Issuer or Valparaiso. The Issuer, in good faith, believes that the default described above would not be considered material by a reasonable investor in the Bonds since (i) the Issuer acted solely as a conduit issuer and is in no way obligated to make payments on any of its bonds in default except to the extent it receives payments from the borrowers related to such bonds, and (ii) the cause of the default was not a result of nonpayment of the bonds, but due to an internal processing error of BNY Mellon.

The Borrower has not undertaken an independent review or investigation of bonds or other debt obligations as to which it has served only as a conduit issuer. To the extent any of bonds or other debt obligations are in default as to principal and/or interest, the obligation of the Borrower thereunder is limited solely to payment from funds received by the party on whose behalf such bonds or other debt obligations were issued, and the Borrower is not obligated to pay the principal of or interest on such bonds or other debt obligations from any funds of the Borrower.

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MISCELLANEOUS

The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. So far as any statements made in this Official Statement involve matters of opinion or are estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

FLORIDA MUNICIPAL LOAN COUNCIL

By: /s/ Isaac Salver
Its: Chairman

**CITY OF LIGHTHOUSE POINT,
FLORIDA**

By: /s/ Glenn Troast
Its: Mayor

APPENDIX A

FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of April 1, 2019 (the "Continuing Disclosure Agreement") is executed and delivered by the City of Lighthouse Point, Florida, a Florida municipality ("Obligated Entity"), and by Florida League of Cities, Inc., a Florida corporation not-for-profit, as Dissemination Agent (the "Dissemination Agent") hereunder. Additional capitalized terms used herein shall have the meanings ascribed thereto in Section 2 hereof.

SECTION 1. Nature of Undertaking. This Continuing Disclosure Agreement constitutes an undertaking by the Obligated Entity under paragraph (b)(5) of the Rule to provide Financial Information and notice of the occurrence of certain events with respect to the Bonds, as provided in paragraph (b)(5)(i)(C) of the Rule, and otherwise to assist the Participating Underwriter in complying with paragraph (b)(5) of the Rule with respect to the Offering of the Bonds. Among other things, the Obligated Entity is hereby undertaking (i) to disseminate an Annual Report not later than the June 30 following the end of each Fiscal Year of the Obligated Entity in accordance with Section 4 hereof, which contains Financial Information with respect to the Obligated Entity, (ii) if an Annual Report does not contain the Audited Financial Statements, to disseminate the Audited Financial Statements in accordance with Section 4 hereof as soon as practicable after they shall have been approved by the Governing Body, (iii) to provide notice in a timely manner, in accordance with Section 6 hereof, of the occurrence of any of the Listed Events related to the Obligated Entity and (iv) to provide notice in a timely manner, in accordance with Section 4(e) hereof, of any failure to disseminate an Annual Report in accordance with the preceding clause (i) of this sentence.

SECTION 2. Definitions. In addition to the definitions set forth above and in the herein-defined Indenture, which shall apply to any capitalized terms used herein, the following capitalized terms shall have the following meanings, unless otherwise defined therein:

"Annual Report" means a document or set of documents which (a) identifies the Obligated Entity; (b) contains (or includes by reference to documents which were filed with the SEC or EMMA prior to the date that the Annual Report containing such reference is provided to the Dissemination Agent in accordance with Section 4 hereof): (i) Financial Information and Operating Data for the Obligated Entity; (ii) Audited Financial Statements if such Audited Financial Statements shall have been approved by the Governing Body at the time the Annual Report is required to be provided to the Dissemination Agent in accordance with Section 4 hereof; and (iii) Unaudited Financial Statements if the Audited Financial Statements shall not have been approved by the Governing Body at the time the Annual Report is required to be provided to the Dissemination Agent in accordance with Section 4 hereof; (c) in the event that the Obligated Entity delivers a Continuing Disclosure Certificate to the Dissemination Agent pursuant to Section 5(b) hereof, contains (in the case of the Annual Report disseminated on or immediately after the date such Continuing Disclosure Certificate is so delivered) a narrative explanation of the reasons for the changes in Financial Information and/or Operating Data set

forth in such Continuing Disclosure Certificate and the effect of the changes on the types of Financial Information and/or Operating Data being provided in such Annual Report; and (d) in the event that the Obligated Entity authorizes a change in the accounting principles by which its Audited Financial Statements are prepared, contains (in the case of the Annual Report disseminated on or immediately after the date of such change) (1) a comparison between the Financial Information prepared on the basis of the new accounting principles which is contained in such Annual Report and the Financial Information prepared on the basis of the former accounting principles which was contained in the previous Annual Report disseminated immediately prior to such Annual Report and (2) a discussion of the differences between such accounting principles and the effect of such change on the presentation of the Financial Information being provided in such Annual Report.

"Annual Report Certificate" means an Annual Report Certificate in the form attached hereto as Exhibit A.

"Annual Report Date" means the June 30 following the end of a Fiscal Year.

"Audited Financial Statements" means the financial statements of the Obligated Entity which have been examined by independent certified public accountants in accordance with generally accepted auditing standards.

"Bondholder" means (i) the registered owner of a Bond and (ii) the beneficial owner of a Bond, as the term "beneficial owner" is used in any agreement with a securities depository for the Bonds and as the term may be modified by an interpretation by the SEC of paragraph (b)(5) of the Rule.

"Bonds" means the \$16,500,000 Florida Municipal Loan Council Revenue Bonds, Series 2019A.

"Continuing Disclosure Agreement" means this Continuing Disclosure Agreement, as the same may be supplemented and amended pursuant to Section 8 hereof.

"Continuing Disclosure Certificate" means a Continuing Disclosure Certificate in the form attached hereto as Exhibit B delivered by the Obligated Entity to the Dissemination Agent pursuant to Section 5 hereof.

"Dissemination Agent" means Florida League of Cities, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent which is appointed pursuant to Section 3 hereof or to which the responsibilities of Dissemination Agent under this Continuing Disclosure Agreement shall have been assigned in accordance with Section 9 hereof.

"EMMA" means the Electronic Municipal Market Access System as described in Securities and Exchange Commission Release No. 34-59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule as further described in Sections 4 and 6 hereof.

"Event Notice" means notice of the occurrence of a Listed Event.

"Final Official Statement" means the Final Official Statement prepared in connection with the Offering of the Bonds.

"Financial Information" means financial information related to the Obligated Entity of the types identified in the Continuing Disclosure Certificate most recently delivered by the Obligated Entity to the Dissemination Agent in accordance with Section 5 hereof. The Financial Information (i) shall be prepared for the Fiscal Year immediately preceding the date of the Annual Report containing such Financial Information, and (ii) shall be prepared on the basis of the Audited Financial Statements to be provided to the Dissemination Agent concurrently with the Annual Report, provided that, if the Audited Financial Statements are to be provided to the Dissemination Agent subsequent to the date that the Annual Report is provided to the Dissemination Agent, such Financial Information may be prepared on the basis of the Unaudited Financial Statements.

"Governing Body" shall mean the governing body of the Obligated Entity which shall approve the Audited Financial Statements.

"Indenture" means the Trust Indenture dated of even date herewith by and between Florida Municipal Loan Council, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee.

"Loan Agreement" means the Loan Agreement dated of even date herewith, between the Issuer and the Obligated Entity.

"Listed Events" means any of the events which are set forth in Section 6 hereof.

"MSRB" means the Municipal Securities Rulemaking Board.

"Offering" means the primary offering of the Bonds for sale by the Participating Underwriter.

"Operating Data" means operating data of the types identified in the Continuing Disclosure Certificate most recently delivered by the Obligated Entity to the Dissemination Agent in accordance with Section 5 hereof. The Operating Data shall be prepared for the Fiscal Year immediately preceding the date of the Annual Report containing such Operating Data.

"Participating Underwriter" means Wells Fargo Bank, National Association.

"Rating Agency" means S&P, or any successor thereto.

"Rule" means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended, as the Rule may be amended from time to time, or any successor provision thereto.

"SEC" means the Securities and Exchange Commission.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture.

"Unaudited Financial Statements" means unaudited financial statements of the Obligated Entity for any Fiscal Year which have been prepared on a basis substantially consistent with the Audited Financial Statements to be subsequently prepared for such Fiscal Year.

SECTION 3. Appointment of Dissemination Agent: Obligations of Obligated Entity Respecting Undertaking. (a) The Obligated Entity hereby appoints Florida League of Cities, Inc. to act as the initial Dissemination Agent hereunder. Florida League of Cities, Inc. hereby accepts such appointment. The Obligated Entity may, from time to time, appoint a successor Dissemination Agent or discharge any then acting Dissemination Agent, with or without cause. If at any time there shall be no Dissemination Agent appointed and acting hereunder or the then appointed and acting Dissemination Agent shall fail to perform its obligations hereunder, the Obligated Entity shall discharge such obligations until such time as the Obligated Entity shall appoint a successor Dissemination Agent or the then appointed and acting Dissemination Agent shall resume the performance of such obligations.

(b) The Obligated Entity hereby acknowledges that the Obligated Entity is obligated to comply with this Continuing Disclosure Agreement and that the appointment of the Dissemination Agent as agent of the Obligated Entity for the purposes herein provided does not relieve the Obligated Entity of its obligations with respect to this Continuing Disclosure Agreement.

SECTION 4. Annual Financial Information. (a) The Financial Information shall be contained in the Annual Reports and, if provided separately in accordance with Section 5(b) hereof, the Audited Financial Statements which the Obligated Entity is required to deliver to the Dissemination Agent for dissemination in accordance with this Section 4.

(b) The Dissemination Agent shall notify the Obligated Entity of each Annual Report Date and of the Obligated Entity's obligation hereunder not more than 60 and not less than 30 days prior to each Annual Report Date. The Obligated Entity shall provide an Annual Report to the Dissemination Agent, together with an Annual Report Certificate, not later than each Annual Report Date, provided that, if the Annual Report does not include the Audited Financial Statements, the Obligated Entity shall provide the Audited Financial Statements to the Dissemination Agent as soon as practicable after they shall have been approved by the Governing Body.

(c) The Dissemination Agent shall provide the Annual Report and, if received separately in accordance with Section 4(b) hereof, the Annual Financial Statements, to EMMA, the Trustee, the Issuer, the Rating Agency and the Insurer within five (5) Business Days after receipt thereof from the Obligated Entity.

(d) The Dissemination Agent shall provide the Issuer, the Obligated Entity and the Trustee written confirmation that the Annual Report and, if received separately in accordance with Section 4(b) hereof, the Annual Financial Statements, were provided to EMMA in accordance with Section 4(c) hereof.

(e) If the Dissemination Agent shall not have filed the Annual Report by the Annual Report Date, the Dissemination Agent shall so notify the Obligated Entity, EMMA, the Trustee and the Insurer within five (5) Business Days of the Annual Report Date.

SECTION 5. Continuing Disclosure Certificates. (a) The Obligated Entity shall prepare a Continuing Disclosure Certificate in the form attached hereto as Exhibit B in connection with the Offering of the Bonds and shall deliver the same to the Dissemination Agent for dissemination to the Participating Underwriter, Issuer and Trustee.

(b) Prior to the deletion or substitution of any Financial Information and Operating Data in the Continuing Disclosure Certificate from the information listed in Exhibit B hereto, the Obligated Entity will obtain an opinion of nationally recognized disclosure counsel (which may also act as outside counsel to the Obligated Entity) addressed to the Issuer, the Participating Underwriter, the Trustee and the Dissemination Agent, to the effect that said deletion or substitution is permitted by the Rule and the Financial and Operating Data to be provided will comply with the Rule, as in effect on the date of the Offering of the Bonds and taking into account any amendment or interpretation of the Rule by the SEC or any adjudication of the Rule by a final decision of a court of competent jurisdiction which may have occurred subsequent to the execution and delivery of this Continuing Disclosure Agreement. The Dissemination Agent is entitled to rely on such opinion without further investigation.

(c) Notwithstanding Section 5(b) hereof, the Obligated Entity shall not be required to comply with Section 5(b) hereof if such Section shall no longer be deemed to be required in order for this Continuing Disclosure Agreement to comply with the Rule as a result of the adoption, rendering or delivery of (i) an amendment or interpretation of the Rule by the SEC, (ii) an adjudication of the Rule by a final decision of a court of competent jurisdiction or (iii) an opinion of nationally recognized disclosure counsel (which may also act as outside counsel to the Obligated Entity), in each case, to that effect.

(d) Any delivery of a Continuing Disclosure Certificate pursuant to Section 5(a) hereof shall not be deemed to be an amendment to this Continuing Disclosure Agreement and shall not be subject to the provisions of Section 8 hereof.

SECTION 6. Reporting of Listed Events. (a) Pursuant to the provisions of this Section 6, the Obligated Entity shall direct the Dissemination Agent to provide, in the appropriate format required by law or applicable regulation, in a timely manner such that notice to EMMA can be provided not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events, with respect to the Loan and the Bonds:

- (i) principal and interest payment delinquencies;

- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit facility providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS form 5701-TEB) or other material notices or determinations with respect to the tax status of the Loan or Bonds, or other material events affecting the tax status of the Loan or Bonds;
- (vii) modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of any property securing repayment of the Loan or Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar events of the Obligated Entity (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligated Entity in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Entity, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Entity).
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Obligated Entity or the sale of all or substantially all of the assets of the Obligated Entity, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination

of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (xiv) the appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (xv) incurrence of a financial obligation of the Obligated Entity, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Entity, any of which affect holders of the Bonds, if material (for purposes of the foregoing and paragraph (xvi) below, "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b));
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Entity, any of which reflect financial difficulties; and
- (xvii) in a timely manner, notice of failure to provide annual Financial Information before the date(s) specified in Section 4 hereof.

(b) If the Obligated Entity instructs the Dissemination Agent to provide an Event Notice pursuant to Section 6(a) hereof, the Dissemination Agent shall, within three (3) Business Days thereafter, file an Event of Notice with EMMA, the Trustee, the Rating Agency, the Issuer and the Insurer. The Dissemination Agent shall provide the Obligated Entity, the Issuer and the Trustee written confirmation that such Event Notice was provided to EMMA in accordance with this Section 6(b).

(c) Notwithstanding the foregoing, whenever the Obligated Entity authorizes a change in either its Fiscal Year or the accounting principles by which its Audited Financial Statements are prepared, the Obligated Entity shall provide the Dissemination Agent with written notice of such change and instruct the Dissemination Agent to file a copy of such notice with EMMA, the Issuer, the Insurer, the Rating Agency and the Trustee, and the Dissemination Agent shall, within three (3) Business Days thereafter, file a copy of such notice with EMMA, the Issuer, the Insurer, the Rating Agency and the Trustee. The Dissemination Agent shall provide the Obligated Entity written confirmation that such notice was provided to EMMA in accordance with this Section 6(c).

SECTION 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent (i) the Obligated Entity from disseminating any information or notice of the occurrence of any event using the means of dissemination specified in this Continuing Disclosure Agreement or other means or (ii) the Obligated Entity from including in an Annual Report any information which shall be in addition to the Financial Information, Operating Data and Audited or Unaudited Financial Statements required by Section 4 hereof to be included in such Annual Report, provided that this Continuing Disclosure

Agreement shall not be deemed to require the Obligated Entity to include or update any such additional information in any subsequently prepared Annual Report.

SECTION 8. Amendments: Waivers. This Continuing Disclosure Agreement may be amended, and any provision hereof may be waived, by the parties hereto if prior to the effective date of any such amendment or waiver, the Obligated Entity delivers to the Dissemination Agent, the Issuer and the Trustee an opinion of nationally recognized disclosure counsel (which may also act as outside counsel to the Obligated Entity), to the effect that the amendment is permitted under the Rule and that this Continuing Disclosure Agreement (taking into account such amendment or waiver) complies with the Rule, as in effect on the date of the Offering of Bonds or after the execution and delivery of this Continuing Disclosure Agreement, taking into account any amendment or interpretation of the Rule by the SEC or any adjudication of the Rule by a final decision of a court of competent jurisdiction which may have occurred subsequent to the execution and delivery of this Continuing Disclosure Agreement. The Dissemination Agent shall notify EMMA of any such amendment and shall provide EMMA with a copy of any such amendment.

SECTION 9. Assignment. The Obligated Entity may not assign its obligations under this Continuing Disclosure Agreement. The Dissemination Agent may assign its rights and responsibilities hereunder to a third party with the consent of the Obligated Entity, which shall not be unreasonably withheld.

SECTION 10. Compensation of the Dissemination Agent. As compensation to the Dissemination Agent for its services pursuant to this Continuing Disclosure Agreement, the Obligated Entity agrees to pay all fees and all expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs and other disbursements in the administration and performance of its duties hereunder, and shall to the extent permitted by law indemnify and save the Dissemination Agent and its officers, directors, attorneys, agents and employees harmless from and against any costs, expenses, damages or other liabilities (including attorneys' fees) which it (or they) may incur in the exercise of its (or their) powers and duties hereunder, except with respect to its (or their) willful misconduct or gross negligence. Nothing contained herein is intended to be nor shall it be construed as a waiver of any immunity from or limitation of liability that the Obligated Entity may be entitled to pursuant to the Doctrine of Sovereign Immunity or Section 768.28, Florida Statutes. Notwithstanding anything to the contrary contained herein, the obligations of the Obligated Entity hereunder shall be limited obligations payable solely from the sources provided under Section 2.02(a) of the Loan Agreement.

SECTION 11. Concerning the Dissemination Agent and the Obligated Entity. (a) The Dissemination Agent is not answerable for the exercise of any discretion or power under this Continuing Disclosure Agreement or for anything whatever in connection herewith, except only its own willful misconduct or gross negligence. The Dissemination Agent shall have no liability to the Bondholders or any other person with respect to the undertakings described in Section 1 hereof except as expressly set forth in this Continuing Disclosure Agreement regarding its own willful misconduct or gross negligence.

(b) The Dissemination Agent has no responsibility or liability hereunder for determining compliance for any information submitted hereunder with any law, rule or regulation or the terms of this agreement. The Dissemination Agent shall have no responsibility for disseminating information not delivered to it or giving notice of non-delivery except as specifically required hereunder.

(c) The parties to this Continuing Disclosure Agreement acknowledge and agree that the Obligated Entity assumes no obligations hereunder other than those specifically assumed by the Obligated Entity herein.

SECTION 12. Termination of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement shall terminate at such time as the Loan Agreement terminates.

SECTION 13. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Obligated Entity, the Dissemination Agent, the Trustee, the Issuer, the Insurer, the Participating Underwriter and the Bondholders. This Continuing Disclosure Agreement shall not be deemed to inure to the benefit of or grant any rights to any party other than the parties specified in the preceding sentence.

SECTION 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

SECTION 15. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the Obligated Entity and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed and delivered as of the date first written above.

CITY OF LIGHTHOUSE POINT, FLORIDA, as
Obligated Entity

By: _____
Its: Mayor

FLORIDA LEAGUE OF CITIES, INC.,
as Dissemination Agent

By: _____
Its: _____

EXHIBIT A

Form of Annual Report Certificate

The undersigned duly appointed and acting Mayor of the City of Lighthouse Point, Florida a Florida municipality, as Borrower under the Continuing Disclosure Agreement (hereinafter described) (the "Borrower"), hereby certifies on behalf of the Borrower pursuant to the Continuing Disclosure Agreement dated as of April 1, 2019 (the "Continuing Disclosure Agreement") executed and delivered by the Borrower and accepted by Florida League of Cities, Inc., as Dissemination Agent (the "Dissemination Agent"), as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Continuing Disclosure Agreement.

2. Annual Report. Accompanying this Annual Report Certificate is the Annual Report for the Fiscal Year ended _____.

3. Compliance with Continuing Disclosure Agreement. The Annual Report is being delivered to the Dissemination Agent herewith not later than June 30 following the end of the Fiscal Year to which the Annual Report relates. The Annual Report contains, or includes by reference, Financial Information and Operating Data of the types identified in the Continuing Disclosure Certificate most recently delivered to the Dissemination Agent pursuant to Section 5 of the Continuing Disclosure Agreement. To the extent any such Financial Information or Operating Data is included in the Annual Report by reference, any document so referred to has been previously provided to EMMA or filed with the SEC.

Such Financial Information and Operating Data have been prepared on the basis of the [Audited/Unaudited] Financial Statements. [Such Audited Financial Statements are included as part of the Annual Report.] [Because the Audited Financial Statements have not been approved by the Governing Body as of the date hereof, the Unaudited Financial Statements have been included as part of the Annual Report. The Unaudited Financial Statements have been prepared on a basis substantially consistent with such Audited Financial Statements. The Borrower shall deliver such Audited Financial Statements to the Dissemination Agent as soon as practicable after they have been approved by the Governing Body.]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Annual Report Certificate to the Dissemination Agent, which has received such certificate and the Annual Report, all as of the day of the ___ day of _____, _____.

City of Lighthouse Point, Florida, as
Borrower

By: _____
Its: Mayor

Acknowledgment of Receipt:

Florida League of Cities, Inc.
as Dissemination Agent

By: _____
Its: _____

EXHIBIT B

Form of Section 5(a) Continuing Disclosure Certificate

Florida League of Cities, Inc.
301 Bronough Street
Tallahassee, Florida 33401

The undersigned duly authorized signatory of the City of Lighthouse Point, Florida (the "Borrower") hereby certifies on behalf of the Borrower pursuant to the Continuing Disclosure Agreement dated as of April 1, 2019 (the "Continuing Disclosure Agreement") executed and delivered by the Borrower and accepted by Florida League of Cities, Inc., as Dissemination Agent (the "Dissemination Agent"), as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Continuing Disclosure Agreement.

2. Purpose. The Borrower is delivering this Continuing Disclosure Certificate to the Dissemination Agent pursuant to Section 5(a) of the Continuing Disclosure Agreement.

3. Financial Information and Operating Data Included in Final Official Statement. The following types of Financial Information and Operating Data were included in the Final Official Statement for the Bonds and are to be included in the Annual Report:

- (a) Financial Information: Assessment Data
Historical Millage Rates
Property Tax Levies and Collections
Principal Taxpayers
- (b) Operating Data: None

4. Annual Report. Until such time as the Borrower delivers a revised Continuing Disclosure Certificate and an opinion of disclosure counsel to the Dissemination Agent pursuant to Section 5 of the Continuing Disclosure Agreement, the Financial Information and Operating Data of the types identified in paragraph 3 of this certificate shall be included in the Annual Reports delivered by the Dissemination Agent pursuant to Section 4 of the Continuing Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Continuing Disclosure Certificate to the Dissemination Agent, which has received the same, all as of the 1st day of _____, _____.

City of Lighthouse Point, Florida, as
Borrower

By: _____
Its: Mayor

Acknowledgment of Receipt:

Florida League of Cities, Inc., as
Dissemination Agent

By: _____
Its: _____

APPENDIX B

FORM OF CONTINUING DISCLOSURE AGREEMENT FOR THE ISSUER

This **CONTINUING DISCLOSURE AGREEMENT** dated as of April 1, 2019 (the "Continuing Disclosure Agreement") is executed and delivered by the Florida Municipal Loan Council ("Issuer"), and by Florida League of Cities, Inc., a Florida corporation not-for-profit, as Dissemination Agent (the "Dissemination Agent") hereunder. Additional capitalized terms used herein shall have the meanings ascribed thereto in Section 2 hereof.

SECTION 1. Nature of Undertaking. This Continuing Disclosure Agreement constitutes an undertaking by the Issuer under paragraph (b)(5) of the Rule to provide Annual Financial Information and notice of the occurrence of certain events with respect to the Bonds, as provided in paragraph (b)(5)(i)(C) of the Rule, and otherwise to assist the Participating Underwriter in complying with paragraph (b)(5) of the Rule with respect to the Offering of the Bonds. Among other things, the Issuer is hereby undertaking (i) to disseminate an Annual Report not later than the June 30 following the end of each Fiscal Year of the Issuer in accordance with Section 4 hereof, which contains Annual Financial Information with respect to the Issuer, (ii) if an Annual Report does not contain the Audited Financial Statements, to disseminate the Audited Financial Statements in accordance with Section 4 hereof as soon as practicable after they shall have been approved by the Governing Body, (iii) to provide notice in a timely manner, in accordance with Section 6 hereof, of the occurrence of any of the Listed Events related to the Issuer and (iv) to provide notice in a timely manner, in accordance with Section 4(e) hereof, of any failure to disseminate an Annual Report in accordance with the preceding clause (i) of this sentence.

SECTION 2. Definitions. In addition to the definitions set forth above and in the herein-defined Indenture, which shall apply to any capitalized terms used herein, the following capitalized terms shall have the following meanings, unless otherwise defined therein:

"Annual Report" means a document or set of documents which (a) identifies the Issuer; (b) contains (or includes by reference to documents which were filed with the SEC or with EMMA prior to the date that the Annual Report containing such reference is provided to the Dissemination Agent in accordance with Section 4 hereof): (i) Financial Information and Operating Data for the Issuer; (ii) Audited Financial Statements if such Audited Financial Statements shall have been approved by the Governing Body at the time the Annual Report is required to be provided to the Dissemination Agent in accordance with Section 4 hereof; and (iii) Unaudited Financial Statements if the Audited Financial Statements shall not have been approved by the Governing Body at the time the Annual Report is required to be provided to the Dissemination Agent in accordance with Section 4 hereof; (c) in the event that the Issuer delivers a Continuing Disclosure Certificate to the Dissemination Agent pursuant to Section 5(b) hereof, contains (in the case of the Annual Report disseminated on or immediately after the date such Continuing Disclosure Certificate is so delivered) a narrative explanation of the reasons for the changes in Financial Information and/or Operating Data set forth in such Continuing Disclosure Certificate and the effect of the changes on the types of Financial Information and/or Operating

Data being provided in such Annual Report; and (d) in the event that the Issuer authorizes a change in the accounting principles by which its Audited Financial Statements are prepared, contains (in the case of the Annual Report disseminated on or immediately after the date of such change) (1) a comparison between the Financial Information prepared on the basis of the new accounting principles which is contained in such Annual Report and the Financial Information prepared on the basis of the former accounting principles which was contained in the previous Annual Report disseminated immediately prior to such Annual Report and (2) a discussion of the differences between such accounting principles and the effect of such change on the presentation of the Financial Information being provided in such Annual Report.

"Annual Report Date" means the June 30 following the end of a Fiscal Year.

"Audited Financial Statements" means the financial statements of the Issuer which have been examined by independent certified public accountants in accordance with generally accepted auditing standards.

"Bondholder" means (i) the registered owner of a Bond and (ii) the beneficial owner of a Bond, as the term "beneficial owner" is used in any agreement with a securities depository for the Bonds and as the term may be modified by an interpretation by the SEC of paragraph (b)(5) of the Rule.

"Bonds" means the \$16,500,000 Florida Municipal Loan Council Revenue Bonds, Series 2019A.

"Continuing Disclosure Agreement" means this Continuing Disclosure Agreement, as the same may be supplemented and amended pursuant to Section 8 hereof.

"Continuing Disclosure Certificate" means a Continuing Disclosure Certificate in the form attached hereto as Exhibit A delivered by the Issuer to the Dissemination Agent pursuant to Section 5 hereof.

"Dissemination Agent" means Florida League of Cities, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent which is appointed pursuant to Section 3 hereof or to which the responsibilities of Dissemination Agent under this Continuing Disclosure Agreement shall have been assigned in accordance with Section 9 hereof.

"EMMA" means the Electronic Municipal Market Access System as described in Securities and Exchange Commission Release No. 34-59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule as further described in Sections 4 and 6 hereof.

"Event Notice" means notice of the occurrence of a Listed Event.

"Final Official Statement" means the Final Official Statement prepared in connection with the Offering of the Bonds.

"Financial Information" means financial information related to the Issuer of the types identified in the Continuing Disclosure Certificate most recently delivered by the Issuer to the Dissemination Agent in accordance with Section 5 hereof. The Financial Information (i) shall be prepared for the Fiscal Year immediately preceding the date of the Annual Report containing such Financial Information, and (ii) shall be prepared on the basis of the Audited Financial Statements to be provided to the Dissemination Agent concurrently with the Annual Report, provided that, if the Audited Financial Statements are to be provided to the Dissemination Agent subsequent to the date that the Annual Report is provided to the Dissemination Agent, such Financial Information may be prepared on the basis of the Unaudited Financial Statements.

"Governing Body" shall mean the governing body of the Issuer which shall approve the Audited Financial Statements.

"Indenture" means the Trust Indenture dated of even date herewith, by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee.

"Issuer" means Florida Municipal Loan Council.

"Listed Events" means any of the events which are set forth in Section 6 hereof.

"MSRB" means the Municipal Securities Rulemaking Board.

"Offering" means the primary offering of the Bonds for sale by the Participating Underwriter.

"Operating Data" means operating data of the types identified in the Continuing Disclosure Certificate most recently delivered by the Issuer to the Dissemination Agent in accordance with Section 5 hereof. The Operating Data shall be prepared for the Fiscal Year immediately preceding the date of the Annual Report containing such Operating Data.

"Participating Underwriter" means Wells Fargo Bank, National Association.

"Rating Agency" means S&P, or any successor thereto.

"Rule" means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended, as the Rule may be amended from time to time, or any successor provision thereto.

"SEC" means the Securities and Exchange Commission.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture.

"Unaudited Financial Statements" means unaudited financial statements of the Issuer for any Fiscal Year which have been prepared on a basis substantially consistent with the Audited Financial Statements to be subsequently prepared for such Fiscal Year.

SECTION 3. Appointment of Dissemination Agent: Obligations of Issuer Respecting Undertaking. (a) The Issuer hereby appoints Florida League of Cities, Inc. to act as the initial Dissemination Agent hereunder. Florida League of Cities, Inc. hereby accepts such appointment. The Issuer may, from time to time, appoint a successor Dissemination Agent or discharge any then acting Dissemination Agent, with or without cause. If at any time there shall be no Dissemination Agent appointed and acting hereunder or the then appointed and acting Dissemination Agent shall fail to perform its obligations hereunder, the Issuer shall discharge such obligations until such time as the Issuer shall appoint a successor Dissemination Agent or the then appointed and acting Dissemination Agent shall resume the performance of such obligations.

(b) The Issuer hereby acknowledges that the Issuer is obligated to comply with this Continuing Disclosure Agreement and that the appointment of the Dissemination Agent as agent of the Issuer for the purposes herein provided does not relieve the Issuer of its obligations with respect to this Continuing Disclosure Agreement.

SECTION 4. Annual Financial Information. (a) The Financial Information shall be contained in the Annual Reports and, if provided separately in accordance with Section 5(b) hereof, the Audited Financial Statements which the Issuer is required to deliver to the Dissemination Agent for dissemination in accordance with this Section 4.

(b) The Dissemination Agent shall notify the Issuer of each Annual Report Date and of the Issuer's obligation hereunder not more than 60 and not less than 30 days prior to each Annual Report Date. The Issuer shall provide an Annual Report to the Dissemination Agent not later than each Annual Report Date, provided that, if the Annual Report does not include the Audited Financial Statements, the Issuer shall provide the Audited Financial Statements to the Dissemination Agent as soon as practicable after they shall have been approved by the Governing Body.

(c) The Dissemination Agent shall provide the Annual Report and, if received separately in accordance with Section 4(b) hereof, the Annual Financial Statements, to EMMA, the Trustee, the Rating Agency and the Insurer within five (5) Business Days after receipt thereof from the Issuer.

(d) The Dissemination Agent shall provide the Issuer and the Trustee written confirmation that the Annual Report and, if received separately in accordance with Section 4(b) hereof, the Annual Financial Statements, were provided to EMMA in accordance with Section 4(c) hereof.

(e) If the Dissemination Agent shall not have filed the Annual Report by the Annual Report Date, the Dissemination Agent shall so notify EMMA, the Trustee and the Insurer within five (5) Business Days of the Annual Report Date.

SECTION 5. Continuing Disclosure Certificates. (a) The Issuer shall prepare a Continuing Disclosure Certificate in the form attached hereto as Exhibit A in connection with the

Offering of the Bonds and shall deliver the same to the Dissemination Agent for dissemination to the Participating Underwriter and Trustee.

(b) Prior to the deletion or substitution of any Financial Information and Operating Data in the Continuing Disclosure Certificate from the information listed in Exhibit A hereto, the Issuer will obtain an opinion of nationally recognized disclosure counsel (which may also act as outside counsel to the Issuer) addressed to the Issuer, the Participating Underwriter, the Trustee and the Dissemination Agent, to the effect that said deletion or substitution is permitted by the Rule and the Financial Information and Operating Data to be provided will comply with the Rule, as in effect on the date of the Offering of the Bonds and taking into account any amendment or interpretation of the Rule by the SEC or any adjudication of the Rule by a final decision of a court of competent jurisdiction which may have occurred subsequent to the execution and delivery of this Continuing Disclosure Agreement. The Dissemination Agent is entitled to rely on such opinion without further investigation.

(c) Notwithstanding Section 5(b) hereof, the Issuer shall not be required to comply with Section 5(b) hereof if such Section shall no longer be deemed to be required in order for this Continuing Disclosure Agreement to comply with the Rule as a result of the adoption, rendering or delivery of (i) an amendment or interpretation of the Rule by the SEC, (ii) an adjudication of the Rule by a final decision of a court of competent jurisdiction or (iii) an opinion of nationally recognized disclosure counsel (which may also act as outside counsel to the Issuer), in each case, to that effect.

(d) Any delivery of a Continuing Disclosure Certificate pursuant to Section 5(b) hereof shall not be deemed to be an amendment to this Continuing Disclosure Agreement and shall not be subject to the provisions of Section 8 hereof.

SECTION 6. Reporting of Listed Events. (a) Pursuant to the provisions of this Section 6, the Issuer shall direct the Dissemination Agent to provide, in the appropriate format required by law or applicable regulation, in a timely manner such that notice to EMMA can be provided not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events, with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit facility providers, or their failure to perform;

- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of any property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar events of the Issuer (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer).
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) the appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (xv) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect holders of the Bonds, if material (for purposes of the

foregoing and paragraph (xvi) below, "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b));

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties; and

(xvii) in a timely manner, notice of failure to provide annual Financial Information before the date(s) specified in Section 4 hereof.

(b) If the Issuer instructs the Dissemination Agent to provide an Event Notice pursuant to Section 6(a) hereof, the Dissemination Agent shall, within three (3) Business Days thereafter, file an Event Notice with EMMA, the Trustee, the Rating Agency and the Insurer. The Dissemination Agent shall provide the Issuer and the Trustee written confirmation that such Event Notice was provided to EMMA in accordance with this Section 6(b).

(c) Notwithstanding the foregoing, whenever the Issuer authorizes a change in either its Fiscal Year or the accounting principles by which its Audited Financial Statements are prepared, the Issuer shall provide the Dissemination Agent with written notice of such change and instruct the Dissemination Agent to file a copy of such notice with EMMA, the Insurer, the Rating Agency and the Trustee, and the Dissemination Agent shall, within three (3) Business Days thereafter, file a copy of such notice with EMMA, the Insurer, the Rating Agency and the Trustee. The Dissemination Agent shall provide the Issuer written confirmation that such notice was provided to EMMA in accordance with this Section 6(c).

SECTION 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent (i) the Issuer from disseminating any information or notice of the occurrence of any event using the means of dissemination specified in this Continuing Disclosure Agreement or other means or (ii) the Issuer from including in an Annual Report any information which shall be in addition to the Financial Information, Operating Data and Audited or Unaudited Financial Statements required by Section 4 hereof to be included in such Annual Report, provided that this Continuing Disclosure Agreement shall not be deemed to require the Issuer to include or update any such additional information in any subsequently prepared Annual Report.

SECTION 8. Amendments: Waivers. This Continuing Disclosure Agreement may be amended, and any provision hereof may be waived, by the parties hereto if prior to the effective date of any such amendment or waiver, the Issuer delivers to the Dissemination Agent and the Trustee an opinion of nationally recognized disclosure counsel (which may also act as outside counsel to one or more members of the Issuer), to the effect that the amendment is permitted under the Rule and that this Continuing Disclosure Agreement (taking into account such amendment or waiver) complies with the Rule, as in effect on the date of the Offering of Bonds

or after the execution and delivery of this Continuing Disclosure Agreement, taking into account any amendment or interpretation of the Rule by the SEC or any adjudication of the Rule by a final decision of a court of competent jurisdiction which may have occurred subsequent to the execution and delivery of this Continuing Disclosure Agreement. The Dissemination Agent shall notify EMMA of any such amendment and shall provide EMMA with a copy of any such amendment.

SECTION 9. Assignment. The Issuer may not assign its obligations under this Continuing Disclosure Agreement. The Dissemination Agent may assign its rights and responsibilities hereunder to a third party with the consent of the Issuer, which shall not be unreasonably withheld.

SECTION 10. Compensation of the Dissemination Agent. As compensation to the Dissemination Agent for its services pursuant to this Continuing Disclosure Agreement, the Issuer agrees to pay all fees and all expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs and other disbursements in the administration and performance of its duties hereunder, and shall to the extent permitted by law indemnify and save the Dissemination Agent and its officers, directors, attorneys, agents and employees harmless from and against any costs, expenses, damages or other liabilities (including attorneys' fees) which it (or they) may incur in the exercise of its (or their) powers and duties hereunder, except with respect to its (or their) willful misconduct or gross negligence.

SECTION 11. Concerning the Dissemination Agent and the Issuer. (a) The Dissemination Agent is not answerable for the exercise of any discretion or power under this Continuing Disclosure Agreement or for anything whatever in connection herewith, except only its own willful misconduct or gross negligence. The Dissemination Agent shall have no liability to the Bondholders or any other person with respect to the undertakings described in Section 1 hereof except as expressly set forth in this Continuing Disclosure Agreement regarding its own willful misconduct or gross negligence.

(b) The Dissemination Agent has no responsibility or liability hereunder for determining compliance for any information submitted hereunder with any law, rule or regulation or the terms of this agreement. The Dissemination Agent shall have no responsibility for disseminating information not delivered to it or giving notice of non-delivery except as specifically required hereunder; and

(c) The parties to this Continuing Disclosure Agreement acknowledge and agree that the Issuer assumes no obligations hereunder other than those specifically assumed by the Issuer herein.

SECTION 12. Termination of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement shall terminate at such time as the Bonds are no longer outstanding.

SECTION 13. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent, the Trustee, the Issuer, the Insurer, the Participating

Underwriter and the Bondholders. This Continuing Disclosure Agreement shall not be deemed to inure to the benefit of or grant any rights to any party other than the parties specified in the preceding sentence.

SECTION 14. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

SECTION 15. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the Issuer and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed and delivered as of the date first written above.

FLORIDA MUNICIPAL LOAN COUNCIL,
as Issuer

By: _____
Its: Chairman

FLORIDA LEAGUE OF CITIES, INC.,
as Dissemination Agent

By: _____
Its: Executive Director

EXHIBIT A

Form of Section 5(a) Continuing Disclosure Certificate

Florida League of Cities, Inc.
Tallahassee, Florida

The undersigned duly appointed and acting Chairman of Florida Municipal Loan Council (the "Issuer") hereby certifies on behalf of the Issuer pursuant to the Continuing Disclosure Agreement dated as of April 1, 2019 (the "Continuing Disclosure Agreement") executed and delivered by the Issuer and accepted by Florida League of Cities, Inc., as Dissemination Agent (the "Dissemination Agent"), as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Continuing Disclosure Agreement.

2. Purpose. The Issuer is delivering this Continuing Disclosure Certificate to the Dissemination Agent pursuant to Section 5(a) of the Continuing Disclosure Agreement.

3. Written Undertaking. On behalf of the Issuer, the Issuer hereby designates the Continuing Disclosure Agreement to be the written undertaking under paragraph (b)(5) of the Rule with respect to the \$16,500,000 Florida Municipal Loan Council Revenue Bonds, Series 2019A.

4. Financial Information and Operating Data Included in Final Official Statement. The following types of Financial Information and Operating Data were included in the Final Official Statement for the Bonds and are to be included in the Annual Report:

(a) Financial Information None

(b) Operating Data None

5. Annual Report. Until such time as the Issuer delivers a revised Continuing Disclosure Certificate and an opinion of disclosure counsel to the Dissemination Agent pursuant to Section 5 of the Continuing Disclosure Agreement, the Financial Information and Operating Data of the types identified in paragraph 4 of this certificate shall be included in the Annual Reports delivered by the Dissemination Agent pursuant to Section 4 of the Continuing Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Continuing Disclosure Certificate to the Dissemination Agent, which has received the same, all as of the 1st day of _____, 2019.

FLORIDA MUNICIPAL LOAN COUNCIL,
as Issuer

By: _____
Its: Chairman

Acknowledgment of Receipt:

FLORIDA LEAGUE OF CITIES, INC.,
as Dissemination Agent

By: _____
Its: Executive Director

APPENDIX C
FORM OF THE INDENTURE

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FLORIDA MUNICIPAL LOAN COUNCIL,

Issuer

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

Trustee

TRUST INDENTURE

\$16,500,000 Florida Municipal Loan Council Revenue Bonds, Series 2019A

Dated as of April 1, 2019

This Instrument Prepared By:

JoLinda Herring, Esquire
Bryant Miller Olive P.A.
SunTrust International Center
1 SE 3rd Avenue, Suite 2200
Miami, Florida 33131

and

Jason M. Breth, Esquire
Bryant Miller Olive P.A.
101 North Monroe Street, Suite 900
Tallahassee, Florida 32301

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TRUST INDENTURE

THIS TRUST INDENTURE is made and entered into as of April 1, 2019, by and between the FLORIDA MUNICIPAL LOAN COUNCIL, a legal entity and public body corporate and politic duly created and existing under the Constitution and laws of the State of Florida (the "Council"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, duly organized, existing, and authorized to accept and execute trusts of the character herein set out, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, all capitalized undefined terms used herein shall have the meanings set forth in Article I hereof; and

WHEREAS, the Council is duly created and existing pursuant to the Constitution and laws of the State of Florida (the "State"), including particularly Chapter 163, Part I, Florida Statutes, as amended (the "Interlocal Act"), and initially certain resolutions of the City of Stuart, Florida, the City of Deland, Florida, and the City of Rockledge, Florida; and

WHEREAS, the Council, pursuant to the authority of the Interlocal Act and other applicable provisions of law, is authorized, among other things, to issue revenue bonds on behalf of and for the benefit of the Borrower in order to finance or reimburse the cost of qualified Projects of the Borrower, such bonds to be secured by an instrument evidencing and securing a loan to the Borrower and to be payable solely out of the payments made by the Borrower pursuant to the Loan Agreement entered into between the Borrower and the Council or from other moneys designated as available therefor and not otherwise pledged or used as security, and to enter into a trust indenture providing for the issuance of such bonds and for their payment and security; and

WHEREAS, the Council has determined that the public interest will be best served and that the purposes of the Interlocal Act can be more advantageously obtained by the Council's issuance of revenue bonds in order to provide funds to loan to the Borrower to finance or reimburse the cost of qualifying Projects pursuant to the Loan Agreement between the Borrower and the Council; and

WHEREAS, the Council has previously by a resolution adopted on October 23, 2002 (the "Resolution"), authorized the issuance of its Florida Municipal Loan Council Revenue Bonds, in various series in an additional aggregate principal amount of not exceeding \$750,000,000, pursuant to certain trust indentures, to provide funds to finance, refinance, or reimburse the cost of qualified projects of the participating borrowers; and

WHEREAS, the Council has now determined to issue its \$16,500,000 Florida Municipal Loan Council Revenue Bonds, Series 2019A at this time pursuant to this Trust Indenture for the purposes more fully described herein; and

WHEREAS, in order to secure the payment when due of the principal of, premium, if any, and interest on the Bonds, the Borrower has pledged in the Loan Agreement its full faith, credit, and taxing power without limitation; and

NOW, THEREFORE, THIS TRUST INDENTURE

WITNESSETH:

GRANTING CLAUSES

The Council, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Council of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, mortgage, assign, pledge, and grant, without recourse, the Trust Estate to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Council hereinafter set forth:

GRANTING CLAUSE FIRST

All right, title, and interest of the Council under the Loan Agreement (excluding fees and expenses payable to the Council, rights of the Council to indemnity and notices thereunder, and excluding any payments made by the Borrower to comply with the rebate provisions of Section 148(f) of the Code) if, as and when entered into by the Borrower and any documents securing payment thereunder, including all extensions and renewals of any of the terms of the Loan Agreement and any documents securing payment thereunder, if any, and without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any income, issues, profits, and other sums of money payable to or receivable by the Council to bring actions or proceedings under the Loan Agreement, any documents securing payment thereunder or for the enforcement thereof, and to do any and all things which the Council is or may become entitled to do under or due to its ownership of the interests hereby granted in the Loan Agreement; and

GRANTING CLAUSE SECOND

All moneys and securities from time to time held in the Funds by the Trustee under the terms of this Indenture (except for moneys and securities held in the Rebate Fund); and

GRANTING CLAUSE THIRD

All Revenues and any and all other property, rights, and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, pledged, hypothecated, or otherwise subjected hereto, as and for additional security herewith, by the Council or any other person on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security, and protection of all present and future owners of the Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that the holders of the Bonds shall be entitled to payment only from (a) the Loan Agreement more fully described in Granting Clause First hereof pledged for the payment of such Bonds, (b) the Funds set forth in Granting Clause Second hereof established for such Bonds, and (c) the Revenues and other property, rights, and interests described in Granting Clause Third pledged for the payment of such Bonds;

AND FURTHER PROVIDED, that if the Council, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds and as provided in Article II hereof according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article II hereof, or shall provide, as permitted hereby, for the payment thereof in accordance with Article VIII hereof, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee and any Paying Agent all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in Article VIII hereof, this Indenture and the rights hereby granted shall cease, terminate, and be void and the Trustee shall thereupon cancel and discharge this Indenture and execute and deliver to the Council such instruments in writing as shall be requisite to evidence the discharge hereof.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and all of the Trust Estate is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter

expressed, and the Council has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01. Definitions. Unless the context or use indicates another meaning or intent, the following words and terms as used in this Indenture shall have the following meanings, and any other hereinafter defined words and terms, shall have the meanings as therein defined.

"Accountant" or "Accountants" means an independent certified public accountant or a firm of independent certified public accountants.

"Act" means, collectively, Chapter 163, Part I, Florida Statutes, Chapter 166, Part II, Florida Statutes, and Chapter 125, Part I, Florida Statutes, each as amended, and all other applicable provisions of law.

"Additional Payments" means payments required by Section 5.03 of the Loan Agreement.

"Amortization Installment" means, with respect to any Term Bonds, an amount so designated for mandatory principal installments (for mandatory call or otherwise) payable on any Terms Bonds issued under the provisions of this Indenture.

"Authorized Denominations" means \$5,000 and any integral multiples thereof.

"Authorized Representative" means, when used pertaining to the Council, the Chairman of the Council and such other designated members, agents, or representatives as may hereafter be selected by Council resolution; and, when used with reference to the Borrower, means the person performing the functions of the Mayor or Deputy, Acting, or Vice Mayor of such Borrower thereof or other officer authorized to exercise the powers and performs the duties of the Mayor; and, when used with reference to an act or document, also means any other person authorized by resolution or ordinance to perform such act or sign such document.

"Basic Payments" means the payments denominated as such in Section 5.01 of the Loan Agreement.

"Board" means the governing body of the Borrower.

"Bond Counsel" means Bryant Miller Olive P.A., Miami, Florida, or any other nationally recognized bond counsel, selected by the Council and acceptable to the Trustee.

"Bondholder" or "Holder" or "holder of Bonds" or "Owner" or "owner of Bonds," means, whenever used herein with respect to a Bond, the person in whose name such Bond is registered.

"Bonds" means \$16,500,000 Florida Municipal Loan Council Revenue Bonds, Series 2019A.

"Bond Year" means a 12-month period beginning on August 2 and ending on and including the following August 1, except for the first period which begins on April 18, 2019.

"Borrower" means the City of Lighthouse Point, Florida, a governmental unit which has entered into the Loan Agreement and which is borrowing and using the Loan proceeds to finance and/or be reimbursed for, all or a portion of the costs of one or more Projects.

"Business Day" means any day of the year which is not a Saturday or Sunday or a day on which banking institutions located in New York City or the State are required or authorized to remain closed or on which the New York Stock Exchange is closed.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the Council mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the Council by its Chairman, Program Administrator, or such other person as may be designated and authorized to sign for the Council; or of the Borrower mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the Borrower by its Mayor or Deputy, Acting, or Vice Mayor, or its Chairman or Deputy, Acting, or Vice Chairman, or such other person as may be designated and authorized to sign for the Borrower. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion, or representation, and the two or more so combined shall be read and construed as a single instrument.

"Closing" means the closing of the Loan pursuant to this Indenture and the Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final or temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code, the applicable

rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions).

"Commencement Date" means the date when the term of the Loan Agreement begins and the obligation of the Borrower thereunder to make Loan Repayments accrues.

"Cost" means the purchase price of any project acquired; the cost of improvements; the cost of construction, extension or enlargement; the cost of all lands, properties, rights, easements and franchises acquired; the cost of all machinery and equipment, financing charges, interest during construction; and, if deemed advisable, for one year after completion of construction, cost of investigations, audits, and engineering and legal services; and all other expenses necessary or incident to determining the feasibility or practicability of such acquisition or construction, administrative expense and such other expenses as may be necessary or incident to the financing herein authorized and to the acquisition or construction of a project and the placing of the same in operation. Any obligation or expense incurred by the Borrower prior to the issuance of bonds for engineering studies and for estimates of cost and of revenues, and for other technical, financial, or legal services in connection with the acquisition or construction of any project, may be regarded as a part of the cost of such project.

"Cost of Issuance Fund" means the Series 2019A Cost of Issuance Fund established pursuant to Section 4.02 hereof.

"Council" means the Florida Municipal Loan Council.

"Counsel" means an attorney duly admitted to practice law before the highest court of the State and, without limitation, may include legal counsel for either the Council, the Borrower, or the Trustee.

"Default" means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Designated Member" means any designated person selected by the Council.

"Designated Office" means the office of the Trustee, Registrar, and Paying Agent set forth in Section 14.05 hereof.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any occurrence or event specified in Section 9.01 hereof.

"Executive Director" means the Executive Director or the Executive Director Designate of the Program Administrator and their successor.

"Financial Newspaper" or "Journal" means The Wall Street Journal or The Bond Buyer or any other newspaper or journal containing financial news, printed in the English language, customarily published on each Business Day and circulated in New York, New York, and selected by the Trustee, whose decision shall be final and conclusive.

"Funds" means the funds created pursuant to Section 4.02 hereof.

"Governmental Obligations" means (a) non-callable direct obligations of the United States of America ("Treasuries"); (b) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated; or (c) any combination of the foregoing.

"Indenture" means this Trust Indenture dated as of April 1, 2019, between the Council and the Trustee, including any indentures amendatory or supplemental thereto, pursuant to which (a) the Bonds are authorized to be issued, and (b) the Council's interest in the Trust Estate is pledged as security for the payment of principal of, premium, if any, and interest on the Bonds.

"Interest Payment Date" means February 1 and August 1 of each year, commencing February 1, 2020.

"Interlocal Act" means Chapter 163, Part I, Florida Statutes, as amended.

"Investment Securities" means any securities lawful for investment under the laws of the State.

"Liquidation Proceeds" means amounts received by the Trustee or the Council in connection with the enforcement of any of the remedies under the Loan Agreement after the occurrence of an "event of default" under the Loan Agreement which has not been waived or cured.

"Loan" means the loan to the Borrower from proceeds of the Bonds to finance or reimburse the Projects pursuant to the Loan Agreement in the amount specified in Section 3.01 of the Loan Agreement.

"Loan Agreement" means the Loan Agreement between the Council and the Borrower participating in the Program with respect to the Bonds, and any amendments and supplements thereto, which are executed for the purpose of securing repayment of the Loan made by the Council to the Borrower from proceeds of the Bonds and establishing the terms and conditions upon which the Loan is to be made.

"Loan Repayments" means the payments of principal of, premium, if any, and interest on the Loan and other payments payable by the Borrower pursuant to the provisions of the Loan Agreement, including, without limitation, Additional Payments.

"Outstanding" or "Bonds Outstanding" means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at maturity or redemption prior to maturity;

(b) Bonds deemed paid under Article VIII hereof; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.06, 2.07, or 2.09 hereof.

"Paying Agent" means the Trustee or any successor paying agent appointed pursuant to the provisions hereof.

"Person" or "person" means any individual, corporation, partnership, association, trust or any other entity or organization including a government or political subdivision or an agency or instrumentality thereof.

"Principal Fund" means the Series 2019A Principal Fund created by Section 4.02 hereof.

"Principal Payment Date" means the maturity date or mandatory redemption date of any Bond.

"Program" means the Council's program of making the Loan under the Act and pursuant to this Indenture.

"Program Administrator" means the Florida League of Cities, Inc., a non-profit Florida corporation.

"Project" or "Projects" means a governmental undertaking approved by the governing body of the Borrower for a public purpose, which shall include the Borrower's Projects detailed on Exhibit A attached to the Loan Agreement.

"Project Loan Fund" means the Series 2019A Project Loan Fund created by Section 4.02 hereof.

"Rebate Fund" means the Series 2019A Rebate Fund created by Section 4.02 hereof and all accounts therein.

"Record Date" means, with respect to any Interest Payment Date, the 15th day of the calendar month preceding such Interest Payment Date.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the premium, if any, payable upon redemption pursuant to the provisions of such Bond and this Indenture.

"Registrar" means the Trustee or any successor registrar appointed pursuant to the provisions hereof.

"Reserve Requirement" means \$0.00.

"Responsible Officer" means any officer of the Trustee within the corporate trust office specified in Section 14.05 (or any successor corporate trust office) having direct responsibility for the administration of this Indenture.

"Revenue Fund" means the Series 2019A Revenue Fund created by Section 4.02 hereof.

"Revenues" means all Loan Repayments paid to the Trustee for the account of the Borrower for deposit in the Revenue Fund and the Principal Fund to pay principal of, premium, if any, and interest on the Bonds when due, and all receipts of the Trustee credited to the account of the Borrower under the provisions of the Loan Agreement.

"S&P" means Standard & Poor's Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Council by notice to the Trustee.

"Special Record Date" means the date established pursuant to Section 9.05 hereof as a record date for the payment of defaulted interest, if any, on the Bonds.

"State" means the State of Florida.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Council and the Trustee, supplementing, modifying, or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Term Bonds" means the Bonds which are subject to Amortization Installments, and are designated as Term Bonds.

"Trust Estate" means the property, rights, Revenues, and other assets pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as Trustee, or any successor thereto under this Indenture.

SECTION 1.02. Rules of Interpretation. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) "This Indenture" means this instrument as originally executed and as it may from time to time be supplemented, modified, or amended by any Supplemental Indenture.

(b) All references in this instrument to designated "Articles," "Sections," and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument as originally executed. The words "herein," "hereof," "hereunder," and "herewith," and other words of similar import, refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

(c) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(e) The terms defined elsewhere in this Indenture shall have the meanings therein prescribed for them.

(f) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(g) The headings or captions used in this Indenture are for convenience of reference only and shall not define or limit or describe any of the provisions hereof or the scope or intent hereof.

ARTICLE II

THE BONDS

SECTION 2.01. Authorization; Book-Entry System.

(a) Authorization, Issuance and Execution of Bonds. The Bonds shall be issued in a single series hereunder in order to obtain moneys to carry out the purposes of the Program for the benefit of the Council and the Borrower. The Bonds shall be designated as "Florida Municipal Loan Council Revenue Bonds, Series 2019A." At any time after the execution of this Indenture, the Council may execute and the Trustee shall authenticate and, upon the written request of the Council, deliver the Bonds in the aggregate principal amount of \$16,500,000. This Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds appertaining thereto to secure the full payment of the principal of, premium, if any, and interest on all such Bonds subject to the covenants, provisions, and conditions herein contained.

The Bonds shall be issuable as fully registered bonds without coupons and shall be executed in the name and on behalf of the Council with the manual or facsimile signature of its Chairman, under its seal attested by the manual or facsimile signature of its Executive Director or Designated Member. Such seal may be in the form of a facsimile of the Council's seal and may be reproduced, imprinted, or impressed on the Bonds. The Bonds shall then be delivered to the Registrar for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Council before the Bonds so signed and attested shall have been authenticated or delivered by the Registrar or issued by the Council, such Bonds may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the Council as though those who signed and attested the same had continued to be such officers of the Council, and also any Bond may be signed and attested on behalf of the Council by such persons as at the actual date of execution of such Bond shall be the proper officers of the Council although at the nominal date of such Bond any such person shall not have been such officer of the Council.

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form hereinafter recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Registrar shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated, and delivered hereunder and are entitled to the benefits of this Indenture.

(b) The Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC. Except as provided in this Section, all of the outstanding Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

With respect to the Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Council, the Registrar and the Paying Agent shall have no responsibility or obligation to any such participant or to any indirect participant. Without limiting the immediately preceding sentence, the Council, the Registrar, and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any participant with respect to any ownership interest in the Bonds, (ii) the delivery to any participant or any other person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any participant or any other person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Council, the Registrar, and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Council's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the registration books kept by the Registrar, shall receive a certificated Bond evidencing the obligation of the Council to make payments of principal of, premium, if any, and interest on the Bonds pursuant to the provisions hereof. Upon delivery by DTC to the Council 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 herein with respect to Record Dates, the words "Cede & Co." in this Indenture shall refer to such new nominee of the DTC, and upon receipt of such a notice the Council shall promptly deliver a copy of the same to the Registrar and the Paying Agent.

Upon receipt by the Council of written notice from DTC (1) to the effect that DTC has received written notice from the Council to the effect that a continuation of the requirement that all of the outstanding Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Bonds, or (2) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, upon compliance with any procedures of DTC, the Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders transferring or exchanging the Bonds shall designate, in accordance with the provision hereof.

SECTION 2.02. Maturity and Interest Rate Provisions. The Bonds shall be dated April 18, 2019. They shall be numbered consecutively from R-1 upward. They shall be issued in Authorized Denominations. Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless authenticated on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or unless authenticated prior to the first Interest Payment Date, in which case it shall bear interest from its date. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds shall bear interest and shall mature at the rates, in the amounts and on the dates set forth below:

\$11,295,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Price
2020	\$110,000	5.000%	104.282
2021	305,000	5.000	107.436
2022	320,000	5.000	110.399
2023	335,000	5.000	113.184
2024	355,000	5.000	115.790
2025	370,000	5.000	118.153
2026	390,000	5.000	120.393
2027	410,000	5.000	122.457
2028	430,000	5.000	124.252
2029	450,000	5.000	124.528*
2030	475,000	5.000	123.437*
2031	495,000	5.000	122.651*
2032	520,000	3.000	100.844*
2033	535,000	3.250	102.103*
2034	555,000	4.000	109.757*
2035	575,000	4.000	108.865*
2036	600,000	3.000	98.666
2037	620,000	3.000	97.924
2038	640,000	3.000	97.276
2039	660,000	3.125	97.713
2040	680,000	5.000	118.525*
2041	715,000	5.000	118.244*
2042	750,000	5.000	118.056*
\$1,610,000	4.000%	Term Bonds Due August 1, 2044	Price – 105.381*
\$3,595,000	3.250%	Term Bonds Due August 1, 2048	Price – 95.439

* Priced to first optional redemption date of February 1, 2029

SECTION 2.03. Payment Provisions. The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Principal of, and premium, if any, on the Bonds shall be payable at the Designated Office of the Trustee, or any successor paying agent and registrar appointed pursuant to the provisions of Sections 10.12 and 10.13 hereof on each Principal Payment Date, and payment of the interest on each Bond shall be made by the Paying Agent on each Interest

Payment Date to the person appearing as the registered owner thereof on the bond registration books maintained by the Registrar as of the close of business on the Record Date preceding the Interest Payment Date (or, if interest on the Bonds is in default a Special Record Date established pursuant to Section 9.05 hereof), by check mailed on the Interest Payment Date to such registered owner at his or her address as it appears on such registration books or at the prior written request and expense of an owner of \$1,000,000 or more in aggregate principal amount of the Bonds, by bank wire transfer to a domestic bank account, notwithstanding the cancellation of any such Bonds upon any exchange or transfer thereof subsequent to the Record Date or Special Record Date and prior to such Interest Payment Date. Payment of the principal (or Redemption Price), of the Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable.

SECTION 2.04. [Reserved].

SECTION 2.05. [Reserved].

SECTION 2.06. Mutilated, Lost, Stolen, or Destroyed Bonds; Bonds Not Delivered for Redemption. If any Bond is mutilated, lost, stolen or destroyed, the Council shall execute and the Registrar shall authenticate a new Bond of the same date, maturity, and denomination as that mutilated, lost, stolen, or destroyed; provided that in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the Council and the Registrar evidence of such loss, theft, or destruction satisfactory to the Council and the Registrar, together with an indemnity satisfactory to them. In the event any such Bond shall have matured or been called for redemption, instead of issuing a duplicate Bond, the Paying Agent may pay the same. The Council and the Registrar may charge the Owner of such Bond with their reasonable fees, costs, and expenses (including reasonable attorney's fees, costs, and expenses) in connection with replacing any Bond mutilated, lost, stolen or destroyed.

SECTION 2.07. Transfer and Exchange of Bonds; Persons Treated as Owners. The Council shall cause books for the registration and transfer of the Bonds, as provided in this Indenture, to be kept by the Registrar. Upon surrender for transfer of any Bond at the Designated Office of the Registrar, accompanied by an assignment duly executed by the registered Owner or his attorney-in-fact duly authorized in writing, the Council shall execute and the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount. In connection with any proposed transfer that is outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Bonds of the same type may be exchanged at the Designated Office of the Registrar for a like aggregate principal amount of Bonds of other Authorized Denominations. The Council shall execute and the Registrar shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding.

The Registrar shall not be required to (a) transfer or exchange any Bonds during the 10 days next preceding any day upon which notice of redemption of Bonds is to be mailed; or (b) transfer or exchange any Bonds selected, called, or being called for redemption in whole or in part.

The person in whose name any Bond shall be registered shall be deemed and regarded by the Trustee, the Registrar, the Paying Agent, and the Council as the absolute Owner thereof for all purposes, and payment of or on account of the principal of, premium, if any, or interest on any Bond shall be made only to or upon the written order of the registered Owner thereof or his legal representative, subject to Section 2.03 hereof, and neither the Council, the Trustee, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided. 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 paid.

A reasonable transfer charge may be made for any exchange or transfer of any Bond and the Registrar shall require the payment by any Bondholder requesting exchange or transfer of a sum sufficient to cover any tax or other governmental charge required to be paid with respect to such exchange or transfer and a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer.

SECTION 2.08. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Registrar for cancellation pursuant to this Indenture, upon payment of the principal amount, or for replacement pursuant to Section 2.06 hereof or for transfer or exchange pursuant to Sections 2.07 or 2.09 hereof, such Bond shall be canceled by the Registrar.

SECTION 2.09. Temporary Bonds. Pending the preparation of definitive Bonds, the Council may execute and the Registrar shall authenticate and deliver temporary Bonds. Temporary Bonds shall be issuable as fully registered Bonds, of any Authorized Denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions, and variations as may be appropriate for temporary Bonds, all as may be determined by the Council. Temporary Bonds may be issued without specific terms and may contain such reference to any provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Council and authenticated by the Registrar upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable, the Council shall execute and shall furnish definitive Bonds and

thereupon temporary Bonds may be surrendered in exchange therefor without charge at the principal corporate trust office of the Registrar, and the Registrar shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds.

SECTION 2.10. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or if any interest check shall not be cashed, if funds sufficient to pay such Bond or interest shall have been made available by the Council to the Trustee or Paying Agent for the benefit of the Owner thereof, all liability of the Council to the Owner thereof for the payment of such Bond or interest, as the case may be, shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Trustee or Paying Agent to hold such funds, uninvested and without liability for interest thereon, for the benefit of the Owner of such Bond or interest, as the case may be, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on its part under this Indenture or on, or with respect to, said Bond or interest, as the case may be, provided that any money deposited with the Trustee or Paying Agent for the payment of the principal of (and premium, if any) or interest on any Bond and remaining unclaimed for six years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Council, and the Owner of such Bond or interest, as the case may be, shall thereafter, as an unsecured general creditor, look only to the Council for payment thereof, and all liability of the Trustee or Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee, before making any such payment to the Council, shall, at the expense of the Council, cause to be published once, in a Financial Newspaper or Journal, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Council.

SECTION 2.11. Form of Bonds. The Bonds to be issued hereunder, and the certificate of authentication by the Registrar to be endorsed on all such Bonds, shall be substantially in the form set forth as Exhibit A hereto, with such changes, amendments, modifications, deletions, and additions as are permitted by this Indenture or are required to conform the form of Bond to the other provisions of this Indenture (any portion of such form of Bond may be printed on the back of the Bonds).

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ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. Optional Redemption of the Bonds. The Bonds maturing on or before August 1, 2028 are not subject to optional redemption prior to their maturities. The Bonds maturing after August 1, 2028 are subject to redemption at the option of the Council on or after February 1, 2029, as a whole or in part at any time, in any manner determined by the Trustee in its discretion taking into consideration the maturity of the Loan being prepaid by the Borrower, at the Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

SECTION 3.02. Mandatory Redemption of Bonds. The Bonds maturing on August 1, 2044 are subject to mandatory redemption, in part, by lot, at Redemption Prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on August 1, 2043 and on each August 1 thereafter, in the following principal amounts in the following years:

Year	Principal Amount
2043	\$790,000
2044*	820,000

* Maturity, not a redemption.

The Bonds maturing on August 1, 2048 are subject to mandatory redemption, in part, by lot, at Redemption Prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on August 1, 2045 and on each August 1 thereafter, in the following principal amounts in the following years:

Year	Principal Amount
2045	\$855,000
2046	885,000
2047	915,000
2048*	940,000

* Maturity, not a redemption.

SECTION 3.03. Notice of Redemption. In the case of every redemption, notice of the call for redemption shall be given by the Registrar by mailing a copy of the redemption notice, identifying the Bonds or portions thereof to be redeemed, (a) by first class mail at least 30 days prior to the date fixed for redemption to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Bond Register, and (b) in addition to the mailing of the notice described above, the Registrar shall give additional notice of the redemption of Bonds in

accordance with any regulation or release of the Municipal Securities Rulemaking Board or governmental agency or body from time to time applicable to such Bonds. No defect in any notice delivered pursuant to clause (b) above nor any failure to give all or any portion of such notice shall in any manner defeat the effectiveness of a call for redemption if notice is given as prescribed in clause (a) above. Any notice mailed as provided in this Section 3.03 shall be conclusively presumed to have been duly given, whether or not the Owner or any other recipient receives the notice.

Each notice of redemption given hereunder shall contain (i) information identifying the Bonds or portions thereof to be redeemed; (ii) the CUSIP numbers of all Bonds being redeemed; (iii) the date of issue of the Bonds as originally issued; (iv) the rate of interest borne by each Bond being redeemed; (v) the maturity date of each Bond being redeemed; (vi) a brief description, if applicable, of any conditions that must be satisfied prior to the redemption of the Bonds being redeemed; and (vii) any other descriptive information needed to identify accurately the Bonds being redeemed; provided, however, that no notice shall be deemed defective if the information required in clause (i) above is provided in such notice. Notwithstanding anything to the contrary, in no event shall the Trustee be deemed to be disclosure/dissemination agent for purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated pursuant to the Securities Exchange Act of 1934, as supplemented and amended.

Notwithstanding anything in this Section 3.03 to the contrary, in the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Registrar, Paying Agent, or a fiduciary institution acting as escrow agent no later than the redemption date, or (2) the Council retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this section. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Council delivers a written direction to the Registrar directing the Registrar to rescind the redemption notice. The Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the Council to make such funds available shall constitute an Event of Default under this Indenture. The Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the affected Bonds called for redemption and not so paid remain Outstanding.

SECTION 3.04. Bonds Due and Payable on Redemption Date; Interest Ceases To Accrue. On the redemption date, the principal amount of each Bond to be redeemed, together with the accrued interest thereon to such date, shall become due and payable; and from and after such date, notice (if required) having been given and moneys available solely for

such redemption being on deposit with the Trustee in accordance with the provisions of this Article III, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds or portions thereof to be redeemed. From and after such date of redemption (such notice having been given and moneys available solely for such redemption being on deposit with the Trustee), the Bonds or portions thereof to be redeemed shall not be deemed to be Outstanding hereunder, and the Council shall be under no further liability in respect thereof.

SECTION 3.05. Cancellation. All Bonds which have been redeemed shall be canceled by the Registrar as provided in Section 2.08 hereof.

SECTION 3.06. Partial Redemption of Bonds. Upon surrender of any Bond in a denomination greater than \$5,000 called for redemption in part only, the Council shall execute and the Registrar shall authenticate and deliver to the registered Owner thereof a new Bond or Bonds of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

SECTION 3.07. Selection of Bonds to be Redeemed. The Bonds shall be redeemed pursuant to Sections 3.01 and 3.02 only in the principal amount of an Authorized Denomination. The Bonds or portions of the Bonds to be redeemed shall, except as otherwise provided in Section 3.02 hereof, be selected by the Registrar by lot or in such other manner as the Council in its discretion may deem appropriate.

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ARTICLE IV

REVENUES AND FUNDS

SECTION 4.01. Source of Payment of Bonds. The Bonds and all payments by the Council hereunder are limited and special obligations of the Council and are payable solely out of Revenues and certain proceeds of the Bonds as authorized by the Constitution and laws of the State, including particularly the Act, as and to the extent provided herein. The Bonds and the Council's other obligations hereunder are solely and exclusively obligations of the Council to the extent set forth herein and do not constitute or create an obligation, general or special, or debt, liability, or moral obligation of the State or any political subdivision or any municipal corporation of the State (except the Borrower). The Bonds shall not be or constitute a general obligation of the Council, the State, or any political subdivision or any municipal corporation thereof (except the Borrower) or a lien upon any property owned or situated within the territorial limits of the Council, the State, or any political subdivision or any municipal corporation thereof, other than the Trust Estate, in the manner provided herein and in the Loan Agreement. The Loan Agreement does not represent joint liabilities of the Borrower with the Council, and shall be payable solely as provided in such Loan Agreement.

SECTION 4.02. Creation of Funds. There are hereby established by the Council the following Funds to be held by the Trustee related to the Bonds: (i) the Series 2019A Project Loan Fund; (ii) the Series 2019A Principal Fund; (iii) the Series 2019A Revenue Fund; (iv) the Series 2019A Cost of Issuance Fund; and (v) the Series 2019A Rebate Fund.

SECTION 4.03. Project Loan Fund. Interest earnings on investments in the Project Loan Fund shall be held in and credited to the Project Loan Fund. Proceeds of the Bonds remaining in the Project Loan Fund after completion of the Projects shall be retained for a new Project in accordance with the procedures in the Loan Agreement, or if not, then transferred to the Revenue Fund and used to pay the Borrower's next scheduled interest payment for the Bonds, all at the written direction of the Borrower.

SECTION 4.04. Principal Fund. Upon the receipt of the Loan Repayments or the Liquidation Proceeds, the Trustee shall deposit in the Principal Fund all payments or recoveries of the principal of the Loan or payments to be applied to the payment of any premium due upon optional redemption of the Bonds. Amounts in the Principal Fund shall be used as follows: (a) on each Principal Payment Date, to pay scheduled principal payments of the Bonds; and (b) to pay the principal of and premium, if any, on the Bonds redeemed pursuant to Section 3.01 or Section 3.02 when required by such Sections.

SECTION 4.05. Revenue Fund. Upon the receipt of the Loan Repayments, the Liquidation Proceeds, or proceeds earmarked for capitalized interest, if any, the Trustee shall deposit in the Revenue Fund all moneys remaining after the deposits required by Section 4.04 hereof. All investment earnings on amounts in the Funds (except the Rebate Fund and the

Project Loan Fund) shall be deposited in the Revenue Fund as received. Any amounts received by the Trustee hereunder in connection with the Bonds, and which are not required to be deposited elsewhere, shall also be deposited in the Revenue Fund related to the Bonds.

Amounts in the Revenue Fund shall be used to make the following payments or transfers in the following order of priority:

- (a) on each Interest Payment Date, to pay interest due on the Bonds;
- (b) at such times as are necessary, to pay accrued interest due on the Bonds redeemed pursuant to Sections 3.01 or 3.02 hereof;
- (c) at such times as are necessary, to pay the fees and expenses of the Trustee, DTC, the Program Administrator, the Registrar, and the Paying Agent (including the cost of printing additional Bonds) and the fees and expenses of the Council (including costs of issuing the Bonds if insufficient amounts are on hand in the Cost of Issuance Fund), any counsel consulted by the Council with respect to the Loan, or of Accountants employed pursuant to Section 4.13 hereof;
- (d) on each Interest Payment Date, all amounts remaining within the Revenue Fund, other than fees being collected in installments pursuant to the Loan Agreement and amounts which will be credited against the Borrower's next Loan Repayment, shall be deposited in the Principal Fund related to Bonds, as provided in Section 5.04 of the Loan Agreement;

SECTION 4.06. Cost of Issuance Fund. Moneys in the Cost of Issuance Fund shall be used to pay costs of issuing the Bonds to the extent not paid from other sources, which costs may include, all printing expenses in connection with this Indenture, the Loan Agreement, the preliminary and final Official Statements for the Bonds, and the Bonds; the underwriter's discount for the initial purchase of the Bonds; administrative expenses of the Council; and legal fees and expenses of counsel to the Council, Bond Counsel, disclosure counsel, and fees of the financial advisor to the Council; fees of the Program Administrator, any accounting expenses incurred in connection with determining that the Bonds are not arbitrage bonds, the Trustee's, the Paying Agent's, and the Registrar's initial fees, costs, and expenses (including attorney's fees, costs, and expenses), upon the submission of requisitions by the Council signed by an officer of the Council stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing the Bonds. Any monies remaining in the Cost of Issuance Fund on April 18, 2020, shall be transferred to the Revenue Fund and be credited toward the Borrower's obligation to pay interest on the Loan.

SECTION 4.07. Application of Bond Proceeds. The proceeds of the Bonds in the sum of \$17,635,426.85 (which amount is the par amount of the Bonds plus net premium of

\$1,219,630.70, and less the Underwriter's discount of \$84,203.85, shall be deposited with the Trustee as follows:

(a) in the Cost of Issuance Fund, the total sum of \$156,774.98, which shall be used to pay costs of issuing the Bonds; and

(b) in the Project Loan Fund, the total sum of \$17,478,651.87, which shall be used to pay Costs of the Project.

SECTION 4.08. No Reserve Fund. The Reserve Requirement for the Bonds is equal to \$0.00. No reserve fund will be established for the Bonds.

SECTION 4.09. [Reserved].

SECTION 4.10. Rebate Fund. In order to insure compliance with the rebate provisions of Section 148(f) of the Code, the Council has created the Rebate Fund pursuant to Section 4.02 hereof. Such Rebate Fund shall be held by the Trustee. The Rebate Fund need not be maintained if the Council and the Trustee shall have received an opinion of Bond Counsel to the effect that failure to maintain the Rebate Fund shall not adversely affect the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation. Moneys in the Rebate Fund shall not be considered moneys held under the Indenture and shall not constitute a part of the Trust Estate held for the benefit of the Bondholders or the Council. 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 delivered to the Council upon issuance of the Bonds.

SECTION 4.11. Moneys to be Held in Trust. With the exception of moneys deposited in the Rebate Fund, all moneys required to be deposited with or paid to the Trustee for the account of any Fund established under any provision of this Indenture shall be held by the Trustee, in trust, and except for moneys deposited with or paid to the Trustee for the redemption of the Bonds, notice of the redemption of which has been duly given, and except as otherwise provided in Section 2.10 hereof, shall, while held by the Trustee, constitute part of the Trust Estate.

SECTION 4.12. Reports from Trustee. Unless otherwise advised in writing, the Trustee shall furnish or make available monthly to the Council and to any Borrower, upon written request, on the 20th day of the month following the month in which the Bonds are delivered, and on the 20th day of each month thereafter, a report on the status of each of the Funds established under this Article IV which are held by the Trustee, showing at least the balance in each such Fund as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such Fund, the dates of such deposits and disbursements, and the balance in each such Fund on the last day of the preceding month.

SECTION 4.13. Certain Verifications. The Council or the Trustee from time to time may, but shall have no obligation to, cause a firm of Accountants to supply the Council and the Trustee with such information as the Council or the Trustee may request in order to determine in a manner reasonably satisfactory to the Council and the Trustee all matters relating to (a) the sufficiency of projected cash flow receipts and disbursements on the Loans and Funds described herein to pay the principal of and interest on the Bonds; (b) the actuarial yields on the Loans and on the Bonds as the same may relate to any data or conclusions necessary to verify that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Code; and (c) calculations related to rebate liability. Payment for costs and expenses incurred in connection with supplying the foregoing information shall be paid from moneys in the Revenue Fund pursuant to Section 4.05(c) hereof.

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ARTICLE V

PROJECT LOAN

SECTION 5.01. Terms and Conditions of Loan. The Council will make the Loan to the Borrower in order to finance the acquisition, installation, construction, and/or equipping of the Projects or reimburse funds previously expended by Borrower to acquire, install, construct, and/or equip the Projects, all in accordance with provisions more fully set forth in the Loan Agreement.

SECTION 5.02. Loan Closing Submission. The Loan shall not be made by the Council unless and until the documents required by Section 4.03 of the Loan Agreement are submitted to the Council.

SECTION 5.03. Disbursement to Borrower from Project Loan Fund. The moneys in the Project Loan Fund shall be applied in accordance with written requisitions provided to the Trustee by the Borrower in the form attached to the Loan Agreement. After initial disbursements for payment of eligible Costs (whether from the Project Loan Fund or other Bond proceeds), disbursement to or at the direction of the Borrower will be made only if such Borrower is not then in default under this Indenture, the Loan Agreement, or the other Bond documents, and only in accordance with such requisitions.

Except for an initial draw on the date the Bonds are issued and the final draw under the terms of this Indenture, the Borrower shall not make more than two requests for a construction or project draw per calendar month. Each draw request must be in writing and received by the Trustee at least four days prior to the date the requested draw is to be made. The draw dates upon which funds may be released pursuant to the written request shall be (i) on the first Business Day of the month, and (ii) on the second Business Day of the month following the 15th day of the month.

Each draw request by the Borrower shall constitute an affirmation that the material warranties and representations contained in this Indenture and the Loan Agreement remain true and correct and that no breach of the covenants contained in this Indenture or the Loan Agreement has occurred as of the date of the draw, and the Trustee shall be entitled to exclusively rely on such representations and shall be fully indemnified by such Borrower from any liability resulting from such reliance, and shall have no liability to any other party, unless a Responsible Officer of the Trustee is notified in writing to the contrary prior to the disbursement of the requested draw from the Project Loan Fund. All requisitions received by the Trustee shall be substantially in the form attached to the Loan Agreement as Exhibit E, as required in this Article V as conditions of payment from the Project Loan Fund, shall be conclusively relied upon by the Trustee as to the matters set forth therein, and shall be retained in the possession of the Trustee, subject at all times to the inspection by the Council, the Borrower, and the agents and representatives thereof.

ARTICLE VI

SERVICING OF LOAN

SECTION 6.01. Loan Servicing. The Trustee shall be responsible for calculating payments due in respect of the Loan, holding collateral pledged in respect of the Loan, if any, and enforcing the Loan; provided, however, that the Trustee shall have no duty to take notice of any default in respect of the Loan (other than a payment default) unless a Responsible Officer of the Trustee shall be notified of such default in a written instrument.

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ARTICLE VII

INVESTMENT OF MONEYS

Moneys in any of the Funds shall be invested by the Trustee, at the written direction of the Council through its Program Administrator. The Trustee shall conclusively rely upon such written investment instructions as to both the suitability and legality of all investments directed under this Indenture. Ratings of investments shall be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. In the absence of written investment instructions as provided herein, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. The Trustee shall not be liable for any loss from any directed investments. Broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered or made available by the Trustee.

Moneys in the Funds shall be invested at the written direction of the Council through its Program Administrator in Investment Securities with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than the dates on which it is estimated that such moneys will be required by the Trustee for the purposes specified in this Indenture. Investment Securities acquired pursuant to this Article VII under a repurchase agreement with the seller thereof may be deemed to mature on the dates on and in the amounts (that is, for the repurchase price) which the Trustee may deliver such Investment Securities to such seller for repurchase under such agreement.

Investment Securities acquired as an investment of moneys in any Fund shall be credited to such Fund. For the purpose of determining the amount in any Fund, all Investment Securities credited to any such Fund shall be valued at market value on the date of determination; provided, however, that repurchase agreements shall be valued at the aggregate repurchase price of the securities remaining to be repurchased pursuant to such agreements and investment agreements shall be valued at the aggregate amount remaining invested therein (in each case exclusive of accrued interest after the first payment of interest following purchase). With respect to all Funds, valuation by the Program Administrator shall occur annually.

All interest, profits, and other income earned from investment (other than in Loans) of all moneys in any Fund (except the Rebate Fund and the Project Loan Fund) shall be deposited when received in the Revenue Fund, except that an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the Fund from which such accrued interest was paid. Interest earned on the Project Loan Fund shall be credited to the Project Loan Fund.

Subject to Section 13.08 hereof and except as provided herein, investments in any and all Funds may be commingled for purposes of making, holding, and disposing of investments, notwithstanding provisions herein for transfer to or holding in particular Funds of amounts received or held by the Trustee hereunder, provided that, notwithstanding any such commingling, the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided in this Indenture. The Trustee may act as principal or agent in the acquisition or disposition of Investment Securities. The Trustee may sell, or present for redemption, any Investment Securities so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the Fund or Account to which such Investment Security is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made pursuant to this Article VII.

All amounts representing accrued and capitalized interest, if any, shall be invested at the written direction of the Council through its Program Administrator only in Governmental Obligations maturing at such times, and in such amounts as are necessary to match the interest payments on the Bonds.

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ARTICLE VIII

DISCHARGE OF INDENTURE

If the Council shall pay or cause to be paid to the Owner of any Bond secured hereby the principal of and interest due and payable, and thereafter to become due and payable, upon such Bond, or any portion of such Bond in the principal amount of \$5,000 or any integral multiple thereof, such Bond or portion thereof shall cease to be entitled to any lien, benefit, or security under this Indenture. If the Council shall pay or cause to be paid to the Owners of all the Bonds secured hereby the principal of and interest due and payable, and thereafter to become due and payable thereon, and shall pay or cause to be paid all other sums payable hereunder and under the Loan Agreement, then, and in that case, the right, title, and interest of the Trustee in the related Trust Estate shall thereupon cease, terminate, and become void. In such event, the Trustee shall assign, transfer, and turn over to the Council the Trust Estate and, at the written direction of the Council, cancel any outstanding Loans related to the Bonds; provided that if the Bonds are paid from the proceeds of refunding bonds, the Loans shall at the written direction of the Council not be canceled but shall be transferred and pledged as security and a source of payment for the refunding bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture when (a) payment of the principal of, premium, if any, and interest on such Bond to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (1) moneys sufficient to make such payment, and/or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation, and expenses of the Trustee and the Council pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and the Council. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of the Bonds as aforesaid until the Council shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by this Indenture);

(b) to call for redemption pursuant to this Indenture any Bonds to be redeemed prior to maturity pursuant to (a) hereof;

(c) (i) if all the Bonds are not to be redeemed within 30 days, to mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice of defeasance to the Owners of the Bonds that the deposit required by (a)(ii) of the immediately preceding paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article VIII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of the Bonds as specified in (a) hereof, or (ii) if any Bonds are to be redeemed within the next 30 days, until proper notice of redemption of those Bonds has been given.

Any moneys so deposited with the Trustee as provided in the two foregoing paragraphs may at the written direction of the Council also be invested and reinvested in Governmental Obligations, maturing in the amounts and at the times as hereinbefore set forth, and all income from all such Governmental Obligations in the hands of the Trustee pursuant to this Article VIII which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be paid to the Council as and when realized if not needed to pay any fees or expenses provided for hereunder.

To accomplish a defeasance, pursuant to this Article VIII, the Council shall cause to be delivered to the Trustee: (a) in the event of a net defeasance (unless otherwise required by the Council), a report of an Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (the "Verification Report"); (b) an escrow deposit agreement (which shall be acceptable in form and substance to the Trustee and the Council), (c) an opinion of Bond Counsel to the effect that (i) the pledge of the Trust Estate and all covenants, agreements, and other obligations of the Council to the holders of the Bonds have ceased, terminated, and become void and been discharged and satisfied, and the Bonds are no longer secured by or entitled to the benefits of this Indenture, and (ii) the deposit under this Article VIII and use of such deposit to defease and redeem the Bonds would not cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code (the "Defeasance Opinion"). The Verification Report and Defeasance Opinion shall be acceptable in form and substance, and addressed, to the Council and the Trustee.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of the Bonds and interest thereon shall be applied to and used solely for the payment of the particular Bonds and interest thereon with respect to which such moneys or obligations have been so set aside in trust.

Anything in Article XI hereof to the contrary notwithstanding, if moneys or obligations have been deposited or set aside with the Trustee pursuant to this Article VIII for the payment of the Bonds and interest thereon when due and such Bonds and interest shall not have in fact

been actually paid in full when due, no amendment to the provisions of this Article VIII shall be made without the consent of the Owner of each Bond affected thereby.

Notwithstanding the release and discharge of the lien of this Indenture as provided above, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost, or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, and the duties, rights and protections of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Bondholder.

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ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 9.01. Defaults; Events of Default. If any of the following events occurs with respect to the Bonds, it is hereby defined as and declared to be and to constitute an "Event of Default" with respect to the Bonds:

(a) Default in the payment of the principal of or interest on the Bonds after the same has become due, whether at maturity or upon call for redemption.

(b) Default in the performance or observance of any covenant, agreement, or condition on the part of the Council contained in this Indenture or in the Bonds (other than defaults mentioned in Section 9.01(a) and (c)) and failure to remedy the same after notice of the default pursuant to Section 9.10 hereof.

(c) If the Council shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State, or the Council declares any act of bankruptcy, or there is adjudication of the Council as a bankrupt, or an assignment by the Council for the benefit of its creditors or the approval by a court of competent jurisdiction of a petition applicable to the Council in any proceeding for its reorganization instituted under federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

SECTION 9.02. Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default with respect to the Bonds, the Trustee shall have the following rights and remedies:

(a) The Trustee may, and in the case of Event of Default under Section 9.01(c) above shall, pursue any available remedy at law or in equity or by statute, including the federal bankruptcy laws or other applicable law or statute of the United States of America or of the State, to enforce the payment of principal of and interest on the Bonds then Outstanding, including enforcement of any rights of the Council or the Trustee under the Loan Agreement, and including the right to mandamus proceedings.

(b) The Trustee may by action or suit in equity require the Council to account as if it were the trustee of an express trust for the Owners of the Bonds and may then take such action with respect to the Loan Agreement as the Trustee shall deem necessary or appropriate and in the best interest of the Bondholders of the Bonds, subject to the terms of the Loan Agreement, including the sale of part or all of the Loan Agreement.

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders of the Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the related Trust Estate and of the Revenues, issues, earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred, and if requested so to do in writing by the owners of 25% or more in aggregate principal amount of Outstanding Bonds and the Trustee is indemnified as provided in Section 10.01(k) hereof, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by subsections (a) through (c) of this Section 9.02 as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Bondholders.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee, or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission in exercising any right or remedy accruing upon any default or Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization, or other debtor relief law.

SECTION 9.03. Right of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding the Owners of a majority in aggregate principal amount of the Outstanding Bonds shall have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the

appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 9.04. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, issues, earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 9.05. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article, including by virtue of action taken under provisions of any Loan Agreement, shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees (including reasonable Trustee's fees), expenses, liabilities, and advances payable to, incurred or made by the Trustee (including reasonable fees and disbursements of its counsel), be applied, along with any other moneys available for such purposes, as follows:

Unless the principal of all of the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST -- To the payment to the Persons entitled thereto of all amounts payable pursuant to Section 4.05(a) or Section 4.05(b) and, as to installments of interest, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND -- To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at stated maturity or pursuant to a call for redemption (other than such Bonds called for redemption for the payment of which moneys are held pursuant to the other provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege;

THIRD -- To payment to the Persons entitled thereto of all amounts payable pursuant to Section 4.05(c); and

FOURTH -- To be held as provided in Article IV hereof for the payment to the Persons entitled thereto as the same shall become due of the amounts payable pursuant to this Indenture (including principal of such Bonds due upon call for redemption) and,

if the amount available shall not be sufficient to pay in full amounts due on any particular date, payment shall be made ratably according to the priorities set forth in subparagraphs FIRST, SECOND, and THIRD above.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.02, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date, interest on the amounts of principal and past-due interest to be paid on such date shall cease to accrue. Defaulted interest on a Bond shall be payable to the Person in whose name such Bond is registered at the close of business on a Special Record Date for the payment of defaulted interest established by notice mailed by the Trustee to the registered Owners of the Bonds not more than 15 days preceding such Special Record Date. Such notice shall be mailed to the person in whose name the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. The Trustee shall not be required to make payment of principal of any Bond to the Owner of such Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of and interest on all Bonds have been paid under the provisions of this Section and all expenses and charges of the Trustee and the Council have been paid, any balance remaining in the Funds shall be transferred to the Council as provided in Article VIII hereof.

SECTION 9.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto, and any such trial or other proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Owners of all the Outstanding Bonds.

SECTION 9.07. Rights and Remedies of Bondholders. No Owner of any Bond shall have any right to institute any suit, action, or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred, (b) such default shall have become an Event of Default and the Owners of not less than 25% in aggregate principal amount of Outstanding Bonds affected thereby shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, (c) such Owners of Bonds shall have offered to the Trustee indemnity as provided in Section 10.01(k) hereof, and (d) the Trustee shall for 60 days after receipt of such request and

indemnification fail or refuse to exercise the rights and remedies hereinbefore granted, or to institute such action, suit, or proceeding in its own name; and such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by its, his, or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal and ratable benefit of the Owners of all Outstanding Bonds. However, nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity or redemption date of such principal or interest, or the obligation of the Council to pay the principal of and interest on each of the Bonds issued hereunder to the respective registered Owners thereof at the time, place, and from the source and in the manner in this Indenture and in the Bonds expressed.

SECTION 9.08. Termination of Proceedings. In case the Trustee or any Owner of any Bonds shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Council, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and with regard to the property herein subject to this Indenture, and all rights, remedies, and powers of the Trustee and Owners of Bonds shall continue as if no such proceedings had been taken.

SECTION 9.09. Waivers of Events of Default. The Trustee may, upon the advice of Counsel, at its discretion waive any Event of Default hereunder (other than an Event of Default specified in 9.01(c) above) and its consequences and shall do so upon the written request the Owners of (a) more than two-thirds in aggregate principal amount of all Outstanding Bonds in the case of default in the payment of principal or interest, or (b) more than one-half in aggregate principal amount of all Outstanding Bonds affected thereby in the case of any other default; provided, however, that there shall not be waived (i) any default in the payment of the principal of any such Outstanding Bond at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Outstanding Bond, unless prior to such waiver all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal and interest, and all fees, costs and expenses of the Trustee (including reasonable attorney's fees, costs and expenses) in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then, and in every such case, the Council, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to

any subsequent or other default, or impair any right consequent thereon. No such waiver shall affect the rights of third parties to payment of amounts provided for hereunder.

SECTION 9.10. Notice of Defaults Under Section 9.01(b); Opportunity of Council To Cure Such Defaults. Anything herein to the contrary notwithstanding, no default under Section 9.01(b) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Council by the Trustee or the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds affected thereby and the Council shall have had 30 days after receipt of such notice to correct the default or cause the default to be corrected, and shall not have corrected the default or caused the default to be corrected within the applicable period; provided, however, if the default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Council within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Council under the provisions of this Section, the Council hereby grants the Trustee full authority for the account of the Council to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Council with full power to do any and all things and acts to the same extent that the Council could do and perform any such things and acts and with power of substitution.

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ARTICLE X

THE TRUSTEE

SECTION 10.01. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees appointed with due care, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys (who may but need not be the attorney or attorneys for the Council or the Borrower) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for the validity of the execution by the Council of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the Owner of the Bonds secured hereby with the same rights which it would have if not the Trustee.

(e) Unless a Responsible Officer of the Trustee shall have actual knowledge thereof, the Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 9.01(a) hereof unless the Trustee shall be specifically notified in writing of such default by the Council, a court of law, or any Owner of Bonds. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Designated Office of the Trustee and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as

aforesaid. The Trustee shall provide copies of any such notices as soon as practicable to the Council and the Borrower.

(f) The Trustee shall conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. The Trustee shall not withhold unreasonably its consent, approval, or action to any reasonable request of the Council. Any action taken by the Trustee pursuant to this Indenture upon the request, authority, or consent of any Person who at the time of making such request or giving such authority or consent is the registered Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon the Bonds issued in exchange therefor or in place thereof.

(g) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceeding, the Trustee shall be entitled in good faith to conclusively rely upon a certificate signed by an authorized officer of the Council or by an authorized officer of the Program Administrator as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which a Responsible Officer of the Trustee has actual knowledge, or is deemed to have notice pursuant to Section 10.01(e), shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an authorized officer of the Council under its seal to the effect that a resolution in the form therein set forth has been adopted by the Council as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(h) All moneys received by the Trustee hereunder, until used or applied as herein provided, shall be held in trust for the purposes for which they were received.

(i) At any and all reasonable times, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right to inspect any and all of the books, papers, and records of the Council pertaining to the Revenues and receipts under the Loan Agreement and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Before taking the action referred to in Sections 9.02, 9.07, or 10.04 hereof, the Trustee may require that satisfactory indemnity be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability relating to such action, except liability which is adjudicated to have resulted from its negligence or willful default.

(l) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(m) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(n) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(o) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(p) The Trustee shall have the right to accept and act upon directions or instructions given pursuant to this Indenture, any Loan Agreement or any other document reasonably relating to the Bonds and delivered using Electronic Means (defined below); provided, however, that the Council or the Borrower, as the case may be, shall provide to the Trustee an incumbency certificate listing Authorized Representatives and containing specimen signatures of such Authorized Representatives, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Council or the Borrower elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustees' understanding of such directions or instructions shall be deemed controlling. The Council and each Borrower understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Representative. The Council and each Borrower, as the case may be, shall each be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Trustee and that all Authorized Representatives treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with

such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The Council and each Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

SECTION 10.02. Fees, Charges, and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees, costs and expenses (including in connection with any appeal or bankruptcy proceedings and other expenses reasonably and necessarily made or incurred by the Trustee), but solely from moneys available therefor pursuant to Section 4.05 hereof or Section 9.05 hereof and pursuant to the Loan Agreement.

SECTION 10.03. Notice to Bondholders if Default Occurs Under Indenture. If the Trustee becomes aware of an Event of Default through a notice provided pursuant to Section 14.05 hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owners of all Outstanding Bonds affected thereby, as shown by the bond registration books.

SECTION 10.04. Intervention by Trustee. In any judicial proceeding to which the Council is a party and which in the opinion of the Trustee and its Counsel has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of the Bondholders, and shall do so if requested in writing by the Owners of at least 25% of the aggregate principal amount of Bonds then Outstanding; provided, however, the Trustee shall have no duty to act under this Section 10.04 unless it has received indemnification satisfactory to it.

SECTION 10.05. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of the bond administration portion of its corporate trust business, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto shall be and become, to the extent permitted by law, successor Trustee hereunder and vested with all of the title to the Trust Estate

and all the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided, however, that written notice shall be provided to the Council and the Bondholders.

Any successor Trustee appointed pursuant to this Section or through consolidation, sale, or merger shall be a trust company or bank in good standing located in or incorporated under the laws of the State or the United States, duly authorized to exercise trust powers and subject to examination by federal or State authority, having a reported capital and surplus of not less than \$50,000,000.

SECTION 10.06. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 60 days' written notice by registered or certified mail to the Council and by first-class mail to the registered Owner of each Bond, and such resignation shall take effect upon the appointment of a successor Trustee as hereinafter provided and the acceptance of such appointment by such successor.

SECTION 10.07. Removal of Trustee. The Council may remove the Trustee at any time without cause with 30 days written notice, by an instrument or concurrent instruments in writing delivered to the Trustee so removed, provided, that all amounts owing to the Trustee shall be paid simultaneous with or prior to such removal. The Trustee may be removed at any time for any breach of trust set forth herein by an instrument or concurrent instruments in writing delivered to the Trustee so removed, with notice to the Council, by the Owners of a majority in aggregate principal amount of all Bonds then Outstanding.

SECTION 10.08. Appointment of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by a resolution of the Council or if the Council shall not have appointed a successor Trustee, by filing with the Council an instrument or concurrent instruments in writing signed by Owners of not less than a majority in principal amount of Bonds outstanding, or by their attorneys in fact, duly authorized. Notice of the appointment of a successor Trustee shall be given by the successor Trustee in the same manner as provided by Section 10.06 hereof with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing having a corporate trust office in the State, having a reported capital and surplus of not less than \$50,000,000 and subject to examination by federal or State authority, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Notwithstanding anything to the contrary, if no successor Trustee shall have been appointed and accepted appointment within 60 days of the resignation, removal, or other

vacancy in the office of Trustee in the manner herein provided, the Trustee or any bond owner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided.

SECTION 10.09. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Council an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties, and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Council, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, moneys, documents, and other property held by it as the Trustee hereunder to its or his successor hereunder. Should any instrument in writing from the Council be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers, and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged, and delivered by the Council. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article X, shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded. Such successor Trustee shall give notice of such successors to S&P.

SECTION 10.10. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Council during the Trustee's normal business hours and under reasonable conditions.

SECTION 10.11. [Reserved].

SECTION 10.12. Paying Agent. The Council hereby appoints the Trustee as Paying Agent. The Council may, with the approval of the Trustee, appoint additional Paying Agents for the Bonds. Each Paying Agent shall designate to the Council and the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Council under which such Paying Agent will agree, particularly:

(a) to hold all sums received by it for the payment of the principal of or interest on Bonds in trust for the benefit of the Owners of the Bonds until such sums shall be paid to such Owners of the Bonds or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Council and the Trustee at all reasonable times; and

(c) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by the Paying Agent.

SECTION 10.13. Registrar. The Council hereby appoints the Trustee as Registrar for the Bonds. The Registrar shall designate to the Trustee its principal office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Council and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Council and the Trustee at all reasonable times.

The Council shall cooperate with the Trustee to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Council and authenticated by the Registrar or any authenticating agent, shall be made available for exchange, registration, and registration of transfer at the principal office of the Registrar. The Council shall cooperate with the Trustee to cause the necessary agreements to be made and thereafter continued whereby the Registrar shall be furnished such records and other information at such times as shall be required to enable the Registrar to perform the duties and obligations imposed upon it hereunder.

SECTION 10.14. Effect on Bondholders of Certain Actions. Notwithstanding any other provision of this Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee or Paying Agent shall consider the effect on the Bondholders.

[Remainder of page intentionally left blank]

ARTICLE XI

SUPPLEMENTAL INDENTURES

SECTION 11.01. Supplemental Indentures Not Requiring Consent of Bondholders. The Council and the Trustee may, without the consent of or notice to any of the Bondholders, enter into any indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

- (a) to cure or correct any ambiguity, omission, or formal defect in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers, or authorities that may lawfully be granted to or conferred upon such Bondholders or the Trustee, or to make any change which is not to the material prejudice of such Bondholders;
- (c) to subject to this Indenture additional revenues, properties, or collateral;
- (d) to modify, amend, or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions, and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute; or

SECTION 11.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 11.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than two-thirds in aggregate principal amount of the Outstanding Bonds affected thereby shall have the right, from time to time, to consent to and approve the execution by the Council and the Trustee of such other indenture or indentures supplemental hereto for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section shall permit, or be construed as permitting (a) without the consent of the Owners of all then Outstanding Bonds affected thereby: (i) an extension of the maturity date of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (v) except to the extent necessary to implement Section 4.08(c) hereof, the creation of any lien hereunder other than a lien ratably securing all of the Bonds at any time Outstanding hereunder, or (b) any modification of the trusts, powers,

rights, obligations, duties, remedies, immunities, and privileges of the Trustee without the written consent of the Trustee.

If at any time the Council shall request the Trustee in writing to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by registered or certified mail to each Owner of a Bond affected thereby at the address shown on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Bondholders. If, within 60 days, or such longer period as shall be prescribed by the Council, following the mailing of such notice, the Owners of not less than two-thirds in aggregate principal amount of the Outstanding Bonds affected thereby at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right 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 execution thereof, or to enjoin or restrain the Trustee or the Council from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Prior to entering into any indenture or indentures supplemental to this Indenture under this Article XI, the Trustee shall be entitled to receive and conclusively rely upon an opinion of Counsel to the effect that such indenture or indentures supplemental to this Indenture is authorized or permitted pursuant to this Article XI. The Trustee may, but shall not be obligated to, enter into any indenture or indentures supplement to this Indenture that adversely affects its rights, duties and protections under and pursuant to this Indenture.

SECTION 11.03. Notice to S&P. The Trustee shall give notice to S&P of any supplemental indentures or any amendments to any Loan Agreement.

[Remainder of page intentionally left blank]

ARTICLE XII

AMENDMENT OF LOAN AGREEMENT

SECTION 12.01. Amendments, Etc., Not Requiring Consent of Bondholders. The Council and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change, or modification of any Loan Agreement that may be required (a) by the provisions of such Loan Agreement or to conform to the provisions of this Indenture, (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of such Loan Agreement, or (d) in connection with any other change therein which is not to the material prejudice of the Trustee or the Owners of the Bonds.

SECTION 12.02. Amendments, Etc., Requiring Consent of Bondholders. Except for amendments, changes, or modifications provided for in Section 12.01 hereof, neither the Council nor the Trustee shall consent to any amendment, change, or modification of any Loan Agreement without the mailing of notice and the written approval or consent of the Owners of not less than two-thirds in aggregate principal amount of the Bonds at the time Outstanding given and procured pursuant to this Section. If at any time the Council and the Borrower shall request in writing the consent of the Trustee to any such proposed amendment, change, or modification of the Loan Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be mailed in the same manner as provided by Section 11.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Bondholders. Nothing contained in this Section shall permit, or be construed as permitting, a reduction of the aggregate principal amount of Bonds the Owners of which are required to consent to any amendment, change, or modification of the Loan Agreement, a reduction in, or a postponement of, the payments under any Loan Agreement or any changes that affect the exclusion of interest on the Bonds from the gross income of the Holders thereof for purposes of federal income taxation, without the consent of the Owners of all of the Bonds then Outstanding.

Prior to consenting to any amendment, change or modification of any Loan Agreement, the Trustee shall be entitled to receive and conclusively rely upon an opinion of Counsel to the effect that such amendment, change or modification is authorized or permitted pursuant to this Article XII. The Trustee may, but shall not be obligated to, enter into any amendment, change or modification of the Loan Agreement that adversely affects its rights, duties and protections thereunder.

Nothing contained in this Section shall be construed to prevent the Trustee, with the consent of the Council, from settling a default under any Loan Agreement on such terms as the Trustee may determine to be in the best interests of the Owners of the Bonds.

ARTICLE XIII

GENERAL COVENANTS

SECTION 13.01. Payment of Principal and Interest. The Council covenants that it will promptly pay the principal of and interest on every Bond issued under this Indenture at the place, on the dates, and in the manner provided herein and in said Bonds according to the true intent and meaning thereof, provided that the principal and interest are payable by the Council solely from the Trust Estate as provided in this Indenture, and nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets of the Council other than such Trust Estate.

SECTION 13.02. Performance of Covenants; the Council. The Council covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Indenture, in any and every Bond executed, authenticated, and delivered hereunder and in all of its proceedings pertaining hereto. The Council covenants that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Bonds authorized hereby and to execute this Indenture, to execute and deliver the Loan Agreement, to assign the Loan Agreement and collateral documents and amounts payable thereunder, and to pledge the Revenues and any other property hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Council according to the terms thereof and hereof.

SECTION 13.03. Instruments of Further Assurance. The Council agrees that the Trustee may defend its rights to the payments of the Revenues for the benefit of the Owners of the Bonds, against the claims and demands of all persons whomsoever. The Council covenants that it will do, execute, acknowledge, and deliver, or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning, and confirming unto the Trustee all and singular the rights assigned hereby and the amounts and other property pledged hereby to the payment of the principal of and interest on the Bonds. The Council covenants and agrees that, except as provided herein or in the Loan Agreement, it will not sell, convey, assign, pledge, encumber, or otherwise dispose of any part of the Revenues or the proceeds of the Bonds or its rights under the Loan Agreement.

SECTION 13.04. Rights Under the Loan Agreement. The Loan Agreement, the form of which has been filed with the Trustee and duly executed counterparts of each of which will be retained by the Trustee, as required by Section 13.05 hereof, set forth the covenants and obligations of the Council and the Borrower, including provisions that the Loan Agreement may not be effectively amended without the concurring written consent of the Trustee, as provided in Article XII hereof, and reference is hereby made to the Loan Agreement for a

detailed statement of said covenants and obligations of the Borrower under the Loan Agreement, and the Council agrees that the Trustee in its name or to the extent permitted by law, in the name of the Council, may enforce all rights of the Council and all obligations of the Borrower under the Loan Agreement (and waive the same except for rights expressly granted to the Council) on behalf of the Bondholders whether or not the Council is in default hereunder.

SECTION 13.05. Possession and Inspection of Loan Agreement. The Trustee shall retain possession of an executed copy of each Loan Agreement to which it is a party or in which it has an interest and release them only in accordance with the provisions of this Indenture. The Council and the Trustee covenant and agree that all books and documents in their possession relating to the Loan Agreement and to the distribution of proceeds thereof shall at all times during the normal business hours of the Trustee be open to inspection by such accountants or other agencies or Persons as the other party may from time to time designate.

SECTION 13.06. Provision of Documents to Bondholders. If any Bondholder shall request of the Council or Trustee in writing a copy of the Indenture or the Loan Agreement, the Trustee shall, at the expense of the Bondholder, provide such Bondholder with a photocopy or other copy of any such document requested.

SECTION 13.07. Tax Covenants.

(a) The Council shall not use or permit the use of any proceeds of the Bonds or any other funds of the Council, and the Trustee shall not knowingly use or permit the use of any proceeds of the Bonds or any other funds of the Council held by the Trustee, directly or indirectly, to acquire any securities or obligations, and shall not knowingly use or permit the use of any amounts received by the Council or Trustee with respect to the Loan Agreement in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148, or "federally guaranteed" within the meaning of the Code. If at any time the Council is of the opinion that for purposes of this subsection (a) it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee under this Indenture, the Council shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(b) The Council shall not use or permit the use of any proceeds of Bonds or any other funds of the Council, and the Trustee shall not knowingly use or permit the use of any proceeds of the Bonds or any other funds of the Council held by the Trustee, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as a "private activity bond," as defined in Section 141 of the Code.

(c) The Council and the Trustee (if directed in writing by the Council) shall at all times do and perform all acts and things permitted by law and this Indenture which are

necessary or desirable in order to assure that interest paid on the Bonds will be excluded from gross income for purposes of federal income taxation and shall take no action that would result in such interest not being excluded from federal gross income.

(d) The Council covenants that it will maintain adequate accounting records, and rebate investment income from the investment of proceeds of the Bonds to the United States Treasury within the time allowed and in the manner specified by the Code and regulations and will otherwise comply with such laws and regulations.

SECTION 13.08. Security Interest.

(a) This Indenture creates a valid and binding assignment of, and lien on the Trust Estate in favor of the Trustee as security of payment of the Bonds, enforceable by the Trustee in accordance with the terms hereof.

(b) The Council has not heretofore made a pledge of, granted a lien on, or made an assignment or sale of such collateral that ranks on a parity with (except the Reserve Fund) or prior to the lien or assignment granted hereby. The Council has not described such collateral in a Uniform Commercial Code financing statement. The Council shall not hereafter make or suffer to exist any pledge or assignment of, or lien on, such collateral that ranks prior to or on a parity with (except the Reserve Fund) the assignment or lien, granted hereby, or file any financing statement describing any such pledge, assignment, or lien, except as expressly permitted hereby.

[Remainder of page intentionally left blank]

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Consents, etc., of Bondholders. Any consent, request, direction, approval, objection, or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by an agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection, or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Council, the Trustee, and any subsequent Owners of the Bonds with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of the Bonds and the amount or amounts, numbers and other identification of the Bonds, and the date of owning the same shall be proved by the registration books of the Council maintained by the Registrar pursuant to Section 2.07 hereof.

SECTION 14.02. Limitation of Rights. With the exception of rights herein expressly conferred or as otherwise provided herein, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the owners of the Bonds, any legal or equitable right, remedy, or claim under or in respect to this Indenture or any covenants, conditions, and provisions herein contained; this Indenture and all of the covenants, conditions, and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners of the Bonds as herein provided.

SECTION 14.03. [Reserved].

SECTION 14.04. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative, or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 14.05. Notices. Any notice, request, complaint, demand, communication, or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram or telex, addressed to the parties as follows:

Council: Florida Municipal Loan Council
c/o Florida League of Cities
301 South Bronough Street, Suite 300
Tallahassee, Florida 32301

Trustee: The Bank of New York Mellon Trust Company, N.A.
10161 Centurion Parkway North
Jacksonville, Florida 32256

For purposes of presentation of Bonds for transfer, exchange, or payment:

The Bank of New York Mellon Trust Company, N.A.
10161 Centurion Parkway N.
Jacksonville, FL 32256

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

SECTION 14.06. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of payment of principal of or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day which is not a Business Day, then payment of interest or principal shall be made on the succeeding Business Day with the same force and effect as if made on the interest payment date or the date of maturity or the date fixed for redemption.

SECTION 14.07. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which, when so executed and delivered, shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14.08. Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws of the State without regard to conflict of law principles.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Council has caused this Indenture to be executed on its behalf by its Chairman and the seal of the Council to be hereunto affixed and duly attested by its Executive Director Designate and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officer, all as of the day and year first above written.

FLORIDA MUNICIPAL LOAN COUNCIL

(SEAL)

By: _____
Name: Isaac Salver
Title: Chairman

ATTEST:

FLORIDA LEAGUE OF CITIES, INC.,
Program Administrator

By: _____
Name: Jeannie Garner
Title: Executive Director Designate

TRUST INDENTURE

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____
Name: Charles G. Nelson
Title: Vice President

EXHIBIT A
FORM OF BOND

No. R-_____ \$_____

FLORIDA MUNICIPAL LOAN COUNCIL
REVENUE BOND,
SERIES 2019A

Maturity Date: Interest Rate: Dated Date: CUSIP

April 18, 2019

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

FLORIDA MUNICIPAL LOAN COUNCIL, a legal entity duly created and existing under the Constitution and laws of the State of Florida (the "Council"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount identified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Dated Date identified above, until payment of said Principal Amount has been made or duly provided for, at the Interest Rate set forth above on February 1, 2020, and on each February 1 and August 1 thereafter (each an "Interest Payment Date"), unless interest on this Bond is in default, in which event it shall bear interest from the last date to which interest has been paid until payment of such Principal Amount shall be discharged as provided in the Indenture hereinafter mentioned. The principal (or Redemption Price) hereof is payable upon presentation hereof at the designated office of The Bank of New York Mellon Trust Company, N.A., as Paying Agent and Registrar (together with any successor thereto, respectively, the "Paying Agent" and the "Registrar"). Interest hereon is payable by check mailed, except as provided in the Indenture, to the person whose name appears on the bond registration books maintained by the Registrar as the Registered Owner hereof as of the close of business on the 15th day of the calendar month preceding each Interest Payment Date, at such Person's address as it appears on such registration books.

This Bond is one of a duly authorized issue of bonds of the Council designated as "Florida Municipal Loan Council Revenue Bonds, Series 2019A" (the "Bonds"), issued in the aggregate principal amount of Sixteen Million Five Hundred Thousand Dollars (\$16,500,000),

pursuant to the provisions of Chapter 163, Part I, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and pursuant to a Trust Indenture, dated as of April 1, 2019, between the Council and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (together with any supplements or amendments thereto, the "Indenture"). The Bonds are issued for the purpose of providing funds to make a loan to the City of Lighthouse Point, Florida (the "Borrower") to finance or reimburse the costs of various capital projects, pursuant to a loan agreement between the Council and such Borrower (together with any supplements or amendments thereto, the "Loan Agreement").

Capitalized terms used but not defined herein shall have the meaning set forth in the Indenture.

Reference is hereby made to the Indenture (a copy of which is on file at the Designated Office of the Trustee) and to the Act for a description of the rights and remedies thereunder (and limitations thereon) of the registered owners of the Bonds, of the nature and extent of the security, of the rights, duties, and immunities of the Trustee, and of the rights and obligations of the Council thereunder, to all the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon are payable from Revenues and are secured by a pledge and assignment of said Revenues and of amounts held in certain Funds established pursuant to the Indenture (including proceeds of the sale of the Bonds until applied as set forth therein), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds are further secured by an assignment of the right, title, and interest of the Council in the Loan Agreement to the Trustee, to the extent and as more particularly described in the Indenture.

The Bonds maturing on or before August 1, 2028 are not subject to optional redemption prior to their maturities. The Bonds maturing after August 1, 2028 are subject to redemption at the option of the Council on or after February 1, 2029, as a whole or in part at any time, in any manner determined by the Trustee in its discretion taking into consideration the maturity of the Loan being prepaid by the Borrower, at the Redemption Price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

The Bonds maturing on August 1, 2044 are subject to mandatory redemption, in part, by lot, at Redemption Prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on August 1, 2043 and on each August 1 thereafter, in the following principal amounts in the following years:

Year	Principal Amount
2043	\$790,000
2044*	820,000

* Maturity, not a redemption.

The Bonds maturing on August 1, 2048 are subject to mandatory redemption, in part, by lot, at Redemption Prices equal to 100% of the principal amount thereof plus interest accrued to the redemption date, beginning on August 1, 2045 and on each August 1 thereafter, in the following principal amounts in the following years:

Year	Principal Amount
2045	\$855,000
2046	885,000
2047	915,000
2048*	940,000

* Maturity, not a redemption.

In the case of every redemption, the Registrar shall cause notice of such redemption to be given to the Registered Owner of any Bonds designated for redemption in whole or in part as provided in the Indenture. The failure of the Registrar to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any other Bonds. On the redemption date, the principal amount and premium, if any, of each Bond to be redeemed, together with the accrued interest thereon to such date, shall become due and payable; from and after such date of redemption (such notice having been given and moneys available solely for such redemption being on deposit with the Trustee), the Bonds or portions thereof to be redeemed shall not be deemed to be outstanding under the Indenture, and the Council shall be under no further liability in respect thereof.

The Indenture and the rights and obligations of the Council, the Bondholders, and Trustee may be modified or amended from time to time and at any time, without consent of the Bondholders in the manner, to the extent, and upon the terms provided in the Indenture.

The Bonds are limited obligations of the Council and are not a lien or charge upon the funds or property of the Council, except to the extent of the herein mentioned pledge and assignment. Neither the State of Florida nor the Council shall be obligated to pay the principal of the Bonds, nor the interest thereon, except from Revenues received by the Council, and neither the faith and credit nor the taxing power of the State of Florida or of any political subdivision or any municipal corporation thereof (except the Borrower) is pledged to the payment of the principal of, or interest on, the Bonds. The Bonds are not a debt of the State of

Florida and the State of Florida or any political subdivision or any municipal corporation thereof (except the Borrower) are not liable for the payment thereof.

It is hereby certified and recited that any and all conditions, things, and acts required to exist, to have happened, and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by the Act, and by the Constitution and laws of the State of Florida, and that the amount of this Bond, together with all other indebtedness of the Council, does not exceed any limit prescribed by the Act, or by the Constitution and laws of the State of Florida, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Registrar.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, FLORIDA MUNICIPAL LOAN COUNCIL has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman and its seal to be reproduced hereon by facsimile and attested by the manual or facsimile signature of its Executive Director Designate all as of the date of the Bonds.

FLORIDA MUNICIPAL LOAN COUNCIL

(SEAL)

By: _____
Chairman

Attest:

Executive Director Designate

VALIDATION CERTIFICATE

This Bond is one of a series of Bonds which were validated and confirmed by judgment of the Circuit Court for Leon County, Florida, rendered on February 13, 2003.

By: _____
Chairman

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Registrar

Date of Authentication:

April 18, 2019

By: _____
Authorized Signer

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____

_____ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) attorney, to transfer the same on the books of the Registrar with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

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APPENDIX D

FORM OF THE LOAN AGREEMENT

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LOAN AGREEMENT

By and Between

FLORIDA MUNICIPAL LOAN COUNCIL

and

CITY OF LIGHTHOUSE POINT, FLORIDA

Dated as of April 1, 2019

FLORIDA MUNICIPAL LOAN COUNCIL
REVENUE BONDS, SERIES 2019A

This Instrument Prepared By:

JoLinda Herring, Esquire
Bryant Miller Olive P.A.
SunTrust International Center
1 SE 3rd Avenue, Suite 2200
Miami, Florida 33131

and

Jason M. Breth, Esquire
Bryant Miller Olive P.A.
101 North Monroe Street, Suite 900
Tallahassee, Florida 32301

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LOAN AGREEMENT

This Loan Agreement (the "Loan Agreement"), is dated as of April 1, 2019, and entered into by and between the FLORIDA MUNICIPAL LOAN COUNCIL (the "Council"), a separate legal entity and public body corporate and politic duly created and existing under the Constitution and laws of the State of Florida (the "State"), and the CITY OF LIGHTHOUSE POINT, FLORIDA (the "Borrower"), a duly constituted municipality under the laws of the State.

WITNESSETH:

WHEREAS, pursuant to the authority of the Act (as hereinafter defined), the Council desires to loan to the Borrower the amount necessary to enable the Borrower to finance, refinance, or reimburse the cost of the Projects, as hereinafter defined, and the Borrower desires to borrow such amount from the Council subject to the terms and conditions of and for the purposes set forth in this Loan Agreement; and

WHEREAS, the Council is a separate legal entity and public body corporate and politic duly created and existing under the laws of the State organized and existing under and by virtue of that certain Interlocal Agreement by and among, initially, the City of DeLand, Florida, the City of Rockledge, Florida, and the City of Stuart, Florida, as amended and supplemented, together with the additional governmental entities who become members of the Council, in accordance with Chapter 163, Part I, Florida Statutes, as amended (the "Interlocal Act"); and

WHEREAS, the Council has determined that there is substantial need within the State for a financing program (the "Program") which will provide funds for qualifying projects for the participating borrowers, including the Borrower; and

WHEREAS, the Council is authorized under the Interlocal Act to issue its revenue bonds to provide funds for such purposes; and

WHEREAS, the Council has determined that the public interest will best be served and that the purposes of the Interlocal Act can be more advantageously obtained by the Council's issuance of revenue bonds in order to loan funds to the Borrower to finance or refinance the Projects (as hereinafter defined); and

WHEREAS, the Borrower is authorized under and pursuant to the Act to enter into this Loan Agreement for the purposes set forth herein; and

WHEREAS, the Borrower has determined that ad valorem revenues, as described herein, shall be pledged to secure this Loan Agreement; and

WHEREAS, the Borrower has determined that there is a substantial need for the financing of the Projects; and

WHEREAS, the Council and the Borrower have determined that the lending of funds by the Council to the Borrower pursuant to the terms of this Loan Agreement and that certain Trust Indenture, dated as of April 1, 2019, by and between the Council and the Trustee (as hereinafter defined), including any amendments and supplements thereto (the "Indenture"), relating to the issuance of the Bonds (as hereinafter defined), will assist in the development and maintenance of the public welfare of the residents of the State and the areas served by the Borrower, and shall serve a public purpose by improving the health and living conditions, and providing adequate governmental services, facilities, and programs and will promote the most efficient and economical development of such services, facilities, and programs in the State.

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context or use indicates another meaning or intent, the following words and terms as used in this Loan Agreement shall have the following meanings, and any other hereinafter defined words and terms, shall have the meanings as therein defined.

"Accountant" or "Accountants" means an independent certified public accountant or a firm of independent certified public accountants.

"Act" means, collectively, to the extent applicable to the Borrower, Chapter 163, Part I, Florida Statutes, Chapter 166, Part II, Florida Statutes, and Chapter 125, Part I, Florida Statutes, each as amended, and all other applicable provisions of law.

"Additional Payments" means payments required by Section 5.03 hereof.

"Authorized Representative" means, when used pertaining to the Council, the Chairman of the Council and such other designated members, agents, or representatives as may hereafter be selected by Council resolution; and, when used with reference to a Borrower which is a municipality, means the person performing the functions of the Mayor or Acting Mayor, Commission President or Commission Vice President of such Borrower thereof, or other officer authorized to exercise the powers and performs the duties of the Mayor; and, when used with reference to an act or document, also means any other person authorized by resolution or ordinance to perform such act or sign such document.

"Basic Payments" means the payments denominated as such in Section 5.01 hereof.

"Board" means the governing body of the Borrower.

"Bond Counsel" means Bryant Miller Olive P.A., Miami, Florida, or any other nationally recognized bond counsel, selected by the Council.

"Bondholder" or "Holder," "holder of Bonds," "Owner," or "owner of Bonds," whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered.

"Bonds" means the \$16,500,000 Florida Municipal Loan Council Revenue Bonds, Series 2019A issued pursuant to Article II of the Indenture.

"Bond Year" means such year as determined by the Borrower.

"Borrower" means the City of Lighthouse Point, Florida, the governmental unit which is described in the first paragraph and on the cover page of this Loan Agreement and which is borrowing and using the Loan proceeds to finance and/or be reimbursed for, all or a portion of the costs of one or more Projects.

"Business Day" means any day of the year which is not a Saturday or Sunday or a day on which banking institutions located in New York City or the State are required or authorized to remain closed or on which the New York Stock Exchange is closed.

"Certificate," "Statement," "Request," "Requisition," or "Order" of the Council mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the Council by its Chairman, Program Administrator, or such other person as may be designated and authorized to sign for the Council; or of the Borrower mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the Borrower by its Mayor or Acting Mayor, Commission President or Commission Vice President, or such other person as may be designated and authorized to sign for the Borrower. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion, or representation, and the two or more so combined shall be read and construed as a single instrument.

"Closing" means the closing of a Loan pursuant to the Indenture and this Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final or temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code, the applicable

rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions).

"Cost" means the purchase price of any project acquired; the cost of improvements; the cost of construction, extension or enlargement; the cost of all lands, properties, rights, easements and franchises acquired; the cost of all machinery and equipment, financing charges, interest during construction; and, if deemed advisable, for one year after completion of construction, cost of investigations, audits, and engineering and legal services; and all other expenses necessary or incident to determining the feasibility or practicability of such acquisition or construction, administrative expense and such other expenses as may be necessary or incident to the financing herein authorized and to the acquisition or construction of a project and the placing of the same in operation. Any obligation or expense incurred by the Borrower prior to the issuance of bonds for engineering studies and for estimates of cost and of revenues, and for other technical, financial, or legal services in connection with the acquisition or construction of any project, may be regarded as a part of the cost of such project.

"Council" means the Florida Municipal Loan Council.

"Counsel" means an attorney duly admitted to practice law before the highest court of the State and, without limitation, may include legal counsel for either the Council, a Borrower, or the Trustee.

"Debt Service Fund" means the special fund of the Borrower designated "City of Lighthouse Point, Florida General Obligation Bonds, Series 2019A Debt Service Fund" established pursuant to Section 2.02(b) of the Loan Agreement.

"Default" means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Event of Default" shall have the meaning ascribed to such term in Section 8.01 of this Loan Agreement.

"Fiscal Year" means the fiscal year of the Borrower.

"Fitch" means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Council by notice to the Trustee.

"Funds" means the funds created pursuant to Section 4.02 of the Indenture related to the Bonds.

"Indenture" means the Trust Indenture dated as of April 1, 2019, between the Council and the Trustee, including any indentures amendatory or supplemental thereto, pursuant to which (a) the Bonds are authorized to be issued, and (b) the Council's interest in the Trust Estate is pledged as security for the payment of the principal of, premium, if any, and interest on the Bonds.

"Interest Payment Date" means February 1 and August 1 of each year, commencing February 1, 2020.

"Interest Period" means the semi-annual period between Interest Payment Dates.

"Interlocal Act" means Chapter 163, Part I, Florida Statutes.

"Interlocal Agreement" means that certain Interlocal Agreement originally dated as of December 1, 1998, initially among the City of Stuart, Florida, the City of Rockledge, Florida, and the City of DeLand, Florida, together with the additional governmental entities who become members of the Council, all as amended and supplemented from time to time.

"Loan" means the Loan made to the Borrower from proceeds of the Bonds in order to finance the Project in the amount specified in Section 3.01 herein.

"Loan Agreement" means this Loan Agreement and any amendments and supplements hereto.

"Loan Repayment Date" means January 20, 2020, and thereafter each July 20th and January 20th, or if such day is not a Business Day, the next preceding Business Day.

"Loan Repayments" means the payments of principal and interest and other payments payable by the Borrower pursuant to the provisions of this Loan Agreement, including, without limitation, Additional Payments.

"Loan Term" means the term provided for in Article IV of this Loan Agreement.

"Maximum Annual Debt Service" means the largest aggregate amount of annual Loan Repayments coming due in any Fiscal Year in which the Loan is outstanding.

"Outstanding Bonds" or "Bonds Outstanding" means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds deemed paid under Article VIII of the Indenture; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.06, 2.07, or 2.09 of the Indenture.

"Person" or "person" means an individual, a corporation, a partnership, an association, a trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Principal Payment Date" means the maturity date or mandatory redemption date of any Bond.

"Program" means the Council's program of making the Loan under the Act and pursuant to the Indenture.

"Program Administrator" means the Florida League of Cities, Inc., a non-profit Florida corporation.

"Project" or "Projects" means a governmental undertaking approved by the governing body of a Borrower for a public purpose, including the refinancing of any indebtedness, which shall include the Borrower's Project detailed on Exhibit A hereof.

"Purchase Price" means the purchase price of one or more items of a Project payable by a Borrower to the seller of such items.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the premium, if any, payable upon redemption pursuant to the provisions of such Bond and the Indenture.

"Revenues" means all Loan Repayments paid to the Trustee for the accounts of the Borrower for deposit in the Series 2019A Principal Fund and Series 2019A Revenue Fund to pay principal of, premium, if any, and interest on the Bonds upon redemption, at maturity, or to pay interest on the Bonds when due, and all receipts of the Trustee credited to the Borrower under the provisions of this Loan Agreement.

"S&P" means Standard & Poor's Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Council by notice to the Trustee.

"Series 2019A Cost of Issuance Fund" means the fund by that name established pursuant to Section 4.02 of the Indenture related to the Bonds.

"Series 2019A Principal Fund" means the fund by that name established pursuant to Section 4.02 of the Indenture related to the Bonds.

"Series 2019A Project Loan Fund" means the fund by that name established pursuant to Section 4.02 of the Indenture related to the Bonds.

"Series 2019A Revenue Fund" means the fund by that name established pursuant to Section 4.02 of the Indenture related to the Bonds.

"Special Record Date" means the date established pursuant to Section 9.05 of the Indenture as a record date for the payment of defaulted interest, if any, on the Bonds.

"State" means the State of Florida.

"Trust Estate" means the property, rights, Revenues and other assets pledged and assigned to the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee, or any successor thereto under the Indenture.

SECTION 1.02. Uses of Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Bondholder," "Owner," and "person" shall include the plural as well as the singular number, and the word "person" shall include corporations and associations, including public bodies, as well as persons. All references herein to specific Sections of the Code refer to such Sections of the Code and all successor or replacement provisions thereto.

[Remainder of page intentionally left blank]

ARTICLE II

REPRESENTATIONS, WARRANTIES, AND COVENANTS OF BORROWER AND COUNCIL

SECTION 2.01. Representations, Warranties, and Covenants. The Borrower represents, warrants, and covenants on the date hereof for the benefit of the Council, the Trustee, the Borrower, and Bondholders, as applicable, as follows:

(a) Organization and Authority. The Borrower:

(1) is a duly organized and validly existing municipality of the State and is a duly organized and validly existing Borrower; and

(2) has all requisite power and authority to own and operate its properties, to finance the Project, to levy ad valorem taxes for payment of the Loan, and to carry on its activities as now conducted and as presently proposed to be conducted.

(b) Full Disclosure. There is no fact that the Borrower knows of which has not been specifically disclosed in writing to the Council that materially and adversely affects or, except for pending or proposed legislation or regulations that are a matter of general public information affecting the State municipalities generally, that will materially affect adversely the properties, activities, prospects, or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Loan Agreement.

The audited financial statements, including, but not limited to the audited financial statements for the Borrower's Fiscal Year ended September 30, 2018, balance sheets, and any other written statement furnished by the Borrower to the Council; and Wells Fargo Bank, National Association, as underwriter of the Bonds (the "Underwriter") were prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact known to the Borrower which the Borrower has not disclosed to the Council and the Underwriter in writing which materially affects adversely or is likely to materially affect adversely the financial condition of the Borrower, or its ability to make the payments under this Loan Agreement when and as the same become due and payable.

(c) Pending Litigation. There are no proceedings pending, or to the knowledge of the Borrower threatened, against or affecting the Borrower, except as specifically described in writing to the Council and the Underwriter in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, prospects, or condition (financial or otherwise) of the Borrower, the Borrower's authority to levy ad valorem taxes for payment of the Loan, or the existence or

powers or ability of the Borrower to enter into and perform its obligations under this Loan Agreement.

(d) Borrowing Legal and Authorized. The execution and delivery of this Loan Agreement and the consummation of the transactions provided for in this Loan Agreement and compliance by the Borrower with the provisions of this Loan Agreement:

(1) are within the powers of the Borrower and have been duly and effectively authorized by all necessary action on the part of the Borrower; and

(2) do not and will not (i) conflict with or result in any material breach of any of the terms, conditions, or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge, or encumbrance upon any property or assets of the Borrower pursuant to any indenture, loan agreement, or other agreement or instrument (other than this Loan Agreement) or restriction to which the Borrower is a party or by which the Borrower, its properties, or operations are bound as of the date of this Loan Agreement, or (ii) with the giving of notice or the passage of time or both, constitute a breach or default or so result in the creation or imposition of any lien, charge, or encumbrance, which breach, default, lien, charge, or encumbrance (described in (i) or (ii)) could materially and adversely affect the validity or the enforceability of this Loan Agreement or the Borrower's ability to perform fully its obligations under this Loan Agreement; nor does such action result in any violation of the provisions of the Act, or any laws, ordinances, governmental rules or regulations, or court orders to which the Borrower, its properties, or operations may be bound.

(e) No Defaults. No event has occurred and no condition exists that constitutes an Event of Default, or which, upon the execution and delivery of this Loan Agreement and/or the passage of time or giving of notice or both, would constitute an Event of Default. The Borrower is not in violation in any material respect, and has not received notice of any claimed violation (except such violations as (i) heretofore have been specifically disclosed in writing to, and have been in writing specifically consented to by the Council, and (ii) do not, and shall not, have any material adverse effect on the transactions herein contemplated and the compliance by the Borrower with the terms hereof), of any terms of any agreement or other instrument to which it is a party or by which it, its properties, or operations may be bound, which may materially adversely affect the ability of the Borrower to perform hereunder.

(f) Governmental Consent. The Borrower has obtained, or will obtain, all permits, approvals, and findings of non-reviewability required as of the date hereof by any governmental body or officer for the acquisition, construction, installation, and/or equipping of the Project, including, but not limited to, construction and renovation work necessary for such acquisition, construction, installation, and/or equipping, the financing or refinancing thereof, or the reimbursement of the Borrower therefor, or the use of the Project, and, prior to the Loan, the Borrower will obtain all other such permits, approvals, and findings as may be necessary for the

foregoing and for such Loan and the proper application thereof; the Borrower has complied with or will comply with all applicable provisions of law requiring any notification, declaration, filing, or registration with any agency or other governmental body or officer in connection with the acquisition, construction, installation, and/or equipping of the Project, including, but not limited to, construction and renovation work necessary for such acquisition, construction, installation, and/or equipping, financing or refinancing thereof, or reimbursement of the Borrower therefor. Any such action, construction, installation, financing, refinancing or reimbursement contemplated in this Loan Agreement is consistent with, and does not violate or conflict with, the terms of any such agency or other governmental consent, order, or other action which is applicable thereto. No further consent, approval, or authorization of, or filing, registration or qualification with, any governmental authority is required on the part of the Borrower as a condition to the execution and delivery of this Loan Agreement, or to amounts becoming outstanding hereunder.

(g) Compliance with Law. The Borrower is in compliance with all laws, ordinances, and governmental rules and regulations to which it is subject, and which are material to its properties, operations, finances, or status as a municipal corporation.

(h) Use of Proceeds.

(1) The Borrower deems it necessary, desirable, and in the best financial interest of the Borrower to finance the acquisition, construction, and/or equipping of the Project. The financing of the Project in the manner herein provided is hereby authorized. The Borrower will apply the proceeds of the Loan from the Council for the financing of the Costs of the Projects as set forth in Exhibit A hereto. Simultaneously with the closing of the Loan, a portion of the proceeds of the Loan will, at the Borrower's request and instruction as provided in Section 3.04 hereof, be transferred by the Underwriter directly to the Trustee for deposit by the Trustee into the Series 2019A Project Loan Fund established pursuant to the Indenture. The Borrower will provide the Trustee with a requisition in the form of the requisition attached hereto as Exhibit E for the expenditure of the amounts of the Loan in the Series 2019A Project Loan Fund. If any component of the Project listed in Exhibit A is not paid for out of the proceeds of the Loan at the Closing of the Loan, Borrower shall, as quickly as reasonably possible, with due diligence, and in any event prior to April 18, 2022, use the remainder of the proceeds of the Loan listed in Exhibit A and any investment earnings thereon to pay the Costs of the Project, provided that, such time limit may be extended by the written consent of the Council with notice to the Trustee. The Borrower may amend Exhibit A to provide for the financing of different or additional Projects if the Borrower, after the date hereof, deems it to not be in the interest of the Borrower to acquire or construct any item of the Project or the Costs of the Project prove to be less than the amounts listed on Exhibit A and the investment earnings thereon, without the consent of the Council or the Trustee (but with notice thereto); provided, however, the Borrower must obtain an opinion of Bond Counsel to the effect that such an amendment and the completion of the revised

Project will not adversely affect the validity or tax-exempt status of the Bonds regarding the amended Exhibit A. Notwithstanding the foregoing all such proceeds of the Loan shall be expended prior to April 18, 2022.

(2) Costs of the Project which may be financed include, but are not limited to, all reasonable or necessary direct or indirect costs of or incidental to the acquisition, construction, installation, or equipping of the Project, including operational expenses during the construction period which would qualify for capitalization under GAAP, the incidental costs of placing the same in use, and financing expenses (including the application or origination fees, if any, of the Council and the Borrower's Counsel fees). Costs of the Project shall not include operating expenses.

(3) The Borrower understands that the actual Loan proceeds received by it are less than the sum of the face amount of the Loan Agreement plus the reoffering premium and less any discount in an amount equal to a discount as described in Section 3.01 hereof. The Borrower will accordingly be responsible for repaying, through the Basic Payments portion of its Loan Repayments, the portion of the Bonds issued to fund its Loan including the portion issued to fund the underwriting discount, net original issue premium, and other fees and costs of issuing the Bonds.

(4) The Borrower covenants that it will make no use of the proceeds of the Bonds which are in its control at any time during the term of the Bonds which would cause such Bonds to be "Arbitrage Bonds" within the meaning of Section 148 of the Code.

(5) The Borrower, by the Trustee's acceptance of the Indenture, covenants that the Borrower shall neither take any action nor fail to take any action or to the extent that it may do so, permit any other party to take any action which, if either taken or not taken, would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds.

(i) Project. All items constituting the Project are permitted to be financed with the proceeds of the Bonds and the Loan pursuant to the Act.

(j) Compliance with Interlocal Act and Interlocal Agreement. The Council hereby covenants and represents that all agreements and transactions provided for herein or contemplated hereby are in full compliance with the terms of the Interlocal Agreement and the Interlocal Act.

SECTION 2.02. Covenants of Borrower. The Borrower makes the following covenants and representations as of the date first above written and such covenants shall continue in full force and effect during the Loan Term:

(a) Security for Loan Repayment. The Loan is a general obligation of the Borrower. The Loan Repayments shall be secured by a pledge of the full faith, credit, and taxing power of the Borrower without limitation. The Borrower shall pay when due under this Loan Agreement as promptly as money becomes available in the Debt Service Fund directly to the Trustee for deposit directly into the appropriate Fund established in the Indenture, amounts of ad valorem taxes of the Borrower sufficient to satisfy the Loan Repayments as required under this Loan Agreement.

(b) Levy of Ad Valorem Taxes. For so long as the Loan remains outstanding, the Board shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Borrower at least equal to the Loan Repayment for the ensuing Bond Year. Such tax shall be levied and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Borrower and shall be in addition to all other taxes authorized to be levied by the Borrower. The Borrower covenants that it will not accept payment of taxes levied for operating expenses of the Borrower unless there shall be paid at the same time the taxes required by this Loan Agreement.

The Borrower covenants and agrees to establish a special fund to be designated the "City of Lighthouse Point, Florida General Obligation Bonds, Series 2019A Debt Service Fund." All taxes levied pursuant to this Loan Agreement, as collected, shall immediately be deposited into the Debt Service Fund and held in trust for the payment of the Loan Repayments as they become due and shall be expended for no other purpose. Until disbursed, the funds shall be secured as may from time to time be provided by law.

(c) Delivery of Information to the Council. The Borrower shall deliver to the Council as soon as available and in any event within 270 days after the end of each Fiscal Year an audited statement of its financial position as of the end of such Fiscal Year and the related statements of revenues and expenses, fund balances, and changes in fund balances for such Fiscal Year, all reported by an independent certified public accountant, whose report shall state that such audited financial statements present fairly Borrower's financial position as of the end of such Fiscal Year and the results of operations and changes in financial position for such Fiscal Year.

(d) Further Assurance. The Borrower shall execute and deliver to the Trustee all such documents and instruments and do all such other acts and things as may be reasonably necessary to enable the Trustee to exercise and enforce its rights under this Loan Agreement and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be reasonably necessary or required by the Trustee to validate, preserve, and protect the position of the Trustee under this Loan Agreement.

(e) Keeping of Records and Books of Account. The Borrower shall keep or cause to be kept proper records and books of account, in which correct and complete entries will be

made in accordance with generally accepted accounting principles, consistently applied (except for changes concurred in by the Borrower's independent auditors) reflecting all of its financial transactions.

(f) Payment of Taxes, Etc. The Borrower shall pay all legally contracted obligations when due and shall pay all taxes, assessments, and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims, which, if unpaid, might become a lien or charge upon any of its properties, provided that it shall not be required to pay any such tax, assessment, charge, levy, or claim which is being contested in good faith and by appropriate proceedings, which shall operate to stay the enforcement thereof.

(g) Compliance with Laws, Etc. The Borrower shall comply with the requirements of all applicable laws, the terms of all grants, rules, regulations, and lawful orders of any governmental authority, non-compliance with which would, singularly or in the aggregate, materially adversely affect its business, properties, earnings, prospects, or credit, unless the same shall be contested by it in good faith and by appropriate proceedings which shall operate to stay the enforcement thereof.

(h) Tax-exempt Status of Bonds. The Council and the Borrower understand that it is the intention hereof that the interest on the Bonds be excludable from the gross income of the Holders thereof for federal income tax purposes. In furtherance thereof, the Borrower and the Council each agree that they will take all action within their control which is necessary in order for the interest on the Bonds or this Loan to remain excludable from gross income for federal income taxation purposes and shall refrain from taking any action which results in such interest becoming included in gross income.

The Borrower and the Council further covenant that, to the extent they have control over the proceeds of the Bonds, they will not take any action or fail to take any action with respect to the investment of the proceeds of any Bonds, with respect to the payments derived from the Bonds or hereunder or with respect to the issuance of other Council obligations, which action or failure to act may cause the Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder. In furtherance of the covenant contained in the preceding sentence, the Borrower and the Council agree to comply with the Tax Certificate as to Arbitrage and the provisions of Section 141 through 150 of the Internal Revenue Code of 1986, as amended, including the letter of instruction attached as an Exhibit to the Tax Certificate, delivered by Bond Counsel to the Borrower and the Council simultaneously with the issuance of the Bonds, as such letter may be amended from time to time, as a source of guidelines for achieving compliance with the Code.

The covenants of the Council and the Borrower contained in this subsection shall survive the termination of this Loan Agreement.

(i) Information Reports. The Borrower covenants to provide the Council with all materials and information it possesses or has the ability to possess, which is necessary to enable the Council to file all reports required under Section 149(e) of the Code to assure that interest paid by the Council on the Bonds shall, for purposes of the federal income tax, be excluded from gross income.

(j) General Obligations.

(1) Anything in this Loan Agreement to the contrary notwithstanding, it is understood and agreed that all obligations of the Borrower hereunder shall be payable from ad valorem taxes levied on property within the Borrower, as provided for hereunder and nothing herein shall be deemed to permit or constitute a mortgage upon any assets or property owned by the Borrower.

(2) It is the intent of the parties hereto and they do hereby covenant and agree, that the liability of the Borrower hereunder is a several liability of the Borrower expressly limited to the Loan Repayments, and the Borrower shall have no joint liability with the Council for any of their respective liabilities, except to the extent expressly provided herein.

(k) Reporting Requirements. The Borrower agrees to provide to the Council, not later than December 31st of each year, a certificate of its Finance Director stating that to the best of its knowledge the Borrower is in compliance with the terms and conditions of this Loan Agreement, or, specifying the nature of any noncompliance and the remedial action taken or proposed to be taken to cure such noncompliance.

(l) Indemnity. To the full extent permitted under the laws of the State, the Borrower will pay, and will protect, indemnify, save, and hold harmless, the Council, the Trustee, each member, officer, commissioner, employee, and agent of any of the Council, the Trustee, and each other person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Council, harmless from and against, any and all liabilities, losses, damages, costs, and expenses (including reasonable attorneys' fees, costs, and expenses), suits, claims and judgments of whatsoever kind and nature (including those in any manner directly or indirectly arising or resulting from, out of, or in connection with, any injury to, or death of, any person or any damage to property resulting from the use or operation of the Project) in any manner arising out of or in connection with the acceptance or administration of the trusts established pursuant to the Indenture or the action or failure to act of the Borrower, its successors and assigns, or the agents, contractors, employees, licensees, or otherwise of the Borrower or its successors and assigns in connection with, the Project financed with the proceeds of the Loan, or the breach or violation of any agreement, covenant, representation, or warranty of the Borrower set forth in this Loan Agreement or any document delivered pursuant hereto or thereto or in connection herewith or therewith. Such indemnification shall not apply

to any actions caused by the gross negligence or willful misconduct of the party seeking such indemnification.

Such indemnity shall not be restricted in any way by any limitation on the amount or type of damages, compensation, or benefits payable under any workers' compensation acts, disability benefit acts, or other employee benefits acts or any other similar laws but may be limited by State law relating to the ability of governmental units to indemnify parties for the actions of such governmental units, including but not limited to Section 768.28, Florida Statutes.

An indemnified person shall promptly notify the Borrower in writing of any claim or action brought against it, in respect of which indemnity may be sought against the Borrower, setting forth, to the extent reasonably practicable under the circumstances, the particulars of such claim or action, and the Borrower will promptly assume the defense thereof with its in-house counsel or, at its election, the employment of competent outside counsel reasonably satisfactory to such indemnified person and the payment of all expenses.

An indemnified person may employ separate counsel with respect to any such claim or action and participate in the defense thereof, but, except as provided herein, the fees and expenses of such separate counsel shall not be payable by the Borrower unless such employment has been specifically authorized by the Borrower, which such authorization shall not be unreasonably withheld, or unless such employment was occasioned by conflicts of interest between and among indemnified persons and/or the Borrower. If the Borrower shall fail to assume the defense of any action as required hereunder, or, within a reasonable time after commencement of such action, to retain outside counsel, if it so elects or if it becomes necessary due to conflict, reasonably satisfactory to the indemnified person, the fees, costs, and expenses of counsel to such indemnified person hereunder shall be paid by the Borrower.

The provisions of this Section 2.03(1) shall survive the termination of this Loan Agreement or the sooner resignation or removal of the Trustee and shall inure to the benefit of the Trustee's successors and assigns.

[Remainder of page intentionally left blank]

ARTICLE III

THE LOAN

SECTION 3.01. The Loan. The Council hereby agrees to loan to the Borrower and the Borrower hereby agrees to borrow from the Council the principal amount of \$16,500,000.00, which after adding the net bond premium of \$1,219,630.70 results in \$17,719,630.70 of Loan proceeds. This amount includes an amount equal to \$240,978.83, which reflects the Borrower's costs of issuance and the Underwriter's discount. The amounts advanced to the Borrower net of the costs of issuance and the Underwriter's discount are to be used by the Borrower for the purposes of financing the Costs of the Project.

SECTION 3.02. Evidence of Loan. The Borrower's obligation hereunder to repay amounts advanced pursuant to Section 3.01, together with interest thereon, and other payments required under this Loan Agreement, shall be evidenced by this Loan Agreement.

SECTION 3.03. [Reserved].

SECTION 3.04. Loan for Purpose of Financing the Project. The Borrower acknowledges that the Council, pursuant to the Borrower's request and instruction, is depositing the proceeds of the Loan in the amount of \$17,478,651.87 into the Series 2019A Project Loan Fund in order to finance the acquisition, construction, and/or equipping of the Project and \$156,774.98 into the Series 2019A Cost of Issuance Fund in order to pay costs of issuing the Loan, each as set forth and as directed by the terms of the Indenture. The Borrower will provide the Trustee with a requisition in substantially the form of the requisition attached hereto as Exhibit E for the expenditure of the amounts of the Loan in the Series 2019A Project Loan Fund.

[Remainder of page intentionally left blank]

ARTICLE IV

LOAN TERM AND LOAN CLOSING REQUIREMENTS

SECTION 4.01. Commencement of Loan Term. The Borrower's obligations under this Loan Agreement shall commence on the date hereof unless otherwise provided in this Loan Agreement.

SECTION 4.02. Termination of Loan Term. The Borrower's obligations under this Loan Agreement shall terminate after payment in full of all amounts due under this Loan Agreement and all amounts not theretofore paid shall be due and payable at the times and in the amounts set forth in Exhibit D attached hereto; provided, however, that all covenants and all obligations provided hereunder specified to so survive (including the obligation of the Borrower to pay the rebate obligations of the Council owed on the Bonds and agreed to by the Borrower pursuant to Section 5.03(b)(vii) hereof shall survive the termination of this Loan Agreement and the payment in full of principal and interest hereunder. Upon termination of the Loan Term as provided above, the Council and the Trustee shall deliver, or cause to be delivered, to the Borrower an acknowledgment thereof.

SECTION 4.03. Loan Closing Submissions. Concurrently with the execution and delivery of this Loan Agreement, the Council or the Borrower are providing to the Trustee the following documents each dated the date of such execution and delivery, except all opinions and certificates shall be dated the date of Closing:

(a) A certified copy of the resolution of the Borrower substantially in the form of Exhibit B attached hereto authorizing the Loan and this Loan Agreement;

(b) An opinion of the Borrower's Counsel substantially in the form of Exhibit C attached hereto to the effect that the Loan Agreement is a valid and binding obligation of the Borrower and opining to such other matters as may be reasonably required by Bond Counsel and underwriter's counsel and acceptable to Borrower's Counsel;

(c) A certificate of the officials of the Borrower to the effect that the representations and warranties of the Borrower are true and correct;

(d) A certificate signed by the Authorized Representative of the Borrower, in form and substance satisfactory to Bond Counsel, stating (i) the estimated dates and the amounts of projected expenditures for the Project, and (ii) that it is reasonably anticipated by the Borrower that the Loan proceeds will be fully advanced therefor and expended by the Borrower prior to April 18, 2022, and that the projected expenditures are based on the reasonable expectations of the Borrower having due regard for its capital needs and the revenues available for the repayment thereof.

(e) This executed Loan Agreement;

(f) [Reserved];

(g) A standard opinion of Bond Counsel (addressed to the Council, the Trustee, the Underwriter, and the Borrower) to the effect that (i) the resolution of the Council constitutes a valid and binding obligation of the Council enforceable against the Council in accordance with its terms; (ii) the Indenture has been duly executed by the Council and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Council enforceable upon the Council in accordance with its terms; (iii) the Bonds have been duly authorized, executed, and delivered by the Council and are valid and special obligations of the Council enforceable in accordance with their terms, payable solely from the sources provided therefor in the Indenture; and (iv) the interest on the Bonds is excludable from gross income for federal income tax purposes;

(h) An opinion of Bond Counsel (addressed to the Council, the Trustee, the Underwriter, and the Borrower) to the effect that the financing from the proceeds of the Loan pursuant to this Loan Agreement is permitted under the Act, the Indenture and the resolution of the Borrower, and will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes, or adversely affect the validity, due authorization for, or legality of the Bonds;

(i) An opinion of Council's Counsel (addressed to the Council, the Trustee, and the Underwriter) to the effect that the Loan Agreement and Indenture are valid and binding obligations of the Council and opining to such other matters as may be reasonably required by Bond Counsel and underwriter's counsel and acceptable to Council's Counsel;

(j) An opinion of Disclosure Counsel (addressed to the Council and the Underwriter) to the effect that based upon their participation in the preparation of the official statement, but without having undertaken to determine independently the accuracy, completeness, or fairness of the statements contained therein, they have no reason to believe that the official statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(k) Such other certificates, documents, opinions, and information as the Council, the Trustee, or Bond Counsel may require, such requirement to be evidenced (in the case of parties other than the Trustee) by written notice of such party to the Trustee of such requirement.

ARTICLE V

LOAN REPAYMENTS

SECTION 5.01. Payment of Basic Payments. The Borrower shall pay to the order of the Council all Loan Repayments in lawful money of the United States of America to the Trustee. No such Loan Repayment shall be in an amount such that interest on the Loan is in excess of the maximum rate allowed by the laws of the State of Florida or of the United States of America. The Loan shall be repaid in Basic Payments, consisting of:

- (a) principal in the amounts and on the dates set forth in Exhibit D; plus
- (b) interest calculated at the rates, in the amounts and on the dates set forth in Exhibit D.

On or before the 15th day of the month immediately preceding each Interest Payment Date, the Trustee shall give Borrower notice in writing of the total amount of the next Basic Payment due. The Basic Payments shall be due on each Loan Repayment Date extending through July 20, 2048, unless the Loan is prepaid pursuant to terms of Section 5.07 hereof.

SECTION 5.02. [Reserved].

SECTION 5.03. Payment of Additional Payments. In addition to Basic Payments, the Borrower agrees to pay on demand of the Council or the Trustee, the following Additional Payments:

(a) (i) the annual fees or expenses of the Council, if any, including the fees of any provider of arbitrage rebate calculations; the fees of the Program Administrator; the fees of the rating agencies (to the extent not previously paid from the Series 2019A Cost of Issuance Fund); and (ii) the costs and fees related to the Bonds.

(b) All reasonable fees and expenses of the Council or Trustee relating to this Loan Agreement, including, but not limited to:

- (i) the cost of reproducing this Loan Agreement;
- (ii) the reasonable fees and disbursements of Counsel utilized by the Council and the Trustee, in connection with the Loan, this Loan Agreement, and the enforcement thereof;
- (iii) reasonable extraordinary fees and expenses of the Trustee and the Council following an Event of Default hereunder;

(iv) all other reasonable out-of-pocket expenses of the Trustee and the Council in connection with the Loan, this Loan Agreement and the enforcement thereof, including, but not limited to, all fees and expenses related to the prepayment and defeasance of the Loan and the Bonds;

(v) all taxes (including any recording, documentary stamp taxes, intangible taxes, and filing fees) in connection with the execution and delivery of this Loan Agreement and the pledge and assignment of the Council's right, title, and interest in and to the Loan and the Loan Agreement, pursuant to the Indenture (and with the exceptions noted therein), and all expenses, including reasonable attorneys' fees, costs and expenses, relating to any amendments, waivers, consents, or collection or enforcement proceedings pursuant to the provisions hereof;

(vi) [Reserved];

(vii) any amounts owed to the United States of America as rebate obligations on the Bonds related to the Loan, which obligation shall survive the termination of this Loan Agreement;

(viii) fees and costs of maintaining a rating on the Loan; and

(ix) (1) any and all losses, damages, expenses (including reasonable legal and other fees and expenses), liabilities, or claims (or actions in respect thereof), to which the Council may become subject under any federal or state securities laws, federal or state tax laws, or other statutory law or at common law or otherwise, and (2) any and all fees and expenses of any inquiries or audits by any regulatory agencies, all as caused by or arising out of or based upon this Loan Agreement, the Loan, the Bonds, the issuance of the Bonds or the use of Bond proceeds.

SECTION 5.04. Interest Earnings or Investment Losses and Excess Payments.

(a) On each Interest Payment Date the Trustee shall credit against Borrower's obligation to pay its Loan Repayments, any interest earnings which were received during the prior Interest Period by the Trustee on the Funds and Accounts (except the Series 2019A Project Loan Fund) held under the Indenture, or shall increase the Borrower's obligation to pay its Loan Repayments by any investment losses which were incurred during the prior Interest Period on the Funds and Accounts (except the Series 2019A Project Loan Fund) held under the Indenture.

(b) The credits provided for in (a) shall not be given to the extent the Borrower is in Default in payment of its Loan Repayments. If past-due Loan Repayments are later collected from the Borrower, the amount of the missed credit shall, to the extent of the amount collected, be credited in proportion to the amount of credit missed, to the Borrower from the past-due Loan Repayments.

(c) The credits may be accumulated. If the credit allowable for an Interest Period is more than required on the next ensuing Interest Payment Date to satisfy the current Loan Repayment, it may be used on the following Interest Payment Date.

SECTION 5.05. Obligations of Borrower Unconditional. Subject in all respects to the provisions of this Loan Agreement, including but not limited to Section 2.02(a) hereof, the obligations of the Borrower to make the Loan Repayments required hereunder and to perform and observe the other agreements on its part contained herein, shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed, or otherwise modified in any manner or to any extent whatsoever, while any Bonds remain outstanding or any Loan Repayments remain unpaid, regardless of any contingency, act of God, event, or cause whatsoever. This Loan Agreement shall be deemed and construed to be a "net contract," and the Borrower shall pay the Loan Repayments and all other payments required hereunder, regardless of any rights of set-off, recoupment, abatement, or counterclaim that the Borrower might otherwise have against the Council, the Trustee, or any other party or parties.

SECTION 5.06. Refunding Bonds. In the event the Bonds are refunded, all references in this Loan Agreement to Bonds shall be deemed to refer to the refunding bonds or, in the case of a crossover refunding, to the Bonds and the refunding bonds (but the Borrower shall never be responsible for any debt service on or fees relating to crossover refunding bonds which are covered by earnings on the escrow fund established from the proceeds of such bonds). The Council agrees not to issue bonds or other debt obligations to refund the Bonds without the prior written consent of the Authorized Representative of the Borrower.

SECTION 5.07. Prepayment. The Loan may be prepaid in whole or in part by the Borrower on the dates and in the amounts on which the Bonds are subject to optional redemption and notice provisions pursuant to Section 3.01 of the Indenture. The Borrower shall provide the Council 60 days' notice of any prepayment of its Loan.

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ARTICLE VI

DEFEASANCE

This Loan Agreement shall continue to be obligatory and binding upon the Borrower in the performance of the obligations imposed by this Loan Agreement and the repayment of all sums due by the Borrower under this Loan Agreement shall continue to be secured by this Loan Agreement as provided herein until all of the indebtedness and all of the payments required to be made by the Borrower shall be fully paid to the Council or the Trustee as provided herein, including any fees and expenses in connection with such repayment, if any. If, at any time, the Borrower shall have paid, or shall have made provision for payment of, prepayment premium, if any, and interest on the Loan, with respect to the Bonds, and shall have paid all other amounts due under this Loan Agreement, then, and in that event, the covenant regarding the pledge of and the lien on the revenues pledged, if any, to the Council for the benefit of the Holders of the Bonds shall be no longer in effect and all future obligations of the Borrower under this Loan Agreement shall cease; provided, however, that all covenants and all obligations provided hereunder specified to so survive (including the obligation of the Borrower to pay the rebate obligations owed on the Bonds) shall survive the termination of this Loan Agreement and the payment in full of principal, premium, if any, and interest hereunder. For purposes of the preceding sentence, in order for the Borrower to have made "provision for payment," the Borrower shall have deposited sufficient cash and/or Governmental Obligations in irrevocable trust with a banking institution or trust company, for the sole benefit of the Council, in respect to which such cash and/or Governmental Obligations, the principal and interest on which, will be sufficient (as reflected in an accountant's verification report provided to the Trustee by the Borrower) to make timely payment of the principal of, prepayment premium, if any, and interest on the Loan. The prepayment premium, if any, shall be calculated based on the prepayment date selected by the Borrower in accordance with Section 5.07 hereof.

If the Borrower determines to prepay all or a portion of the Loan pursuant to Section 5.07 hereof, upon the required timely notice by the Borrower, the Council shall redeem a like amount of Bonds which corresponds in terms of amount and scheduled maturity date to such Loan prepayment pursuant to Section 3.01 of the Indenture.

If the Borrower shall make advance payments to the Council in an amount sufficient to retire the Loan of the Borrower, including redemption premium and accrued interest to the next succeeding redemption date of the Bonds, as provided herein, all future obligations of the Borrower under this Loan Agreement shall cease, including the obligations under Section 5.03 hereof, except for such amounts then outstanding and as provided in Section 4.02 hereof. However, prior to making such payments, the Borrower shall give at least 60 days' notice by mail, with receipt confirmed, to the Council.

ARTICLE VII

ASSIGNMENT AND PAYMENT BY THIRD PARTIES

SECTION 7.01. Assignment by Council. The Borrower expressly acknowledges that this Loan Agreement and the obligations of the Borrower to make payments hereunder (with the exception of certain of the Council rights to indemnification, fees, notices, and expenses), have been pledged and assigned to the Trustee as security for the Bonds under the Indenture, and that the Trustee shall be entitled to act hereunder and thereunder in the place and stead of the Council whether or not the Bonds are in default.

SECTION 7.02. Assignment by Borrower. This Loan Agreement may not be assigned by the Borrower for any reason without the express prior written consent of the Council and the Trustee.

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ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. Events of Default Defined. The following shall be "Events of Default" under this Loan Agreement and the terms "Event of Default" and "Default" shall mean (except where the context clearly indicates otherwise), whenever they are used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to timely pay any Loan Repayment, when due, so long as the Bonds are outstanding;

(b) Failure by the Borrower to timely pay any other payment required to be paid hereunder on the date on which it is due and payable, provided the Borrower has prior written notice of any such payments being due;

(c) Failure by the Borrower to observe and perform any covenant, condition, or agreement other than a failure under (a), on its part to be observed or performed under this Loan Agreement, for a period of 30 days after notice of the failure, unless the Council and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice can be wholly cured within a period of time not materially detrimental to the rights of the Council or the Trustee, but cannot be cured within the applicable 30-day period, the Council and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the failure is corrected;

(d) Any warranty, representation, or other statement by the Borrower or by an officer or agent of the Borrower contained in this Loan Agreement or in any instrument furnished in compliance with or in reference to this Loan Agreement, is false or misleading in any material respect when made;

(e) A petition is filed against the Borrower under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days of such filing;

(f) The Borrower files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(g) The Borrower admits insolvency or bankruptcy or its inability to pay its debts as they become due or is generally not paying its debts as such debts become due, or becomes

insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator, or trustee) of the Borrower or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 60 days;

(h) Default under any agreement to which the Borrower is a party evidencing, securing, or otherwise respecting any indebtedness of the Borrower outstanding in the principal amount of \$100,000 or more if, as a result thereof, such indebtedness may be declared immediately due and payable or other remedies may be exercised with respect thereto;

(i) Any material provision of this Loan Agreement shall at any time for any reason cease to be valid and binding on the Borrower, or shall be declared to be null and void, or the validity or enforceability of this Loan Agreement shall be contested by the Borrower or any governmental agency or authority, or if the Borrower shall deny any further liability or obligation under this Loan Agreement; or

(j) Final judgment for the payment of money in the amount of \$250,000 or more is rendered against the Borrower, the payment of which would materially adversely affect the Borrower's ability to meet its obligations hereunder (it being agreed that, if insurance or adequate reserves are available to make such payment, such judgment would not materially affect the Borrower's ability to meet its obligations hereunder) and at any time after 90 days from the entry thereof, unless otherwise provided in the final judgment, (i) such judgment shall not have been discharged, or (ii) the Borrower shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree, or process upon which or pursuant to which such judgment shall have been granted or entered, and have caused the execution of or levy under such judgment, order, decree, or process of the enforcement thereof to have been stayed pending determination of such appeal, provided that such execution and levy would materially adversely affect the Borrower's ability to meet its obligations hereunder; or (iii) it has not been determined by a court of competent jurisdiction from which appeal may not be taken or from which appeal has been taken but has been finally denied that the Borrower is not obligated with respect to such judgment pursuant to the provisions of Chapter 768, Florida Statutes or other applicable law.

SECTION 8.02. Notice of Default. The Borrower agrees to give the Trustee and the Council prompt written notice if any petition, assignment, appointment, or possession referred to in Section 8.01(e), 8.01(f), and 8.01(g) is filed by or against the Borrower or of the occurrence of any other event or condition which constitutes a Default or an Event of Default, or with the passage of time or the giving of notice would constitute an Event of Default, immediately upon becoming aware of the existence thereof.

SECTION 8.03. Remedies on Default. Whenever any Event of Default referred to in Section 8.01 hereof shall have happened and be continuing, the Council or the Trustee shall, in addition to any other remedies herein or by law provided, have the right, at its or their option

without any further demand or notice, to take such steps and exercise such remedies as provided in Section 9.02 of the Indenture, and, without limitation, to take whatever other action at law or in equity which may appear necessary or desirable to collect amounts then due and thereafter to become due hereunder or to enforce any other of its or their rights hereunder.

SECTION 8.04. [Reserved].

SECTION 8.05. No Remedy Exclusive; Waiver, Notice. No remedy herein conferred upon or reserved to the Council or the Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy, or power shall be construed to be a waiver thereof, but any such right, remedy, or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Council or the Trustee to exercise any remedy reserved to it in this Article VIII, it shall not be necessary to give any notice other than such notice as may be required in this Article VIII.

SECTION 8.06. Application of Moneys. Any moneys collected by the Council or the Trustee pursuant to Section 8.03 hereof shall be applied (a) first, to pay any outstanding fees of the Trustee and Council, and any reasonable attorney's fees, costs or expenses, or any other expenses owed by the Borrower pursuant to Section 5.03(b)(iii) and (iv) hereof; (b) second, to pay interest due on the Loan; (c) third, to pay principal due on the Loan; (d) fourth, to pay any other amounts due hereunder; and (e) fifth, to pay interest and principal on the Loan and other amounts payable hereunder but which are not due, as they become due (in the same order, as to amounts which come due simultaneously, as in (a) through (d) in this Section 8.06).

[Remainder of page intentionally left blank]

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Notices. All notices, certificates, or other communication hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the parties at the following addresses:

Council: Florida Municipal Loan Council
c/o Florida League of Cities
301 South Bronough Street, Suite 300
Tallahassee, Florida 32301

Trustee: The Bank of New York Mellon Trust Company, N.A.
10161 Centurion Parkway North
Jacksonville, Florida 32256

Borrower: City of Lighthouse Point, Florida
2200 N.E. 38th Street
Lighthouse Point, Florida 33064
Attention: City Administrator

Any of the above parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 9.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Council and the Borrower and their respective successors and assigns.

SECTION 9.03. Severability. In the event any provision of the Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 9.04. Amendments, Changes and Modifications. This Loan Agreement may be amended by the Council and the Borrower as provided in the Indenture.

SECTION 9.05. Execution in Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which, when so executed and delivered, shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.06. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State without regard to conflict of law principles.

SECTION 9.07. Benefit of Bondholders; Compliance with Indenture. This Loan Agreement is executed in part to induce the purchase by others of the Bonds. Accordingly, all covenants, agreements, and representations on the part of the Borrower and the Council, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the holders from time to time of the Bonds. The Borrower covenants and agrees to do all things within its power in order to comply with and to enable the Council to comply with all requirements and to fulfill and to enable the Council to fulfill all covenants of the Indenture. The Borrower also acknowledges that the Council has delegated certain of its duties under the Indenture to its Program Administrator, including the direction to make investments in accordance with Article VII thereof, including, but not limited to the investment of the Borrower's Project Loan Fund.

SECTION 9.08. Consents and Approvals. Whenever the written consent or approval of the Council shall be required under the provisions of this Loan Agreement, such consent or approval may be given by an Authorized Representative of the Council or such other additional persons provided by law or by rules, regulations or resolutions of the Council.

SECTION 9.09. Immunity of Officers, Employees and Members of Council and Borrower. No recourse shall be had for the payment of the principal of, premium, if any, or interest hereunder or for any claim based thereon or upon any representation, obligation, covenant, or agreement in this Loan Agreement against any past, present, or future official officer, member, counsel, employee, director, or agent, as such, of the Council or the Borrower, either directly or through the Council or the Borrower, or respectively, any successor public or private corporation thereto under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, counsels, employees, directors, or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement.

SECTION 9.10. Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of sections of this Loan Agreement.

SECTION 9.11. No Pecuniary Liability of Council. No provision, covenant, or agreement contained in this Loan Agreement, or any obligation herein imposed upon the Council, or the breach thereof, shall constitute an indebtedness or liability of the State or any political subdivision or municipal corporation of the State or any public corporation or governmental agency existing under the laws thereof other than the Council and the Borrower. In making the agreements, provisions, and covenants set forth in this Loan Agreement, the Council has not obligated itself except with respect to the application of the revenues, income, and all other property as derived herefrom, as hereinabove provided.

SECTION 9.12. Payments Due on Holidays. With the exception of Basic Payments, if the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Loan Agreement, shall be other than on a Business Day, such

payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Loan Agreement.

SECTION 9.13. Calculations. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 9.14. Time of Payment. Any Loan Repayment or other payment hereunder which is received by the Trustee or Council after 2:00 p.m. (New York time) on any day shall be deemed received on the following Business Day.

SECTION 9.15. Validation Certificate. The Loan and this Loan Agreement is the Loan and the Loan Agreement validated and confirmed by judgment of the Circuit Court of the Seventeenth Judicial Circuit, in and for Broward County, Florida, rendered on February 13, 2019.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Florida Municipal Loan Council has caused this Loan Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers and the City of Lighthouse Point, Florida, has caused this Loan Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attached by its duly authorized officers. All of the above occurred as of the date first above written.

FLORIDA MUNICIPAL LOAN COUNCIL

(SEAL)

By: _____
Name: Isaac Salver
Title: Chairman

ATTEST:

FLORIDA LEAGUE OF CITIES, INC.,
Program Administrator

By: _____
Name: Jeannie Garner
Title: Executive Director Designate

LOAN AGREEMENT

CITY OF LIGHTHOUSE POINT, FLORIDA

(SEAL)

By: _____

Name: Glenn Troast

Title: Mayor

ATTESTED BY:

By: _____

Name: Jennifer M. Oh, CMC

Title: City Clerk

Approved:

By: _____

Office of the City Attorney

EXHIBIT A

CITY OF LIGHTHOUSE POINT, FLORIDA
USE OF LOAN PROCEEDS

<u>PROJECT</u>	<u>TOTAL AMOUNT TO BE FINANCED</u>
Acquisition, construction, and/or equipping of certain qualifying projects, including, but not limited to, a new fire station and emergency operations center, a new public works building and renovation of another public works building, a new recreational building at Dan Witt Park, renovation of the Borrower's library, and the acquisition of real property to be used for such improvements	\$17,478,651.87

EXHIBIT B

CERTIFIED RESOLUTION OF THE BORROWER

See Document No. VI.1.

EXHIBIT C

OPINION OF BORROWER'S COUNSEL

[Letterhead of Counsel to Borrower]

April 18, 2019

Florida Municipal Loan Council
c/o Florida League of Cities, Inc.
301 Bronough Street, Suite 300
Tallahassee, Florida 32301

The Bank of New York Mellon Trust
Company, N.A.
10161 Centurion Parkway North
Jacksonville, Florida 32256

Bryant Miller Olive P.A.
SunTrust International Center
1 SE 3rd Avenue, Suite 2200
Miami, Florida 33131

Wells Fargo Bank, National Association
28059 US Hwy 19 N, Suite 205
Clearwater, Florida 33761

Ladies and Gentlemen:

We are counsel to the City of Lighthouse Point, Florida (the "Borrower"), and have been requested by the Borrower to give this opinion in connection with the loan by the Florida Municipal Loan Council (the "Council") to the Borrower of funds to finance all or a portion of the Costs of the Project, as described in Exhibit A of the Loan Agreement, dated as of April 1, 2019, by and between the Council and the Borrower (the "Loan Agreement").

In this connection, we have reviewed such records, certificates, and other documents as we have considered necessary or appropriate for the purposes of this opinion, including applicable laws, the Charter of the Borrower, the Loan Agreement, the Trust Indenture dated as of April 1, 2019 (the "Indenture"), by and between the Council and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), Resolution No. 2018-2190 adopted by the Borrower on May 22, 2018 (the "Referendum Resolution"), Resolution No. 2018-2242 adopted by the Borrower on November 27, 2018, as supplemented by Resolution No. 2019-2250 adopted by the Borrower on February 26, 2019 (collectively, the "Bond Resolution" and, together with the Referendum Resolution, the "Resolution"), the Continuing Disclosure Agreement, dated as of April 1, 2019 (the "Continuing Disclosure Agreement"), by and among the Borrower and the Florida League of Cities, Inc., the final Official Statement with respect to the Bonds dated April 4, 2019 (the "Official Statement"), and the Bond Purchase Contract dated April 4, 2019, between the Council, Wells Fargo Bank, National Association (the "Underwriter"), and the Borrower (the "Bond Purchase Contract"). Based on such review, and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

(a) The Borrower is a municipality duly organized and validly existing under the Constitution and laws of the State of Florida. The Borrower has the legal right and all requisite power and authority to enter into the Loan Agreement, to levy ad valorem taxes for the payment of the Loan, to adopt the Resolution, consummate the transactions contemplated in the Loan Agreement and the Resolution, and otherwise to carry on its activities and own its property.

(b) The Borrower has duly adopted the Resolution, and authorized, executed, and delivered the Loan Agreement, the Bond Purchase Contract, and the Continuing Disclosure Agreement, and such instruments are legal and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, except to the extent that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity and to the sovereign police powers of the State of Florida and the constitutional powers of the United States of America.

(c) The execution and delivery of the Resolution, the Continuing Disclosure Agreement, the Bond Purchase Contract, and the Loan Agreement; the consummation of the transactions contemplated thereby; the acquisition or construction of the Project; and the fulfillment of or compliance with the terms and conditions of the Resolution, the Loan Agreement, the Bond Purchase Contract, and the Continuing Disclosure Agreement does not and will not conflict with or result in a material breach of or default under any of the terms, conditions, or provisions of any agreement, contract or other instrument, or law, ordinance, regulation, or judicial or other governmental order, to which the Borrower is now a party or it or its properties is otherwise subject or bound, and the Borrower is not otherwise in violation of any of the foregoing in a manner material to the transactions contemplated by the Loan Agreement.

(d) There is no litigation or legal or governmental action, proceeding, inquiry, or investigation pending or, to the best of our knowledge, threatened by governmental authorities or to which the Borrower is a party or of which any property of the Borrower is subject, which has not been described in the Official Statement or otherwise disclosed in writing to the Council and which, if determined adversely to the Borrower, would individually or in the aggregate materially and adversely affect the validity or the enforceability of the Resolution, the Loan Agreement, the Bond Purchase Contract, or the Continuing Disclosure Agreement.

(e) Based upon our review of the Official Statement and without having undertaken to determine independently the accuracy or completeness of the contents of the Official Statement, the statements and information with respect to matters of law relating to the Borrower in the Official Statement under the captions "THE BORROWER," "PURPOSE OF THE BONDS," "SECURITY AND SOURCES OF PAYMENT," "AD VALOREM TAXATION,"

"PENSION AND OTHER POST-EMPLOYMENT BENEFITS," "HURRICANE IRMA IMPACTS," "VALIDATION," "LITIGATION," "CONTINUING DISCLOSURE," and "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS," are true and correct in all material respects, and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, either as of its date or the date hereof. No opinion is expressed herein with respect to (i) actions or obligations of the Council or any other party other than the Borrower, (ii) documents to which the Borrower is not a party, and (iii) financial, statistical, or tax matters or projections.

(f) All approvals, consents, authorizations, and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Borrower of its obligations under the Loan Agreement, the Continuing Disclosure Agreement, the Purchase Contract, the Resolution, and the other documents of the Borrower relating to the Loan have been obtained and are in full force and effect.

(g) The bond referendum held on November 6, 2018 in the jurisdiction of the Borrower (the "Bond Referendum") was duly noticed and held, the officials responsible for the canvassing of the returns for the Bond Referendum duly canvassed the returns and certified their results, all in accordance with Sections 101.6101 through 101.6107, Florida Statutes, and other applicable provisions of the laws of the State.

Our opinion is based on State of Florida law and we express no opinion as to (i) the status of interest on the Bonds under either Federal laws or the laws of the State of Florida, (ii) the laws of any other state, or (iii) economic or financial matters described in the Official Statement relating to the Borrower.

Very truly yours,

EXHIBIT D

DEBT SERVICE SCHEDULE

<u>Date*</u>	<u>Principal Amounts</u>	<u>Interest Rate</u>	<u>Interest Amounts</u>	<u>Total Amounts</u>
2/1/2020			\$523,039.03	\$523,039.03
8/1/2020	\$110,000	5.000%	332,675.00	442,675.00
2/1/2021			329,925.00	329,925.00
8/1/2021	305,000	5.000	329,925.00	634,925.00
2/1/2022			322,300.00	322,300.00
8/1/2022	320,000	5.000	322,300.00	642,300.00
2/1/2023			314,300.00	314,300.00
8/1/2023	335,000	5.000	314,300.00	649,300.00
2/1/2024			305,925.00	305,925.00
8/1/2024	355,000	5.000	305,925.00	660,925.00
2/1/2025			297,050.00	297,050.00
8/1/2025	370,000	5.000	297,050.00	667,050.00
2/1/2026			287,800.00	287,800.00
8/1/2026	390,000	5.000	287,800.00	677,800.00
2/1/2027			278,050.00	278,050.00
8/1/2027	410,000	5.000	278,050.00	688,050.00
2/1/2028			267,800.00	267,800.00
8/1/2028	430,000	5.000	267,800.00	697,800.00
2/1/2029			257,050.00	257,050.00
8/1/2029	450,000	5.000	257,050.00	707,050.00
2/1/2030			245,800.00	245,800.00
8/1/2030	475,000	5.000	245,800.00	720,800.00
2/1/2031			233,925.00	233,925.00
8/1/2031	495,000	5.000	233,925.00	728,925.00
2/1/2032			221,550.00	221,550.00
8/1/2032	520,000	3.000	221,550.00	741,550.00
2/1/2033			213,750.00	213,750.00
8/1/2033	535,000	3.250	213,750.00	748,750.00
2/1/2034			205,056.25	205,056.25
8/1/2034	555,000	4.000	205,056.25	760,056.25
2/1/2035			193,956.25	193,956.25
8/1/2035	575,000	4.000	193,956.25	768,956.25
2/1/2036			182,456.25	182,456.25
8/1/2036	600,000	3.000	182,456.25	782,456.25
2/1/2037			173,456.25	173,456.25
8/1/2037	620,000	3.000	173,456.25	793,456.25
2/1/2038			164,156.25	164,156.25
8/1/2038	640,000	3.000	164,156.25	804,156.25

2/1/2039			154,556.25	154,556.25
8/1/2039	660,000	3.125	154,556.25	814,556.25
2/1/2040			144,243.75	144,243.75
8/1/2040	680,000	5.000	144,243.75	824,243.75
2/1/2041			127,243.75	127,243.75
8/1/2041	715,000	5.000	127,243.75	842,243.75
2/1/2042			109,368.75	109,368.75
8/1/2042	750,000	5.000	109,368.75	859,368.75
2/1/2043			90,618.75	90,618.75
8/1/2043	790,000	4.000	90,618.75	880,618.75
2/1/2044			74,818.75	74,818.75
8/1/2044	820,000	4.000	74,818.75	894,818.75
2/1/2045			58,418.75	58,418.75
8/1/2045	855,000	3.250	58,418.75	913,418.75
2/1/2046			44,525.00	44,525.00
8/1/2046	885,000	3.250	44,525.00	929,525.00
2/1/2047			30,143.75	30,143.75
8/1/2047	915,000	3.250	30,143.75	945,143.75
2/1/2048			15,275.00	15,275.00
8/1/2048	940,000	3.250	15,275.00	955,275.00

* Loan repayments are due January 20th and July 20th of each year.

EXHIBIT E TO LOAN AGREEMENT

FORM OF REQUISITION CERTIFICATE

TO: THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE
FROM: CITY OF LIGHTHOUSE POINT, FLORIDA (THE "BORROWER")
SUBJECT: LOAN AGREEMENT DATED AS OF THE 1ST DAY OF APRIL, 2019

This represents Requisition Certificate No. ___ in the total amount of \$_____ for payment of those Costs of the Project detailed in the schedule attached.

The undersigned does certify that:

1. All of the expenditures for which monies are requested hereby represent proper Costs of the Project, have not been included in a previous Requisition Certificate and have been properly recorded on the Borrower's books as currently due and owing.

2. The monies requested hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Borrower for funds actually advanced for Costs of the Project. The monies requested do not include retention or other monies not yet due or earned under construction contracts.

3. This requisition is in compliance with Section 5.03 of the Indenture.

4. After payment of monies hereby requested, to the knowledge of the undersigned, there will remain available to the Borrower sufficient funds to complete the Project substantially in accordance with the plans therefor.

5. The Borrower is not in default under the Loan Agreement and nothing has occurred that would prevent the performance of its obligations under the Loan Agreement.

Executed this ____ day of _____, 20__.

CITY OF LIGHTHOUSE POINT, FLORIDA

By: _____
Name: _____
Title: _____

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds in definite form, Bryant Miller Olive P.A., Bond Counsel, proposes to render its opinion with respect to the Bonds in substantially the following form:

_____, 2019

Florida Municipal Loan Council
Tallahassee, Florida

\$16,500,000
Florida Municipal Loan Council
Revenue Bonds, Series 2019A

Ladies and Gentlemen:

We have acted as bond counsel to the Florida Municipal Loan Council (the "Council") in connection with the issuance by the Council of its \$16,500,000 Revenue Bonds, Series 2019A (the "Bonds"), pursuant to and under the authority of the Constitution of the State of Florida, Chapter 163, Part I, Florida Statutes, Chapter 166, Part II, Florida Statutes, each as amended, and other applicable provisions of law, a Trust Indenture, dated as of April 1, 2019 (the "Indenture"), by and between the Council and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and Resolution No. 2019-01, adopted by the Council on February 7, 2019 (the "Resolution"). The Bonds are the bonds validated by a final judgment rendered by the Circuit Court of the Second Judicial Circuit, in and for Leon County, Florida on February 13, 2003 (the "Bond Final Judgment") and the Loan Agreement is the loan agreement validated by a final judgment rendered by the Circuit Court of the Seventh Judicial Circuit, in and for Broward County, Florida on February 13, 2019 (the "Loan Final Judgment" and, together with the Bond Final Judgment, the "Final Judgments"). In such capacity, we have examined such law and certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be loaned (the "Loan") to the City of Lighthouse Point, Florida (the "Borrower") for the purpose of financing or reimbursing the costs of qualified projects of the Borrower and to pay certain costs of issuing the Bonds pursuant to a Loan Agreement, dated as of April 1, 2019, by and between the Council and the Borrower (the "Loan Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Council contained in the Indenture and representations of the Borrower contained in the

Loan Agreement and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have also relied upon all findings in the Final Judgments. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of David Cruz, Esquire, Counsel to the Council, as to the due creation and valid existence of the Council, the due adoption of the Resolution, the due execution and delivery of the Bonds and the compliance by the Council with all conditions contained in the resolutions of the Council precedent to the issuance of the Bonds. We have assumed the proper authorization, execution, and delivery of the Loan Agreement by the Borrower and the validity of the Loan Agreement, and in rendering this opinion are not passing upon such matters.

The Bonds are payable from Revenues, which consist primarily of the payments of principal and interest and other payments payable by the Borrower pursuant to the provisions of the Loan Agreement (the "Loan Repayments"), and are secured by a pledge and assignment of said Revenues and of amounts held in certain Funds and Accounts established pursuant to the Indenture (including proceeds of the sale of the Bonds until applied as set forth therein), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds are further secured by an assignment of the right, title, and interest of the Council in the Loan Agreement to the Trustee, to the extent and as more particularly described in the Indenture.

The Bonds do not constitute a general obligation or indebtedness of the Council within the meaning of any constitutional, statutory, or other limitation of indebtedness and the holders thereof shall never have the right to compel the exercise of any ad valorem taxing power of the Council or taxation in any form of any real or personal property for the payment of the principal of or interest on the Bonds. However, the Loan was approved by a majority of electors at a referendum election held on November 6, 2018, in satisfaction of the requirements of Article VII, Section 12 of the Florida Constitution. For so long as the Loan is outstanding, the Borrower is obligated, each year, to levy an ad valorem tax upon all taxable property within the Borrower, without limitation as to rate or amount, and at least equal to the Loan Repayments.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion, that, under existing law:

1. The Resolution constitutes a valid and binding obligation of the Council enforceable against the Council in accordance with its terms.

2. The Indenture has been duly executed by the Council and, assuming due authorization, execution, and delivery by the Trustee, constitutes a valid and binding limited obligation of the Council enforceable upon the Council in accordance with its terms.

3. The Bonds are valid and binding limited obligations of the Council enforceable in accordance with their terms, and payable solely from the sources and in the manner and to the extent provided for in the Indenture.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Council complies with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Council has covenanted in the Indenture and the Borrower has covenanted in the Loan Agreement to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness, or adequacy of the Official Statement or any other offering material relating to the Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Council or the underwriter with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Bonds or regarding the perfection or priority of the lien on the Revenues pledged and created by the Indenture. Further, we express no opinion regarding federal income tax consequences arising with respect to the Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

APPENDIX F

**FINANCIAL INFORMATION REGARDING THE
CITY OF LIGHTHOUSE POINT, FLORIDA**

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City of Lighthouse Point

Florida



**Comprehensive Annual Financial Report
For the Year Ended September 30, 2018**

The City of Lighthouse Point, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2018

Prepared By:
Finance Department

Frank L. DiPaolo, CPA, CGMA
Finance Director
Cori Olympio, CPA
Accountant

City of Lighthouse Point, Florida

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City of Lighthouse Point, Florida

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INTRODUCTORY SECTION



City of Lighthouse Point, Florida

www.lighthousepoint.com

2200 N.E. 38th Street • Lighthouse Point, FL 33064 • Phone 954-943-6500 • Fax 954-781-3416

March 22, 2019

Honorable Mayor and Commissioners

Re: **City's Comprehensive Annual Financial Report -
For the Year Ended September 30, 2018**

Dear Mayor and Commissioners:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Lighthouse Point, Florida (the "City"), for the fiscal year ended September 30, 2018. This report has been prepared by the Finance Department with input from all City departments. Although the financial statements have been audited by independent certified public accountants, the responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the City staff. We believe the information, as presented here, fairly presents the City's financial position in all material respects. We have included the elements required by the Governmental Accounting Standards Board (GASB), the State of Florida, and the Government Finance Officers Association of the United States and Canada (GFOA). This report should provide readers with a clear perspective of the City's operations and financial activity.

In accordance with Section 218.32(1) (a), Florida Statutes, an audit of the books of account, financial records and transactions of all administrative departments of the City has been conducted by a firm of independent Certified Public Accountants. Keefe McCullough, independent auditors, has issued an unmodified opinion on the financial statements as presented herein. The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Lighthouse Point's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City of Lighthouse Point was incorporated in 1956. The City operates under the Mayor/Commission form of government with the Mayor serving as the chief executive officer and a five-member Commission that sets policy, approves ordinances, adopts the City's budget, and levies taxes. The City of Lighthouse Point provides a wide range of municipal services, including law enforcement, fire protection, emergency medical services, recreation, public works, public library, building and land development regulation, refuse collection, stormwater management, and a community bus service. Water and sanitary sewer services are provided by other jurisdictions and so those revenues and costs are not included in this report.

This report includes all funds of the City in accordance with GASB Statement No. 14 entitled "The Financial Reporting Entity". Based on this pronouncement, the Entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the report to be misleading or incomplete. For the City of Lighthouse Point, the Entity is only the primary government. While there are other taxing jurisdictions which levy property taxes upon property within the corporate limits of Lighthouse Point (Broward County, the School Board, the North Broward Hospital District, and other special districts), they do not represent component units of the City of Lighthouse Point. Therefore, no financial information about those entities is included in the City's financial statements. This report does provide a schedule of overlapping debt including Broward County representing debt affecting property within the corporate limits of Lighthouse Point.

Economic Condition and Outlook

Lighthouse Point is a developed community that is bordered by Federal Highway on the west and the Intracoastal Waterway on the east. The City is comprised of 2.5 square miles in the northeast section of the County, and surrounded by the municipalities of Pompano Beach, Deerfield Beach, and Hillsboro Beach. The City's tax base is primarily residential, and although it was heavily impacted by the economic downturn of 2008-09, taxable values have recovered. Continued sustainable growth is anticipated for the foreseeable future. For the fiscal year ended September 30, 2018, which is the focus of this financial report, the final taxable real and personal property values increased by 7.2 percent to \$ 2.24 billion, marking the seventh consecutive year of assessed value increases for the City of Lighthouse Point. The City is fully built-out, however values continue to increase at a sustainable pace, and the average market and assessed values of single family homes in the City are among the highest in the County. This is attributed to the City's large amount of waterfront property and strong residential market that continues to see redevelopment as more affluent families make the City their home. The City's building permit revenue has been strong over the past several years, due to a large number of single family home rebuilds and remodels, contributing to the sustained increases in assessed values over the past several years. The City is well positioned with a sound General Fund spendable balance as shown in the financial statements in this report. Continued stabilization of the City's tax base has allowed the City to maintain the same operating ad valorem millage rate for FY 2017/2018 and each year since FY 2011/2012. As of the publication of this report, the City is in the process of issuing \$16.5 million in General Obligation Bonds to provide for the acquisition of land and construction of a new Fire Station/Emergency Operations Center, a new Recreation Community Center, a new Public Works garage and renovation of the existing building, and renovation of the Library. Due to the economic conditions of the City and its strong financial management practices, the City received a credit rating of AA+ from Standard and Poor's (S&P), and the bond closing is scheduled for April 2019. The commercial sector continues to attract new business and retail establishments, including redevelopment of several plazas along Federal Highway.

Long-Term Financial Planning

The City of Lighthouse Point has continued to maintain and rehabilitate its capital facilities and equipment, while preserving a healthy level of fund balance and minimal use of debt. The City finances its capital projects through the use of accumulated fund balance cash and intergovernmental grants, with the balance funded via various debt mechanisms. The City has a capital improvement plan that details multiyear cyclical expenditures, and is published in the City's annual budget. This plan outlines maintenance, rehabilitation, or replacement of many of the City's facilities and infrastructure, including: bridges, canals, roads, seawalls, stormwater, and parks and recreation, and includes funding sources.

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The capital improvement plan serves as a guide for the City Administration in planning and executing future facility improvements.

During the past year, the City has undertaken or completed the following capital improvement plan projects:

- Drainage improvements at Frank McDonough Park, in the areas around the tennis Center
- Recreation improvements that included a new Tot Lot at Dan Witt Park and basketball goals
- Canal dredging project in approval phase
- Updates to the City's irrigation and landscaping infrastructure.

Financial Information and Relevant Policies

The City administration is responsible for establishing and maintaining internal controls. The City's accounting system is designed to allow for internal controls that are reasonable and provide assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are reliable to report on the City's finances and assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires the City administration to make estimates and judgments. All internal control evaluations occur within this framework. We believe that the City has established appropriate internal controls to reasonably assure proper recording of financial transactions and protection of assets.

Budgetary Control:

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by character (Personal Services, Operating Expenses, Capital Outlay), budgetary control is maintained at the object level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun of balances, are not released until additional appropriations are made available or sufficient resources are assured to cover the liability. Open encumbrances in excess of \$20,000 are reported as commitments of fund balance on September 30, 2018.

Financial Policies:

The City has adopted specific financial policies that have contributed to the sound financial position reflected in this report for FY 2017/2018. These include:

- A contingency policy that requires certain fund balance to be set aside for emergencies
- An investment policy that emphasizes safety and liquidity above all, with yield being of lowest importance
- Conservative budget practices that help to maintain healthy levels of fund balance

Employee Retirement System:

The City offers eight different retirement plan options to City employees depending upon their employee group, as well as the Florida Retirement System for all newly hired Firefighters and Police Officers. Four of the plans are defined contributions (401a) that cover General Employees and Management Employees as well as Firefighters and Police Officers hired prior to October 1, 2003. There is also a defined benefit plan for Firefighters and Police Officers that was implemented on October 1, 2003. The City offers a deferred compensation plan (457) and Roth IRA to all employees who wish to contribute, as well as a retirement health savings plan to certain eligible groups of employees. The defined contribution plans require fixed contributions from both the City and the participating employee based upon union contracts and City Commission resolutions. The defined benefit plan also requires City and employee contributions that are based upon the initial adoption resolution and modified by annual actuarial valuations. The FRS requires both City and employee contributions, and the Florida State Legislature determines plan structure, benefit levels, and funding. The deferred compensation, Roth IRA, and retirement health savings plans are funded exclusively through employee contributions. More information on the retirement plans is provided in the financial section of this report.

Major Initiatives

The City's major initiatives for FY 2018 included the following:

- Referendum to issue \$ 16.5 million in General Obligation Bonds, to construct and renovate much needed capital facilities; approved by over 65% of voters in the November 2018 election.
- Acquisition of land where a new Fire Station will be constructed.
- Increased Fire Assessment to replace outdated and/or obsolete Fire Rescue equipment.
- Full recovery from Hurricane Irma and submission of all recovery costs to FEMA for reimbursement.
- Entered into a three (3) year Collective Bargaining Agreement with the Broward County Police Benevolent Association (PBA) on behalf of police officers.
- Entered into a three (3) year Collective Bargaining Agreement with the International Association of Firefighters (IAFF), Local 3080, on behalf of firefighters.
- Adopted ordinances moving police officers and firefighters into the Florida Retirement System (FRS)
- Awarded new contracts for hurricane debris collection and monitoring.
- Approved an Amendment to the Agreement with Waste Management to continue solid waste and recycling collection and disposal for five (5) years.
- Entered into an Agreement with the National Resources Conversation Service (NRCS) to fund the removal of vegetation, debris, and sediment from the NE 53rd Court Waterway.
- Entered into an Agreement with Pompano Beach for the continued use and maintenance of Exchange Club Park.

- Completed installation of surveillance system at City facilities and parks.
- Implemented online registration for Recreation sports programs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its report for the fiscal year ended September 30, 2017. This was the twenty-fourth consecutive year that the City has achieved this recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

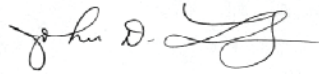
A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the requirements of this peer review program and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is the result of the combined efforts of all who contribute to the success of the City of Lighthouse Point, including its elected officials, staff and residents. Due credit and thanks is given to the Mayor and City Commission for their support and for maintaining high standards of professionalism in the oversight and administration of the City's finances.

Respectfully submitted,

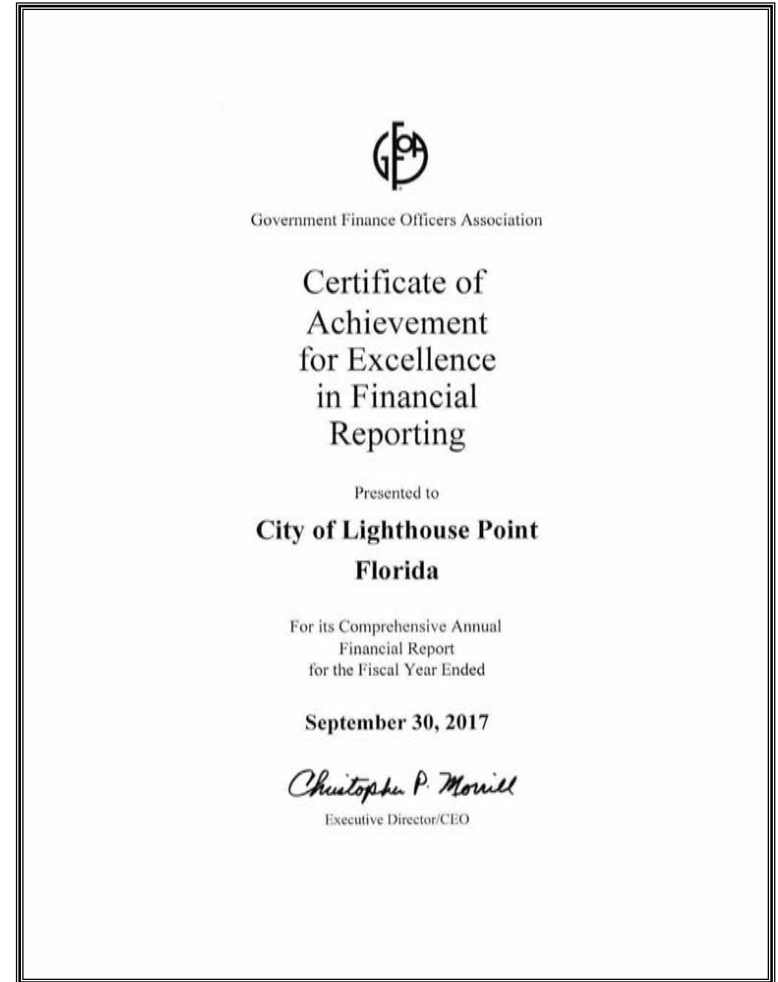


Frank L. DiPaolo
Finance Director



John D. Lavisky
City Administrator

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**City of Lighthouse Point
City Governmental Structure
September 30, 2018**



**City of Lighthouse Point, Florida
List of Principal Officials
September 30, 2018**

Mayor	Glenn Troast
Commission President	Jason Joffe
Commission Vice President	Earl Maucker
Commissioner	Sandy Johnson
Commissioner	Michael S. Long
Commissioner	Kyle Van Buskirk
City Administrator	John D. Lavisky
City Attorney	Michael D. Cirullo, Jr.
City Clerk	Jennifer Oh
Finance Director	Frank L. DiPaolo
Fire Chief	Shawn Gilmartin
Library Director	Christy Keyes
Police Chief	Ross Licata
Public Works Director	Charles Schramm
Recreation Director	Becky Lysengen

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commissioners
City of Lighthouse Point, Florida
Lighthouse Point, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lighthouse Point, Florida as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

City of Lighthouse Point, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lighthouse Point, Florida, as of September 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Garbage and Trash Fund - a major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Notes L and N to the financial statements, the City changed its method of accounting and financial reporting for other post-employment benefits as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017, which resulted in the City restating net position for recognition of the City's other post-employment related activity prior to October 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 4 through 20 and 62 through 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lighthouse Point, Florida's basic financial statements. The introductory section, other supplementary information, other financial information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and the other financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

City of Lighthouse Point, Florida

In our opinion, the other supplementary information and the other financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019, on our consideration of the City of Lighthouse Point, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lighthouse Point, Florida's internal control over financial reporting and compliance.



KEEFE MCCULLOUGH

Fort Lauderdale, Florida
March 22, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

(NOT COVERED BY INDEPENDENT AUDITOR'S REPORT)

As management of the City of Lighthouse Point, we offer readers this overview and analysis of the financial activities of the City of Lighthouse Point for the fiscal year ended September 30, 2018. This section of the financial report is designed to assist the reader in focusing on significant financial issues, changes in the City's financial position and material deviations from the approved budget; further, to identify issues and concerns within each individual fund. Readers are encouraged to review the information presented here in conjunction with the information presented throughout this report, including the letter of transmittal, financial statements, and notes to the financial statements that follow. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements.

Financial Highlights

The following are highlights of financial activity for the fiscal year ending September 30, 2018:

- The City's total assets exceeded its liabilities by \$ 29,603,080 (net position). The entire amount was derived from governmental fund activities. Of this amount, \$ 5,778,930 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's revenues for governmental activities were \$ 18,163,788, including \$ 4,910,641 for program related services. Expenditures for all governmental activities were \$ 17,993,648.
- At the close of the current fiscal year, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 7,812,283, a decrease of \$ 2,109,856. The General Fund decreased by \$ 1,960,292.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$ 3,845,711 including \$ 81,542 Nonspendable; \$ 1,492,589 Committed; \$ 2,250,000 Assigned; and \$ 21,580 Unassigned.
- The total value of the City's governmental cash and investments at September 30, 2018 was \$ 8,170,611. The City's balances of cash were down \$ 232,356 and invested funds were down \$ 1,960,447.

Overview of Financial Statements

The organization of the City's financial statements is guided by the pronouncements of the Governmental Accounting Standards Board (GASB) and its reporting model prescribed in Pronouncement 34. This annual report consists of four parts: 1) Introductory Section, 2) Financial Section, 3) Statistical Section, and 4) Compliance Section. The Financial Section is comprised of the Independent Auditor's Report, this Management Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information, and an additional section that presents Combining Statements for nonmajor governmental and fiduciary funds.

The basic financial statements include two kinds of statements that present different views of the City's financial activity. The following table summarizes the major features of the City's financial statements:

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not fiduciary, such as police, fire, parks, etc.	Instances in which the City is the trustee or agent for someone else's resources, such as employee retirement plans
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon after; capital assets are not included	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the fiscal year; expenses when goods/services have been received and payment is due, during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide financial statements

The government-wide statements include the statement of net assets and the statement of activities, and are designed to provide a broad overview of the City's financial position as an entity, similar to a private corporation.

The statement of net position shows the total assets and deferred outflows, and liabilities and deferred inflows for the City with the difference representing net position. The change in net position over time may be an indicator of the City's financial health. (Table 1 in the Statistical Section provides such a comparison of the growth in the City's net position.)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Lighthouse Point that are principally supported by taxes and intergovernmental revenues. The *governmental activities* of the City include general government (governing body, administration, records management, and finance), public safety (police, fire-rescue, land and building regulation, and code enforcement), physical environment (public works), and culture and recreation (library and park activities). The City of Lighthouse Point is the primary government and has no component units to report. These statements do not include the fiduciary funds because those resources are being held in trust for beneficiaries and cannot be used for the City's program activities.

Fund financial statements

A fund consists of a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lighthouse Point, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. The City of Lighthouse Point categorizes funds as governmental funds and fiduciary funds, since the City has no proprietary funds.

The governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balance. Governmental funds include the functions summarized as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lighthouse Point maintains six individual governmental funds. For the City's General Fund, Garbage and Trash Fund, and Public Safety Fund, the information is presented separately in the governmental fund financial statements, as they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report.

The City adopts an annual appropriation for the General Fund, the Garbage and Trash Fund, the Tennis Center Fund, the Stormwater Fund, and the Debt Service Fund. A budgetary comparison is provided for each of the funds to demonstrate compliance with the budget.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page 33 of this report.

Other information

In addition to the basic financial statements and accompanying notes, required and other supplementary information is included in this report. The required supplementary information is comprised of schedules that demonstrate the City's progress in funding its pension and post-employment benefits obligations.

Other supplementary information includes budgetary comparison schedules for the City's General Fund, Tennis Center Fund, Stormwater Fund, and Debt Service Fund, which demonstrate compliance with the City's annual adopted budget.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented as other financial information, immediately following the other supplementary information section.

Government-Wide Financial Analysis

Summary of Net Position

As noted earlier, net position may serve over time as a useful indicator of the City's financial health or position. For the City of Lighthouse Point, assets exceeded liabilities by \$ 29,603,080 at the close of the fiscal year. The table below summarizes Lighthouse Point's net position for the fiscal year ended September 30, 2018 compared to September 30, 2017.

	Net Position September 30	
	2018	2017
Current and other assets	\$ 9,436,907	\$ 11,856,337
Capital assets, net	23,479,113	21,680,936
Total assets	32,916,020	33,537,273
Total deferred outflows of resources	7,208,858	4,511,160
Current liabilities	2,068,847	1,850,990
Long-term liabilities outstanding	6,597,847	4,258,566
Total liabilities	8,666,694	6,109,556
Total deferred inflows of resources	1,855,104	2,505,937
Net position:		
Net investment in capital assets	21,228,328	18,960,079
Restricted	2,595,822	2,951,222
Unrestricted	5,778,930	7,521,639
Total net position	\$ 29,603,080	\$ 29,432,940

The overall financial position of the City increased in total by \$ 170,140 during FY 2018. This was mostly due to normal fluctuations in revenue and expenses.

Changes in net position over time are a good and useful indicator of financial position. Key elements of the reconciliation of the statements are that the Government-wide Statement of Activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives through annual depreciation charges and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental fund statements report the issuance of debt as an other financing source of funds, the repayment of debt and the purchase of capital assets as expenditures, and changes in long-term liabilities are not reported in the operating statements.

The majority of the City's total net position (\$ 21,228,328 or 72%) are in capital assets, such as land, buildings, improvements other than buildings, machinery and equipment, and infrastructure, less any related debt that was used to acquire those assets (approximately \$ 2.2 million) that is still outstanding. The City's portion of net assets invested in capital, net of related debt increased by \$ 2,268,249 due to the net effect of the acquisition of capital items and scheduled repayment of debt service, offset by the issuance of a capital lease. The City of Lighthouse Point uses its capital assets to provide services to its residents; consequently, these assets are not available for future spending or liquidation. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position (\$ 2,595,822 or 8%) represents resources that are subject to either external restrictions or City policy on how they may be used. The 2018 balance in restricted net position decreased by \$ 355,400.

The remaining balance of \$ 5,778,930 reflects unrestricted net position (20%) decreased by \$ 1,742,709, and may be used to meet the government's ongoing obligations to citizens and creditors.

Summary of Changes in Net Position

Governmental activities:

The following schedule is a summary of the FY 2018 Statement of Activities with comparative information for FY 2017:

	Change in Net Position	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 4,666,173	\$ 4,651,042
Operating grants and contributions	244,468	130,980
General revenues:		
Ad valorem taxes	8,147,243	7,652,001
Other taxes	3,181,152	3,137,988
Intergovernmental revenues	1,274,422	1,297,569
Miscellaneous	650,330	641,053
Total revenues	18,163,788	17,510,633

	For the Year Ended September 30,	
	2018	2017
Expenses:		
General government	1,823,307	1,781,048
Public safety	10,696,943	10,120,375
Physical environment	4,046,490	4,380,588
Transportation	48,582	44,246
Culture and recreation	1,329,199	1,286,251
Debt service	49,127	50,790
Total expenses	17,993,648	17,663,298
Change in net position	170,140	(152,665)
Net Position, Beginning of Year	29,432,940	29,544,705
Restatement, Note N	-	40,900
Net Position, End of Year	\$ 29,603,080	\$ 29,432,940

Revenues increased from prior year total by \$ 653,155 (3.7%), and expenses came in higher than the prior year total by \$ 330,350 (1.9%). Net position for the current fiscal year increased by \$ 170,140. The primary driver of the increase in revenue was an increase in Ad Valorem Taxes collection. Most of the functions of government experienced an increase in expenses due to higher payroll costs.

Net investment in capital assets increased by \$ 2,268,249. The City acquired or constructed a number of capital assets during the fiscal year, including a parcel of land for nearly \$ 1.8 million.

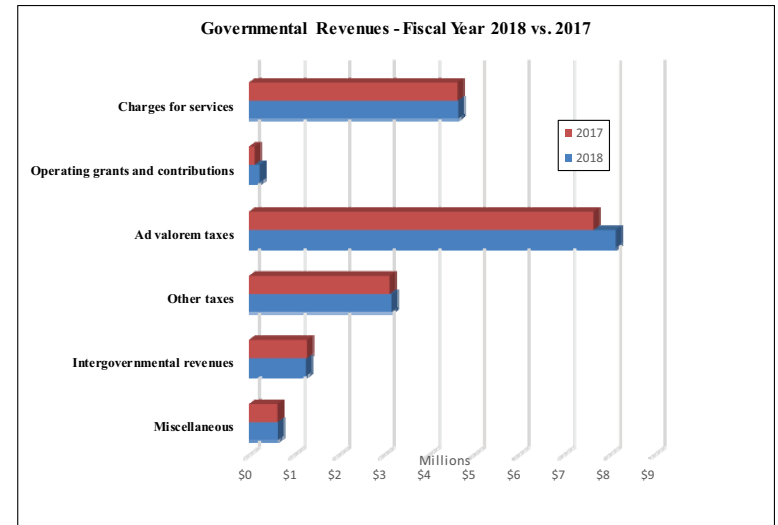
The City also reported a Net Pension Liability for fiscal year 2017/2018 in the amount of \$ 3,338,265. This represents an increase of approximately \$ 3 million from the fiscal year 2016/2017 reported liability, and was due to assumption changes and demographic experiences.

Total revenues were higher by 3.7% in fiscal year 2017/2018. Ad Valorem taxes increased due to an increase in assessed property values. Operating Grants and Contributions increased due to the Federal grant received by Fire Rescue. Other taxes, which includes Franchise Fees and Utility Service Taxes, increased slightly. Charges for Services and Miscellaneous Revenues also saw small increases, while Intergovernmental Revenue decreased slightly.

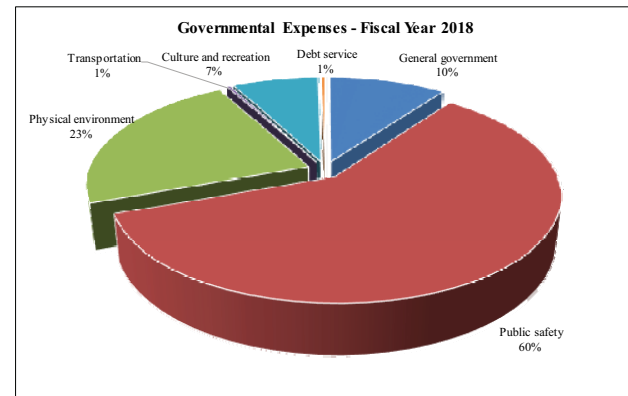
Total expenses for the year increased by 1.9%. A few of the expense categories were lower than the prior year, however the overall increase is attributable to a 5.7% increase in Public Safety expenditures.

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This chart is a comparison of governmental revenues for the current and last fiscal year:



The following pie chart shows program expenses for governmental activities for fiscal year 2018:



Analysis of the Government's Funds

As noted earlier, the City of Lighthouse Point utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to communicate near-term inflows, outflows, and balances of spendable resources. The information presented, particularly the unreserved fund balance, may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. At the end of the FY 2018, the City of Lighthouse Point's governmental funds reported combined ending fund balances of \$ 7,812,283.

Approximately 7% of the fund balance constitutes nonspendable fund balance, or \$ 581,542 that is not available for spending at the City's discretion, and represents prepaid insurance premiums for the next fiscal year, as well as the principal balance of the Walt and Mary Barker Library Trust Fund. The remainder is spendable but falls into four different categories:

- Restricted by external requirements (\$ 2,122,365 or 27%), comprised of Federal and State Forfeiture Funds, Garbage and Trash fund balance, and Stormwater and Debt Service fund balance;
- Committed by the City Commission (\$ 2,856,302 or 36%) for minimum contingency balance, appropriated budget surplus for the following year's budget, and use for purposes other than those restricted or nonspendable, including the balance of the special purpose funds;
- Assigned by the Mayor (\$ 2,250,000 or 29%) for emergency recovery purposes;
- Unassigned (\$ 2,074 or 1%) is available for spending with no restrictions.

The following is a summary of changes and the breakdown of fund balances as of September 30, 2018:

	General Fund	Garbage and Trash Fund	Public Safety Fund	Nonmajor Governmental Funds	Total
Fund balances, September 30, 2017	\$ 5,806,003	\$ 614,750	\$ 1,796,681	\$ 1,704,705	\$ 9,922,139
Revenues	15,445,535	1,694,192	18,358	1,071,624	18,229,709
Expenditures	(17,474,931)	(1,834,072)	(126,592)	(1,023,479)	(20,459,074)
Other financing sources (uses)	69,104	(55,000)	-	105,405	119,509
Fund balances, September 30, 2018	<u>\$ 3,845,711</u>	<u>\$ 419,870</u>	<u>\$ 1,688,447</u>	<u>\$ 1,858,255</u>	<u>\$ 7,812,283</u>
Fund balances are represented as follows:					
Nonspendable	\$ 81,542	\$ -	\$ -	\$ 500,000	\$ 581,542
Restricted	-	26,543	1,688,447	407,375	2,122,365
Committed	1,492,589	393,327	-	970,386	2,856,302
Assigned	2,250,000	-	-	-	2,250,000
Unassigned (deficit)	21,580	-	-	(19,506)	2,074
Fund balances, September 30, 2018	<u>\$ 3,845,711</u>	<u>\$ 419,870</u>	<u>\$ 1,688,447</u>	<u>\$ 1,858,255</u>	<u>\$ 7,812,283</u>

General Fund

The General Fund is the chief operating fund of the City of Lighthouse Point. At the end of FY 2018, total nonspendable and spendable fund balance of the General Fund was \$ 3,845,711. As a measure of the General Fund's liquidity, it may be useful to compare both spendable fund balance and total fund expenditures. Assigned and unassigned fund balance represents 13% of the total general fund expenditures.

The following table summarizes the General Fund's revenues compared with the prior year:

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Revenues:				
Ad Valorem	\$ 7,735,604	\$ 7,248,276	\$ 487,328	6.7%
Franchise taxes	869,133	867,349	1,784	0.2%
Utility service taxes	2,448,572	2,397,754	50,818	2.1%
Licenses and permits	1,093,785	953,071	140,714	14.8%
Intergovernmental revenues	1,496,896	1,412,691	84,205	6.0%
Charges for services	506,348	473,914	32,434	6.8%
Non ad valorem assessments	822,756	614,897	207,859	33.8%
Fines and forfeitures	201,115	577,385	(376,270)	-65.2%
Miscellaneous	267,139	232,389	34,750	15.0%
Transfers in and other sources	229,509	530,000	(300,491)	-56.7%
	<u>\$ 15,670,857</u>	<u>\$ 15,307,726</u>	<u>\$ 363,131</u>	<u>2.4%</u>

General Fund operating revenue totaled \$ 15,670,857, reflecting a net increase of \$ 363,131 when compared with 2017. The main drivers of this increase were ad valorem taxes, licenses and permits, and non ad valorem assessments. The City's property tax base increased by over 7% in FY 2018 and the City Commission approved the same millage rate as the prior year, resulting in an increase in Ad Valorem revenue. Licenses and permits were higher due to an increase in both residential and commercial building permit activity. Non ad valorem assessments revenue increased, since the City Commission raised the Fire Assessment to pay for replacement Fire Rescue equipment.

Most of the other revenue categories also saw increases compared to the prior fiscal year. Intergovernmental revenue increased due to receipt of a Federal grant for Fire Rescue equipment. Utility service taxes were higher due to an increase in the underlying energy consumption and rates charged for usage. Miscellaneous revenues increased due to higher than expected interest earnings, as well as donated assets and other contributions to the City to purchase new equipment. Fines and forfeitures decreased significantly since the prior year saw receipt of a few large fines. Transfers in and other sources was also lower, as the City issued a \$ 420,000 capital lease in FY 2017. The remainder of the categories saw minimal changes from the prior fiscal year.

The following table summarizes the General Fund expenditures compared with the prior year:

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Expenditures:				
General government	\$ 3,716,724	\$ 1,826,216	\$ 1,890,508	103.5%
Public safety	10,633,561	10,446,815	186,746	1.8%
Physical environment	1,846,597	1,612,022	234,575	14.6%
Transportation	48,582	44,246	4,336	9.8%
Culture/recreation	988,950	837,407	151,543	18.1%
Debt service	236,330	147,684	88,646	60.0%
Transfers out	160,405	652,328	(491,923)	-75.4%
	<u>\$ 17,631,149</u>	<u>\$ 15,566,718</u>	<u>\$ 2,064,431</u>	13.3%

General Fund expenditures were up \$ 2,064,431 from FY 2017, or about 13.3%. General Government was more than twice that of the prior year due to the purchase of land in FY 2018 for \$ 1.8 million. Physical environment was higher, as the majority of Hurricane Irma recovery costs were recorded in FY 2018. Public Safety expenditures also rose, primarily due to capital outlay spending in the Fire Department on grant-funded and other capital purchases. Recreation costs were higher as a result of increases in salary and benefit costs, as well as capital outlay expenditures for a new Tot Lot at Dan Witt Park and the recording of donated furniture to the Library. Transfers out were much lower in FY 2018 since in the prior year, the City transferred \$ 500,000 to the Infrastructure Fund for future capital improvement projects.

Changes to the City's General Fund original revenue budget are summarized as follows:

	Original Budget	Final Budget	Dollar Change	Percent Change
Revenues:				
Ad Valorem	\$ 7,715,000	\$ 7,735,290	\$ 20,290	0.3%
Franchise taxes	897,400	897,400	-	0.0%
Utility service taxes	2,413,000	2,448,096	35,096	1.4%
Licenses and permits	903,600	1,023,258	119,658	11.7%
Intergovernmental revenues	1,392,000	1,495,881	103,881	6.9%
Charges for services	465,300	465,300	-	0.0%
Non ad valorem assessments	815,000	815,000	-	0.0%
Fines and forfeitures	99,350	162,262	62,912	38.8%
Miscellaneous	95,000	223,861	128,861	57.6%
Transfers in and other sources	263,015	271,521	8,506	3.1%
	<u>\$ 15,058,665</u>	<u>\$ 15,537,869</u>	<u>\$ 479,204</u>	3.1%

Ad valorem taxes were higher than anticipated due to the collection of delinquent tax levies. Licenses and permits were higher due to a large increase in building permit activity. Utility service taxes were amended to reflect additional collections by the City. Intergovernmental revenues were increased because of the Fire Rescue AFG grant received during FY 2018. Fines and forfeitures were higher than budget due to the receipt of additional violation fines and settlement payments. Miscellaneous revenues were also amended to reflect the receipt of insurance reimbursements used to repair City property damages, the receipt of interest on City investments that was higher than anticipated, and donations from the Community that supported Fire Rescue and Recreation capital expenditures.

Changes to the City's General Fund original expenditures budget are summarized as follows:

	Original Budget	Final Budget	Dollar Change	Percent Change
Expenditures:				
General government	\$ 1,695,514	\$ 3,716,871	\$ 2,021,357	119.2%
Public safety	10,543,014	10,593,035	50,021	0.5%
Physical environment	1,413,668	1,840,917	427,249	30.2%
Transportation	45,499	45,499	-	0.0%
Culture/recreation	947,192	959,335	12,143	1.3%
Debt service	253,373	236,330	(17,043)	-6.7%
Transfers out	160,405	160,405	-	0.0%
	<u>\$ 15,058,665</u>	<u>\$ 17,552,392</u>	<u>\$ 2,493,727</u>	16.6%

General government appropriations were increased due to costs associated with purchasing land and planning for the bond issuance. The budget for Public Safety expenditures was increased to cover costs associated with increased building permit activity, as well as grant-funded Fire Rescue equipment. Physical environment was increased due to costs associated with Hurricane Irma recovery. Culture/recreation was increased slightly to cover unanticipated property damage from Hurricane Irma. Finally, the budget for debt service was lowered as the timing of the FY 2018 capital lease resulted in lower costs.

Garbage and Trash Fund:

The Garbage and Trash Fund accounts for the activities involved with the collection and disposal of debris in the City. The City contracts for residential trash removal services with Waste Management and charges a Non-Ad Valorem Special Assessment to residential customers. Commercial customers and condominiums with dumpster service pay directly to the franchisee.

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Revenues:				
Charges for services	\$ -	\$ 1,659	\$ (1,659)	-100.0%
Non ad valorem assessments	1,665,015	1,655,784	9,231	0.6%
Miscellaneous	29,177	145,373	(116,196)	-79.9%
	<u>\$ 1,694,192</u>	<u>\$ 1,802,816</u>	<u>\$ (108,624)</u>	-6.0%
Expenditures:				
Physical environment	\$ 1,834,072	\$ 1,536,393	\$ 297,679	19.4%
Transfers out	55,000	55,000	-	0.0%
	<u>\$ 1,889,072</u>	<u>\$ 1,591,393</u>	<u>\$ 297,679</u>	18.7%

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Management's Discussion and Analysis
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The Garbage and Trash Fund currently has a healthy reserve balance, committed to continued viable operation of the City's trash disposal function, as well as keeping assessment rates as low as possible. Fund balance as of September 30, 2018 is \$ 419,870.

Miscellaneous revenues were lower than the prior year due to timing differences with the recycling revenue payments received from Waste Management. Otherwise, the fund's revenues were very close to the prior year totals.

Expenditures for physical environment were higher than the prior year. During FY 2018, the City determined that Waste Management was underbilling the City for services. Accordingly, there was an increase to the number of units and the City paid an adjustment to Waste Management. Transfers out were the same as in FY 2017.

Public Safety Fund:

The Public Safety Fund records the inflow and outflow of Federal and State forfeiture funds. Expenditures are appropriated on an as needed basis, rather than one annual appropriation like the City's other operating funds. There are external restrictions on the use of these monies, and accordingly, balances are shown in the financial statements as restricted. The funds may be utilized to supplement operational needs, including capital purchases, training and certain overtime expenditures. In FY 2018, revenues increased slightly. Total expenditures were lower in FY 2018, since in the prior year, there were significant capital expenditures to outfit new patrol units, purchase recording equipment for the detective bureau interview rooms, and purchase new rugged laptops for patrol units.

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Revenues:				
Fines and forfeitures	\$ 2,227	\$ 4,836	\$ (2,609)	-53.9%
Miscellaneous	<u>16,131</u>	<u>13,166</u>	<u>2,965</u>	22.5%
	<u>\$ 18,358</u>	<u>\$ 18,002</u>	<u>\$ 356</u>	2.0%
Expenditures:				
Public safety	\$ 78,179	\$ 89,043	\$ (10,864)	-12.2%
Capital outlay	<u>48,413</u>	<u>85,282</u>	<u>(36,869)</u>	-43.2%
	<u>\$ 126,592</u>	<u>\$ 174,325</u>	<u>\$ (47,733)</u>	-27.4%

All expenditures in the Public Safety Fund were approved by the City Commission. The Public Safety Fund balance as of September 30, 2018 is \$ 1,688,447, restricted for future public safety costs and initiatives.

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Management's Discussion and Analysis
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Tennis Center Fund:

The Tennis Center Fund accounts for the activities of the City's tennis facility. While it is considered a nonmajor fund, the Tennis Center Fund is an annually appropriated operating fund.

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Revenues:				
Charges for services	\$ 108,613	\$ 90,035	\$ 18,578	20.6%
Miscellaneous	1,000	1,000	-	0.0%
Transfers in	<u>136,405</u>	<u>128,328</u>	<u>8,077</u>	6.3%
	<u>\$ 246,018</u>	<u>\$ 219,363</u>	<u>\$ 26,655</u>	12.2%
Expenditures:				
Culture/recreation	\$ 236,608	\$ 237,201	\$ (593)	-0.2%
	<u>\$ 236,608</u>	<u>\$ 237,201</u>	<u>\$ (593)</u>	-0.2%

For the current fiscal year, the City increased the budgeted General Fund transfer to \$ 136,405 in order to support the increased costs of operating the Tennis Center. Revenues overall were higher than the prior year due to increased membership revenue; however, expenditures continue to rise due to contractual pay increases for employees, an increased cost of City insurance benefits, and the ongoing maintenance and rehabilitation of the clay courts. As of September 30, 2018, the Tennis Center Fund had a balance of (\$ 19,506) and is shown as unassigned fund balance in the financial statements.

Debt Service Fund:

The Debt Service Fund accounts for the repayment of long term debt issued by the City. The expenditures are based upon amortization schedules. Since the annual debt service payments do not change, and property values are on the rise, the City has been able to lower the millage rate and still meet the debt service requirements. Any residual fund balance is used to lower the millage rate whenever possible.

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Revenues:				
Ad valorem taxes	\$ 411,639	\$ 403,725	\$ 7,914	2.0%
Interest income	<u>207</u>	<u>147</u>	<u>60</u>	40.8%
	<u>\$ 411,846</u>	<u>\$ 403,872</u>	<u>\$ 7,974</u>	2.0%
Expenditures:				
Principal	\$ 371,452	\$ 364,088	\$ 7,364	2.0%
Interest and other	<u>36,267</u>	<u>43,632</u>	<u>(7,365)</u>	-16.9%
	<u>\$ 407,719</u>	<u>\$ 407,720</u>	<u>\$ (1)</u>	0.0%

The Debt Service Fund Balance as of September 30, 2018 is \$ 14,952, restricted for repayment of debt service obligations.

Stormwater Fund

The Stormwater Fund was established in FY 2010. The purpose of the fund is to provide resources for capital improvements and significant maintenance of the City's stormwater management infrastructure. Although much of this had been funded by grants in the past, these grant dollars have diminished over time and are now insufficient to meet the City's needs. The primary source of revenue is a non-ad valorem special assessment on the annual property tax bill. A consultant study was used to determine the benefit for individual properties of the City's stormwater management program. The stormwater management and collection system is aging, and the City continues to assess property owners each year as a way to build a fund balance for probable major stormwater improvements in the future. The Stormwater Fund Balance as of September 30, 2018 is \$ 295,519, restricted to future maintenance and capital improvement projects in the stormwater system.

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Revenues:				
Non ad valorem assessments	\$ 271,093	\$ 269,214	\$ 1,879	0.7%
Miscellaneous	3,438	2,237	1,201	53.7%
	<u>\$ 274,531</u>	<u>\$ 271,451</u>	<u>\$ 3,080</u>	1.1%
Expenditures:				
General government	\$ 3,904	\$ 9,281	\$ (5,377)	-57.9%
Physical environment	139,195	55,180	84,015	152.3%
Capital outlay	125,651	-	125,651	100.0%
Transfers out	55,000	55,000	-	0.0%
	<u>\$ 323,750</u>	<u>\$ 119,461</u>	<u>\$ 204,289</u>	171.0%

There was no change in the assessment rate, and stormwater assessment collections were slightly higher than the prior year. Miscellaneous revenues were slightly higher due to an increase in interest earnings. There was one capital project during the current year to provide for proper groundwater drainage in the area surrounding Frank McDonough Park and the Tennis Center. Other expenditures in the current year consisted primarily of repairs to existing storm drain lines, cleaning and maintenance of storm drains, and billing fees for collection of the assessment.

Infrastructure Fund:

The Infrastructure Fund was established by the City Commission to carry out general capital improvement projects, and has been primarily funded with transfers from other City funds. The infrastructure fund balance as of September 30, 2018 is \$ 552,586, committed to future capital improvement projects.

The following table summarizes the fund activity for FY 2018:

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
Revenues:				
Miscellaneous	\$ 118,637	\$ 117,617	\$ 1,020	0.9%
Transfers in	-	500,000	(500,000)	100.0%
	<u>\$ 118,637</u>	<u>\$ 617,617</u>	<u>\$ (498,980)</u>	-80.8%
Expenditures:				
Physical environment	\$ 13,421	\$ 978,246	\$ (964,825)	-98.6%
Capital outlay	-	37,439	(37,439)	-100.0%
	<u>\$ 13,421</u>	<u>\$ 1,015,685</u>	<u>\$ (1,002,264)</u>	-98.7%

Appropriations are approved typically on a project by project basis. There were no one-time transfers to the Infrastructure Fund in FY 2018, and otherwise revenues were nearly the same as in FY 2017. Current year expenditures were significantly lower, and included only one project to replace sidewalks that were damaged by trees, a good portion of which occurred as a result of Hurricane Irma.

Capital Assets and Debt Administration

Capital Assets

The City of Lighthouse Point's investment in capital assets for its governmental activities as of September 30, 2018 amounts to \$ 23,479,113 (net of accumulated depreciation). This investment includes land, buildings and improvements, equipment and fixtures, vehicles, and infrastructure. Major capital asset acquisitions or improvements during the fiscal year include the following:

- City Hall – acquisition of land for new Fire Station
- Fire Department – replaced all hand-held and mobile radios; replaced SCBA air packs and bottles with Federal grant funding; purchased a Lucas chest compression system; purchased battery-powered extrication tools; purchased new breathing air compressor; replaced ambulance cot with donated funds from a local foundation
- Police Department – replaced two patrol vehicles and one administrative vehicle; purchased a digital speed display sign and two mobile radar units
- Recreation – replaced Dan Witt park Tot Lot and playground turf; replaced two basketball goals
- Public Works – completed Stormwater drainage project at Frank McDonough Park/Tennis Center; purchased a new water tank trailer with pump
- Technology – completed installation of City-wide security surveillance system

**City of Lighthouse Point, Florida
Management's Discussion and Analysis
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	<u>2018</u>	<u>2017</u>
Capital assets:		
Land	\$ 8,826,588	\$ 7,059,360
Infrastructure	6,545,346	6,574,020
Buildings and land improvements	6,060,047	6,188,432
Vehicles	1,079,355	1,214,951
Equipment and fixtures	<u>967,777</u>	<u>644,173</u>
Total capital assets	<u>\$ 23,479,113</u>	<u>\$ 21,680,936</u>

Additional data about the City's capital assets can be found in Note G.

Long-Term Debt and Other Long-Term Liabilities:

At the end of the fiscal year, the City had total debt and other long-term liabilities outstanding of \$ 7,351,333. A General Fund pledge to appropriate supports the capital leases, while ad valorem taxes provide the revenue stream for the repayment of the notes payable. Compensated absences are paid out upon termination based upon City policy and labor agreements. See Note L for more information on the other post-employment benefit obligation liability.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Notes payable	\$ 1,932,495	\$ -	\$ 371,452	\$ 1,561,043
Capital leases	777,537	119,509	222,241	674,805
Compensated absences	1,615,102	39,686	159,849	1,494,939
Net pension liability	387,347	2,950,918	-	3,338,265
Net OPEB obligation, as restated (Note N)	<u>248,100</u>	<u>34,181</u>	<u>-</u>	<u>282,281</u>
	<u>\$ 4,960,581</u>	<u>\$ 3,144,294</u>	<u>\$ 753,542</u>	<u>\$ 7,351,333</u>

Additional information about the City's long-term debt can be found in Note H.

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a personal income tax and operates primarily through funds generated from sales, gasoline, and corporate income taxes. Local governments are not permitted to levy income taxes either and rely on property tax and a limited number of other taxes on utilities and gasoline as well as local business taxes and franchise fees to support delivery of municipal services. The City of Lighthouse Point has continued to preserve fund balance by carefully using its resources and limiting non-essential expenditures where possible.

**City of Lighthouse Point, Florida
Management's Discussion and Analysis
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The General Fund budget for FY 2019 was approved at \$ 16,177,892 which represents a decrease of \$ 1,128,905 (approximately 6.5%) below the amended FY 2018 budget. The operating millage was adopted at 3.5893, equal to the millage rate for the prior fiscal year. Since taxable values increased, using the same millage resulted in an increase in the ad valorem levy for FY 2019.

Requests for Information

This financial report is designed to provide a general overview of the City of Lighthouse Point for all those with an interest in the City's finances. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to the Finance Department, City of Lighthouse Point, 2200 N.E. 38th Street, Lighthouse Point, Florida 33064.

BASIC
FINANCIAL STATEMENTS

City of Lighthouse Point, Florida
Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>
Assets:	
Cash, cash equivalents, and investments	\$ 8,170,611
Accounts receivable	485,082
Due from other governments	699,672
Prepays and other assets	81,542
Capital assets:	
Nondepreciable	8,826,588
Depreciable, net	<u>14,652,525</u>
Total assets	<u>32,916,020</u>
Deferred Outflows of Resources:	
Deferred outflows - related to pensions	<u>7,208,858</u>
Total deferred outflows of resources	<u>7,208,858</u>
Liabilities:	
Accounts payable	454,341
Accrued payroll and related taxes	748,019
Accrued interest payable	5,167
Deposits	30,200
Licenses collected in advance	57,173
Unearned revenues	20,461
Due within one year:	
Compensated absences payable	132,137
Notes and capital leases payable	621,349
Due in more than one year:	
Compensated absences payable	1,362,802
Notes and capital leases payable	1,614,499
Net pension liability	3,338,265
Other postemployment benefit obligation liability	<u>282,281</u>
Total liabilities	<u>8,666,694</u>
Deferred Inflows of Resources:	
Deferred inflows - related to pensions	<u>1,855,104</u>
Total deferred inflows of resources	<u>1,855,104</u>
Net Position:	
Net investment in capital assets	21,228,328
Restricted for:	
Debt service	14,952
Law enforcement trust	1,688,447
Stormwater improvements	295,519
Walt and Mary Barker library fund:	
Nonexpendable	500,000
Expendable	96,904
Unrestricted	<u>5,778,930</u>
Total net position	<u>\$ 29,603,080</u>

The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
Statement of Activities
For the Year Ended September 30, 2018

	<u>Program Revenues</u>				<u>Net Revenues (Expenses) and Change in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Functions/Programs:					
Governmental activities:					
General government	\$ 1,823,307	\$ 67,505	\$ -	\$ -	\$ (1,755,802)
Public safety	10,696,943	2,452,535	219,890	-	(8,024,518)
Physical environment	4,046,490	1,931,329	-	-	(2,115,161)
Transportation	48,582	-	-	-	(48,582)
Culture/recreation	1,329,199	214,804	24,578	-	(1,089,817)
Interest expense	<u>49,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,127)</u>
Total governmental activities	<u>\$ 17,993,648</u>	<u>\$ 4,666,173</u>	<u>\$ 244,468</u>	<u>\$ -</u>	<u>(13,083,007)</u>
General revenues:					
Taxes:					
Ad-valorem taxes					8,147,243
Franchise taxes					865,160
Utility service taxes					2,315,992
Intergovernmental revenues (unrestricted)					1,274,422
Miscellaneous					<u>650,330</u>
Total general revenues					<u>13,253,147</u>
Change in net position					170,140
Net Position, Beginning of Year, as restated (Note N)					<u>29,432,940</u>
Net Position, End of Year					<u>\$ 29,603,080</u>

The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
Balance Sheet - Governmental Funds
September 30, 2018

	Major Governmental		Funds		
	General Fund	Garbage and Trash Fund	Public Safety Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents, restricted cash and investments	\$ 5,860,599	\$ -	\$ 1,326,526	\$ 983,486	\$ 8,170,611
Due from other funds	-	558,293	374,090	971,499	1,903,882
Accounts receivable	418,437	57,252	-	9,393	485,082
Due from other governments	699,230	377	40	25	699,672
Prepaid expenditures	81,542	-	-	-	81,542
Total assets	\$ 7,059,808	\$ 615,922	\$ 1,700,656	\$ 1,964,403	\$ 11,340,789
Liabilities:					
Accounts payable	\$ 224,259	\$ 138,893	\$ 12,209	\$ 78,980	\$ 454,341
Accrued payroll and related taxes	328,219	-	-	4,790	333,009
Due to other funds	1,884,625	-	-	19,257	1,903,882
Deposits	30,200	-	-	-	30,200
Licenses collected in advance	57,173	-	-	-	57,173
Unearned revenue	17,340	-	-	3,121	20,461
Total liabilities	2,541,816	138,893	12,209	106,148	2,799,066
Deferred Inflows of Resources:					
Unavailable revenue - utility service taxes	500,281	-	-	-	500,281
Unavailable revenue - franchise and other revenues	85,055	57,159	-	-	142,214
Unavailable revenue - intergovernmental	86,945	-	-	-	86,945
Total deferred inflows of resources	672,281	57,159	-	-	729,440
Fund Balances:					
Nonspendable	81,542	-	-	500,000	581,542
Restricted	-	26,543	1,688,447	407,375	2,122,365
Committed	1,492,589	393,327	-	970,386	2,856,302
Assigned	2,250,000	-	-	-	2,250,000
Unassigned (deficit)	21,580	-	-	(19,506)	2,074
Total fund balances	3,845,711	419,870	1,688,447	1,858,255	7,812,283
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,059,808	\$ 615,922	\$ 1,700,656	\$ 1,964,403	\$ 11,340,789

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The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 September 30, 2018

Fund balances - total governmental funds		\$	7,812,283	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:				
The cost of capital assets is	\$	33,175,271		
Accumulated depreciation is		<u>(9,696,158)</u>	23,479,113	
Certain revenues are considered deferred inflows of resources in the fund statements due to availability of funds; under full accrual accounting they are considered revenues.				
			729,440	
Certain funds related to pension assets and liabilities are not reported in the governmental funds:				
Deferred outflows, related to pensions	\$	7,208,858		
Deferred inflows, related to pensions		<u>(1,855,104)</u>	5,353,754	
Long-term liabilities, including leases and bonds payable are not due and payable in the current period and therefore are not reported in the funds:				
Notes and capital leases payable	\$	(2,235,848)		
Accrued payroll and related taxes		(415,010)		
Compensated absences payable		(1,494,939)		
Accrued interest payable		(5,167)		
Net pension liability		(3,338,265)		
Other postemployment benefit obligation liability		<u>(282,281)</u>	<u>(7,771,510)</u>	
Net position of governmental activities		\$	<u>29,603,080</u>	

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The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds
For the Year Ended September 30, 2018

	Major Governmental		Funds		
	General Fund	Garbage and Trash Fund	Public Safety Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 7,735,604	\$ -	\$ -	\$ 411,639	\$ 8,147,243
Franchise taxes	869,133	-	-	-	869,133
Utility service taxes	2,448,572	-	-	-	2,448,572
Licenses and permits	1,093,785	-	-	-	1,093,785
Intergovernmental revenues	1,496,896	-	-	-	1,496,896
Charges for services	506,348	-	-	108,613	614,961
Non advalorem assessments	822,756	1,665,015	-	271,093	2,758,864
Fines and forfeitures	201,115	-	2,227	-	203,342
Miscellaneous	267,139	29,177	16,131	284,466	596,913
Total revenues	<u>15,441,348</u>	<u>1,694,192</u>	<u>18,358</u>	<u>1,075,811</u>	<u>18,229,709</u>
Expenditures:					
Current:					
General government	1,759,632	-	-	3,904	1,763,536
Public safety	10,272,170	-	78,179	-	10,350,349
Physical environment	1,837,355	1,834,072	-	161,146	3,832,573
Transportation	48,582	-	-	-	48,582
Culture/recreation	853,366	-	-	321,927	1,175,293
Capital outlay	2,463,309	-	48,413	132,970	2,644,692
Debt service:					
Principal	222,241	-	-	371,452	593,693
Interest and other	14,089	-	-	36,267	50,356
Total expenditures	<u>17,470,744</u>	<u>1,834,072</u>	<u>126,592</u>	<u>1,027,666</u>	<u>20,459,074</u>
Excess (deficiency) of revenues over expenditures	<u>(2,029,396)</u>	<u>(139,880)</u>	<u>(108,234)</u>	<u>48,145</u>	<u>(2,229,365)</u>
Other Financing Sources (Uses):					
Capital lease	119,509	-	-	-	119,509
Transfers in	110,000	-	-	160,405	270,405
Transfers out	(160,405)	(55,000)	-	(55,000)	(270,405)
Total other financing sources (uses)	<u>69,104</u>	<u>(55,000)</u>	<u>-</u>	<u>105,405</u>	<u>119,509</u>
Net change in fund balance	(1,960,292)	(194,880)	(108,234)	153,550	(2,109,856)
Fund Balances, Beginning of Year	<u>5,806,003</u>	<u>614,750</u>	<u>1,796,681</u>	<u>1,704,705</u>	<u>9,922,139</u>
Fund Balances, End of Year	<u>\$ 3,845,711</u>	<u>\$ 419,870</u>	<u>\$ 1,688,447</u>	<u>\$ 1,858,255</u>	<u>\$ 7,812,283</u>

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The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018**

Net change in fund balances - total governmental funds \$ (2,109,856)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets \$ 2,644,692
Less current year provision for depreciation (842,773) 1,801,919

The net effect of various miscellaneous transactions involving capital assets (trade-ins, retirements) results in a decrease of net position. (3,742)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. (62,179)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (119,509)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 593,693

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in accrued interest payable \$ 1,229
Change in accrued payroll and related taxes (415,010)
Change in compensated absences payable 120,163
Change net pension liability (2,950,918)
Change in other postemployment benefit obligation liability (34,181) (3,278,717)

Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows \$ 2,697,698
Change in deferred inflows 650,833 3,348,531

Change in net position of governmental activities \$ 170,140

The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2018**

	Budgeted amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 7,715,000	\$ 7,735,290	\$ 7,735,604	\$ 314
Franchise fees	897,400	897,400	869,133	(28,267)
Utility service taxes	2,413,000	2,448,096	2,448,572	476
Licenses and permits	903,600	1,023,258	1,093,785	70,527
Intergovernmental revenues	1,392,000	1,495,881	1,496,896	1,015
Charges for services	465,300	465,300	506,348	41,048
Non ad valorem assessments	815,000	815,000	822,756	7,756
Fines and forfeitures	99,350	162,262	201,115	38,853
Miscellaneous	95,000	223,861	267,139	43,278
Allocation of fund balance	-	1,768,928	-	(1,768,928)
Total revenues	14,795,650	17,035,276	15,441,348	(1,593,928)
Expenditures:				
Current:				
General government	1,670,514	1,754,245	1,759,632	(5,387)
Public safety	10,299,299	10,207,802	10,272,170	(64,368)
Physical environment	1,413,668	1,825,620	1,837,355	(11,735)
Transportation	45,499	45,499	48,582	(3,083)
Culture/recreation	785,492	782,362	853,366	(71,004)
Capital outlay	430,415	2,540,129	2,463,309	76,820
Debt service:				
Principal	236,830	222,799	222,241	558
Interest and other	16,543	13,531	14,089	(558)
Total expenditures	14,898,260	17,391,987	17,470,744	(78,757)
Excess of revenues over expenditures	(102,610)	(356,711)	(2,029,396)	(1,672,685)
Other Financing Sources (Uses):				
Capital lease issuance	128,015	136,521	119,509	(17,012)
Transfers in	135,000	135,000	110,000	(25,000)
Transfers out	(160,405)	(160,405)	(160,405)	-
Total other financing sources (uses)	102,610	111,116	69,104	(42,012)
Net change in fund balance	\$ -	\$ (245,595)	(1,960,292)	\$ (1,714,697)
Fund Balance, Beginning of Year			5,806,003	
Fund Balance, End of Year			\$ 3,845,711	

The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
Special Revenue - Garbage and Trash Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Budgeted amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Non advalorem assessments:				
Solid waste fees	\$ 1,644,744	\$ 1,664,292	\$ 1,665,015	\$ 723
Miscellaneous:				
Recycling proceeds	60,000	60,000	2,840	(57,160)
Other	10,300	10,300	16,530	6,230
Interest income	3,000	3,000	9,807	6,807
Total miscellaneous	<u>73,300</u>	<u>73,300</u>	<u>29,177</u>	<u>(44,123)</u>
Total revenues	<u>1,718,044</u>	<u>1,737,592</u>	<u>1,694,192</u>	<u>(43,400)</u>
Expenditures:				
Trash collection:				
Operating expenditures	1,688,970	1,834,073	1,834,072	1.00
Total expenditures	<u>1,688,970</u>	<u>1,834,073</u>	<u>1,834,072</u>	<u>1.00</u>
Other Financing Sources (Uses):				
Transfers out	(55,000)	(55,000)	(55,000)	-
Budget surplus	25,926	125,555	-	125,555
Total other financing sources (uses)	<u>(29,074)</u>	<u>70,555</u>	<u>(55,000)</u>	<u>125,555</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(25,926)</u>	<u>(194,880)</u>	\$ <u>(168,954)</u>
Fund Balance, Beginning of Year			<u>614,750</u>	
Fund Balance, End of Year			\$ <u>419,870</u>	

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The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
September 30, 2018

Assets:	
Investments:	
U.S. stock funds	\$ 20,753,217
Bond funds	8,834,714
Money market funds and other deposits	7,969,109
Balanced funds	7,638,922
International stock funds	4,083,660
Core real estate funds	2,348,041
Specialty funds	516,529
Total	<u>52,144,192</u>
Employer contribution receivable	415,010
Participant loans receivable	<u>281,437</u>
Total assets	<u>52,840,639</u>
Liabilities:	
	<u>-</u>
Net Position:	
Held in trust for pension and other benefits	\$ <u>52,840,639</u>

The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended September 30, 2018

Additions:	
Contributions:	
City	\$ 1,747,886
Employees	<u>1,419,552</u>
Total contributions	<u>3,167,438</u>
Investment earnings and expenses:	
Interest, dividends and investment value changes	3,972,810
Less investment expense	<u>247,631</u>
Net investment earnings	<u>3,725,179</u>
Total additions	<u>6,892,617</u>
Deductions:	
Benefits paid	1,616,635
Refund of contributions	<u>78,467</u>
Total deductions	<u>1,695,102</u>
Change in net position	5,197,515
Net Position Held in Trust for Pension and Other Employee Benefits:	
At Beginning of Year	<u>47,643,124</u>
At End of Year	\$ <u><u>52,840,639</u></u>

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The accompanying notes to financial statements are an integral part of these statements.

City of Lighthouse Point, Florida
Notes to Basic Financial Statements
September 30, 2018

Note A - Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. The basic financial statements of the City of Lighthouse Point, Florida (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies relied upon for this report.

Financial Reporting entity: The City of Lighthouse Point, Florida is located in Broward County and was incorporated in 1956. The Charter of the City was approved at referendum on June 11, 1956, and the City received its State of Florida charter in 1957. The City operates under the Mayor/Commission form of government with the Mayor serving as the chief executive officer and five commissioners setting policy. The City provides the following services as authorized by its Charter: general government, public safety, physical environment, transportation, and culture/recreation. As required by GAAP, these financial statements present the City of Lighthouse Point (the primary government).

The criteria used for including component units consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon this review, there were no component units or related organizations of the City.

Government-Wide and Fund Financial Statements: The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements, as well as the notes to the financial statements. Both the government-wide and fund financial statements distinguish between governmental and business-type activities.

The government-wide financial statements include a statement of net position and a statement of activities. These statements report on the government as a whole and provide a financial picture of the entire government. Fiduciary Funds of the government are not included in this presentation since these resources are not available for funding general government programs.

The statement of net position reports all financial and capital resources of the City's governmental and business-type activities. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The City has only governmental activities for the fiscal year ended September 30, 2018.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and fines and forfeitures and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not directly related to program revenue are reported as general revenue, including all taxes levied by the City as well as those shared by the State of Florida.

Note A - Summary of Significant Accounting Policies (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. The City has only governmental and fiduciary funds for the fiscal year ended September 30, 2018.

Measurement focus and basis of accounting: Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements report information on all of the nonfiduciary activities of the government. Interfund services provided and used are not eliminated in the process of consolidation. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this perspective, generally only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants for capital improvements are posted when earned rather than when they are received because generally the funds are reimbursements for expenditures. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a result of the differences in measurement focus and basis of accounting, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Note A - Summary of Significant Accounting Policies (continued)

The fund financial statements offer an emphasis upon the more significant sub funds within the governmental category and these are referred to as major funds. The City reports the following major governmental funds:

General Fund - The General Fund is the principal operating fund of the City and is used to account for all financial transactions except those that are required to be accounted for in another fund.

Garbage and Trash Fund - This fund accounts for revenues and expenditures associated with the collection and disposal of residential refuse as performed by a private contractor.

Public Safety Fund - This fund is used to account for the receipt and expenditure of Federal and State forfeitures stemming from the Police Department's participation in anti-crime task forces.

The City also reports on nonmajor funds within the governmental fund category including the Tennis Center Fund, Infrastructure Fund, Stormwater Fund, Special Purpose Fund, Walt and Mary Barker Library Fund and the Debt Service Fund. The Special Purpose Fund is comprised of locally generated resources for recreation support, environmental projects, cultural support, and other capital projects. Additionally, the City presents the Pension Trust Fund as a fiduciary fund, which accounts for the activities of the various pension plans provided to City employees.

The accrual basis of accounting is followed in the Pension Trust Fund. Under this method of accounting, additions are recognized in the accounting period in which they are earned and deductions are recognized in the period in which they are incurred. The Pension Trust Fund is accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net position.

Assets, liabilities, and net position or fund balance:

1. **Cash and cash equivalents:** Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased.
2. **Accounts receivable:** Accounts receivable consist of amounts due for services rendered. Management believes all accounts to be fully collectible; therefore, no allowance for doubtful accounts has been provided for in the accompanying financial statements.
3. **Investments:** All City investments are stated at estimated fair value. Operating funds have been invested in a pooled arrangement. Interest income from pooled cash and investments is allocated on the basis of each individual fund's proportionate share of the investment pool.

Note A - Summary of Significant Accounting Policies (continued)

4. **Capital assets:** Capital assets, which include land, buildings and land improvements, equipment and fixtures, vehicles, and infrastructure, are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$ 1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, rather than fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized such as landscaping or road paving. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the City are depreciated using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings and land improvements	10-50
Equipment and fixtures	5-20
Infrastructure	10-50
Vehicles	3-10

5. **Compensated absences:** City employees earn vacation, sick and compensatory leave in varying amounts based upon their length of service and hours worked. Upon separation in good standing, employees receive full reimbursement for accumulated vacation and compensatory hours. Payments for sick leave vary by bargaining unit, years of service, and age in accordance with City Commission resolution and City policy. The liability due beyond one year for these compensated absences is recorded as long-term debt in the government-wide statement of net position. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences payable from expendable available financial resources and only if they have matured.
6. **Unearned revenue:** Inflows that do not meet the criteria for revenue recognition, such as occupational licenses collected in advance, are recorded as unearned revenues in the governmental funds and the government-wide financial statements.
7. **Long-term obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. The long-term debt consists of notes and capital leases payable, as well as accrued compensated absences payable, net pension liability and OPEB liability. In the fund financial statements, debt proceeds are reported as other financing sources. Issue costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.
8. **Deferred outflows/inflows of resources:** In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. As required by GASB Statement 68, the City reports deferred outflows of resources for pension-related amounts. At September 30, 2018, the City reported deferred outflows of \$ 7,208,858 in the government-wide statements.

Note A - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that are deferred inflows of resources. The first type, unavailable revenue, arises only under a modified accrual basis of accounting, and is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from utility service taxes, franchise and other revenues and intergovernmental revenues that were earned but not received within 30 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At September 30, 2018, the City reported deferred inflows of \$ 729,440 for this category in the fund level statements. The second type is required by GASB Statement 68 for pension related inflows. At September 30, 2018, the City reported deferred inflows of \$ 1,855,104 in the government-wide statements.

9. **Net position:** Net position of the government-wide financial statements are categorized as net investment in capital assets, restricted, or unrestricted. The first category represents capital assets, less accumulated depreciation and net of any outstanding debt associated with the acquisition, construction or improvement of those assets. Restricted net position represents net position that is restricted by requirements of bond indentures of other externally imposed constraints. Unrestricted net position represents the net position of the City that is not restricted for any project or purpose.
10. **Fund equity:** In the fund financial statements, governmental funds report fund balance amounts in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which was first effective with the City's fiscal year 2011 financial report. Under these guidelines, the breakdown includes nonspendable and spendable fund balances.

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be converted to cash (such as inventories and prepaid amounts).

Spendable balances are placed into four distinct categories by GASB, including restricted, committed, assigned, or unassigned. For the City, the categories are presented as follows:

Nonspendable: For the City, nonspendable for the reported fiscal year is comprised exclusively of prepaid items and the principal balance of the Walt and Mary Barker Library Trust fund, which is restricted to provide for the educational enjoyment of the library by the citizens of Lighthouse Point.

Restricted: Includes fund balances of general obligation debt service, public safety fund, which is comprised of federal and state fines and forfeitures, the special assessment of the garbage and trash fund, the stormwater fund, and any spendable portion of the Walt and Mary Barker library fund.

Note A - Summary of Significant Accounting Policies (continued)

Committed: Includes all amounts that can be used only for specific purposes pursuant to constraints imposed by City Commission motion, including all encumbrances (except those in restricted funds), minimum contingency amounts established by City Commission policy, fund balance designated for the following fiscal year's budget as part of next year's budget adoption passed prior to the close to the current fiscal year end, and all other non-general fund balances (except for restricted balances as discussed earlier).

Within the committed fund balance of \$ 2,856,302 there is an amount of \$ 1,408,895 set aside for operational contingencies. This amount is established through resolution by City Commission and is adjusted annually based on the following year's adopted expenditure budgeted amounts. It can be used upon approval of the City Commission.

Assigned: This classification includes amounts that are constrained by the Mayor or his designee. The City Commission has delegated this authority to the Mayor by resolution and includes \$ 2.25 million for emergency disaster recovery within the City.

Unassigned: This category includes any fund balance remaining after calculating the previous reporting categories for the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Other policies:

1. **Use of estimates:** The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
2. **Encumbrances:** Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds for which an annual budget is adopted. However, encumbrances are also utilized in other funds, where appropriations are approved by the City Commission on an as needed basis, to formally recognize commitments of City resources. Encumbrances outstanding at year end are reported as committed fund balance and they do not constitute expenditures or liabilities. At September 30, 2018, encumbrances outstanding are as follows:

Note A - Summary of Significant Accounting Policies (continued)

General Fund	\$	24,494
Infrastructure Fund		45,000
Special Purpose Fund		255,000
		324,494
Total	\$	324,494

Subsequent events: These include events that have been evaluated by management through March 22, 2019, which is the date the financial statements were available to be issued.

Note B - Stewardship, Compliance and Accountability

Budgets and budgetary accounting: The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. During April, each City department prepares their budget requests for the upcoming fiscal year and reviews the status of their budget for the current fiscal year.
2. After June 1st, when the assessed values have been released by the Property Appraiser, the Mayor, as the City's Chief Executive Officer, submits his proposed budget to the City Commission for consideration. The budget includes proposed expenditures and the estimated sources of financing.
3. Traditionally, the Commission conducts a budget workshop in June and in accordance with State Statute approves a preliminary property tax millage in July for notification to all taxpayers in August. Two public hearings are required in September before adoption of the tax rate and budget appropriations for the fiscal year beginning October 1. The budget is adopted by ordinance. Property taxes are payable from November 1 to March 31 and become delinquent on April 1.
4. Appropriations which are neither expended, encumbered nor specifically designated to be carried over lapse at the end of the fiscal year. Remaining appropriated balances in infrastructure accounts in the General Fund are transferred to the Infrastructure Fund for future investment in infrastructure per City policy.
5. The City prepares and adopts annual operating budgets for the General Fund, Garbage and Trash Fund, Tennis Center Fund, Stormwater Fund and Debt Service Fund. The budgets are adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted, or as amended by the City Commission or the Mayor. Legislative amendments are for any changes that exceed \$ 1,000 within each character of expenditure (personal services, operating expenditures, capital outlay, debt service, and transfers). Amendments are required when projected expenditures are anticipated to exceed budgeted appropriations at the character level. The original General Fund budget was amended during the year to provide for \$ 2,493,727 of supplemental appropriations, which includes the \$ 272,584 in encumbrances automatically added to the FY 2017/2018 appropriations. A significant portion of the budget increase was to reflect the \$ 1.75 million purchase of property, where the City's new Fire Station/Emergency Operations Center will be constructed. This purchase will be refunded once the City's bonds are issued in April 2019. The budget was also increased to provide for costs associated with the building division, the purchase of SCBA air packs for the Fire Department with grant proceeds, overtime and other costs related to recovering from Hurricane Irma, repairs to property and equipment paid for by insurance proceeds, and other unforeseen expenditures. Funding for the increased expenditures came from additional ad valorem receipts, communications services taxes, licenses and permits, Federal grants, miscellaneous revenues, lease purchase proceeds, and surplus carryover (fund balance).

Note C - Property Tax

Assessed property values are established by the Broward County Property Appraiser at just values, and the valuation date is January 1st preceding the start of the fiscal year. Property taxes are adopted as part of the budget process in September for the upcoming fiscal year. Payments are due November 1 with discounts of one to four percent if paid prior to March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1 and bear interest of eighteen percent from this date. Property is liened for unpaid taxes on June 1 of the year following the year in which the taxes were levied, and continues to accrue interest until a tax sale certificate is sold at auction.

The assessed value of property at January 1, 2017, upon which the 2017-2018 levy was based, was approximately \$ 2,244,395,000. The Broward County Revenue Collector bills and collects all property taxes for the City.

The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$ 10 per \$ 1,000 of assessed valuation (10 mills) for general governmental services. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation bonds if approved by the voters. The operating tax rate to finance general government services for the year ended September 30, 2018 was \$ 3.5893 per \$ 1,000 and \$ 0.1910 per \$ 1,000 for debt service.

Note D - Deposits and Investments

Governmental Funds

Deposits: The City's deposits must be placed with financial institutions that are qualified as public depositories in compliance with Florida Statutes Chapter 280. As of September 30, 2018, all non-interest bearing deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and interest bearing deposits are insured up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are covered by the participation of the bank in the Florida Security for Public Deposits Act. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

At September 30, 2018, the carrying amount of the City's deposits was \$ 1,737,439 and the combined bank balances totaled \$ 1,800,044.

Investments: The City's investment policy (Ordinance 782) permits investment or reinvestment of the City's funds, in excess of those required to meet current expenses to be paid within sixty days, primarily in: 1) the Local Government Surplus Funds Trust Fund; 2) Money market and mutual funds; 3) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in F.S. 280.02; 4) United States Treasury obligations; 5) Federal agencies and instrumentalities; 6) Repurchase agreements; 7) Commercial paper; and 8) Investment-grade bonds. Additionally, the City has established a maximum maturity of five years on any investment instruments.

Note D - Deposits and Investments (continued)

As of September 30, 2018, the City had the following governmental investments:

Investment Type	Fair Value
State Board of Administration - Florida PRIME	\$ 7,652
Money market funds	4,059,010
Certificates of deposit	784,413
U.S. Government sponsored agencies	992,191
Mutual funds	589,906
	<u>\$ 6,433,172</u>

Interest rate risk: The City designed its formal investment policy to minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates. The City currently has interest rate risk exposure with its government agency securities. However, given that the amounts held in such investments comprise a small portion of the total investment portfolio, the City will hold these investments to maturity, thereby mitigating any potential interest rate risk. The remainder of the City's portfolio is invested in money market accounts and certificates of deposit with no inherent interest rate risk.

Credit risk: The City's investment policy specifically sets parameters to minimize the City's credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions and broker/dealers with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The City's money market accounts and certificates of deposits are held exclusively with qualified public depositories, and the accounts are guaranteed by the State of Florida's depository program. The government agency securities have a Moody's rating of Aaa, which are considered to be the highest quality and subject to the lowest level of credit risk.

Disclosure by Investment Type:

The table below summarizes the City's Governmental Investment Funds scheduled maturities (in years) for investments held as of September 30, 2018:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Money market funds	\$ 4,059,010	\$ 4,059,010	-	-
Certificates of deposit	784,413	784,413	-	-
U.S. Government sponsored agencies	992,191	992,191	-	-
Mutual funds	<u>589,906</u>	<u>589,906</u>	-	-
Total	<u>\$ 6,425,520</u>	<u>\$ 6,425,520</u>	<u>-</u>	<u>-</u>

The City invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund ("Florida PRIME"). Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight.

Note D - Deposits and Investments (continued)

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7 pool. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. As of September 30, 2018, the City's fair value of its investment in Florida PRIME was \$ 7,562.

At September 30, 2018, the City had invested in a certificate of deposit (CD) and a public depository money market account with BankUnited. The CD amount, interest rate, and maturity date are as follows: \$ 784,413 with a fixed interest rate of 1.60% annually and maturing on January 12, 2019. The City's money market account with Bank United, which pays 1.0% annually, had an ending balance of \$ 1,054,976 at September 30, 2018. Interest rates fluctuate based upon market and economic conditions.

The City also has public depository money market accounts with the following banks as of September 30, 2018:

	<u>Fair Value</u>	<u>Interest Rate</u>
Centennial Bank	\$ 1,396,915	1.01% annually
Capital Bank	\$ 1,076,842	0.60% annually
Florida Community Bank	\$ 523,279	0.45% annually

As with the other money market accounts, interest rates fluctuate on the money market account based upon market and economic conditions.

The City also held U.S. Government Sponsored Agencies with SunTrust Robinson Humphrey, which had a balance of \$ 992,191 at September 30, 2018, of which \$ 497,817 was invested with the Federal Home Loan Mortgage Company ("FHLMC") and \$ 494,374 was invested with the Federal National Mortgage Association ("FNMA"). FHLMC had a Moody's credit rating of Aaa and FHMA had a Moody's credit rating of Aaa.

The City also holds a portfolio with Charles Schwab containing the assets of the Walt and Mary Barker Library Trust, which amounted to \$ 596,904 at September 30, 2018. Of this amount, \$ 589,906 was invested in mutual funds which have a Morningstar rating range of 2 to 5 stars. In addition, the portfolio contains \$ 6,998 invested in money market funds.

Fair Value Hierarchy: GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investment at fair value. Various inputs are used in determining the fair value of investments. These inputs are categorized into fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 – investments reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 – investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Note D - Deposits and Investments (continued)

The following is a description of the valuation methodologies used for assets measured at fair value.

Investments classified as Level 1 in the primary government and fiduciary funds, in the tables below are valued using prices quoted in active markets for identical securities.

Investments classified as Level 2 in the primary government and fiduciary funds, in the tables below are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates), or other market corroborated inputs.

Investments classified as Level 3 in the fiduciary funds, in the table on page 45 are valued based on significant unobservable outputs based on all information available in the circumstances to the extent observable inputs are not available. The fair value of classified level 3 funds represents the value of unit positions in funds that are not publicly traded on an exchange. The fair value of the funds can be impacted by redemption restrictions imposed by the fund managers.

Fair values of investments held by the City's Governmental Investment Funds are classified at September 30, 2018 as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Investments Valued at NAV</u>
U.S. Government sponsored agencies	\$ 992,191	\$ -	\$ 992,191	\$ -	\$ -
Mutual funds	<u>589,906</u>	<u>589,906</u>	-	-	-
Total investments measured at fair value	1,582,097	<u>\$ 589,906</u>	<u>\$ 992,191</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:					
Florida PRIME	7,652				
Money market funds and certificates of deposit	<u>4,843,423</u>				
	<u>\$ 6,433,172</u>				

Fiduciary Funds

The City has seven different pension plans included in the fiduciary funds. Of these plans, six are administered by the International City/County Management Association Retirement Corporation (ICMA-RC), and the other is managed by the Florida League of Cities through the Florida Municipal Pension Trust (FMPT). Four of the ICMA-RC plans operate under the Internal Revenue Service (IRS) 401(a) parameters, one plan serves as the City's IRS 457 deferred compensation plan, and one is a retirement health savings plan. Employees select from a diverse group of mutual funds including domestic equities, fixed income, international, and cash management portfolios. Additionally, the City has a defined benefit pension plan for police officers and firefighters who were hired after October 1, 2003 or employees who chose to convert from the 401a plan at that time. This plan is managed by the Florida League of Cities and overseen by the Police and Fire Pension Board.

Note D - Deposits and Investments (continued)

As of September 30, 2018, the City had the following Fiduciary investments:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. stock funds	\$ 20,753,217
Bond funds	8,834,714
Money market funds and other deposits	7,969,109
Balanced funds	7,638,922
International stock funds	4,083,660
Core real estate funds	2,348,041
Specialty funds	516,529
	<u>\$ 52,144,192</u>

The table below summarizes the City's Fiduciary Investment Funds scheduled maturities (in years) of the investments held as of September 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Stock funds	\$ 20,753,217	\$ 20,753,217	\$ -	\$ -	\$ -
Bond funds	8,834,714	-	564,391	8,270,323	-
Money market funds and other deposits	7,969,109	7,969,109	-	-	-
Balanced funds	7,638,922	-	7,638,922	-	-
International stock funds	4,083,660	4,083,660	-	-	-
Core real estate funds	2,348,041	2,348,041	-	-	-
Specialty funds	516,529	516,529	-	-	-
Total	<u>\$ 52,144,192</u>	<u>\$ 35,670,556</u>	<u>\$ 8,203,313</u>	<u>\$ 8,270,323</u>	<u>\$ -</u>

Interest rate risk: Interest rate risk exists when there is a possibility that changes in interest rate could adversely affect the fair value of the investments. To mitigate its exposure to losses in fair value, the City's fiduciary funds are invested in a well-diversified and balanced portfolio. The overall focus is on long-term growth given that the funds are for employee retirement purposes. As a means of limiting its exposure to interest rate risk, fiduciary funds diversify investments by security type and institution, and limit holdings in any one type of investment with any one issuer with various durations of maturities.

Credit risk: Credit risk exists when there is a possibility the debt issuer may be unable to fulfill its obligations. The plan administrators handle selection of individual securities. Employees select from model portfolios offered by the Vantage Trust Company for the 401(a), 457, retirement health savings plan, and Roth IRA. The portfolio for the defined benefit plan is overseen by a Board of Trustees of the Florida Municipal Investment Trust comprised of local elected officials. Performance is monitored by the Asset Consulting Group of St. Louis, Missouri. The Trust places no limit on the amount that may be invested in an individual issue of the United States Treasury or any United States Agency. The fixed income portion is invested in two separate bond funds: the Broad Market High Quality bond fund, with a Fitch rating of AAF/S4 and a weighted average maturity of 6.40 years, and the Core Plus Fixed Income fund (Not rated) with a weighted average maturity of 7.00 years.

Note D - Deposits and Investments (continued)

Concentration risk: The fiduciary funds policy is to maintain a diversified portfolio to minimize the risk of loss resulting from concentration of assets in a specific issuer. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the percentage is 5% or more in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, or other pooled investments are excluded from this requirement. There were no individual investments that represent 5% or more in any one issuer at September 30, 2018.

Foreign currency risk: The ICMA-RC and FMPT funds could be exposed to foreign currency risk to the extent a participant has chosen to invest in international stock funds which has a balance of \$ 4,083,660 at September 30, 2018. It is the employee who has made that choice and bears the risk based upon concentration in that particular investment.

The City uses a pooled cash arrangement and at any point in time some funds may carry a higher balance of cash and provide resources to other funds that carry a negative balance. Those funds requiring cash at year end are shown with a payable amount. Those funds with available cash to be loaned out are shown with a receivable amount.

Fair values of investments held by the City's Fiduciary Investment Funds are classified at September 30, 2018 as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Investments Valued at NAV</u>
U.S. stock funds	\$ 20,753,217	\$ 9,091,280	\$ 11,661,937	\$ -	\$ -
Bond funds	8,834,714	564,392	3,782,955	4,487,367	-
Money market funds and other deposits	7,969,109	7,969,109	-	-	-
Balanced funds	7,638,922	7,638,922	-	-	-
International stock funds	4,083,660	378,973	3,704,687	-	-
Core real estate funds	2,348,041	-	-	2,348,041	-
Specialty funds	516,529	516,529	-	-	-
Total investments measured at fair value	<u>\$ 52,144,192</u>	<u>\$ 26,159,205</u>	<u>\$ 19,149,579</u>	<u>\$ 6,835,408</u>	<u>\$ -</u>

Note E - Interfund Transactions

Interfund receivables and payables at September 30, 2018 were as follows:

Fund	Receivable	Payable
Major Funds:		
General fund	\$ -	\$ 1,884,625
Garbage and trash fund	558,293	-
Public safety fund	374,090	-
Nonmajor Funds:		
Tennis center fund	-	19,257
Infrastructure fund	552,586	-
Stormwater fund	2,041	-
Special purpose fund	416,872	-
Total	\$ 1,903,882	\$ 1,903,882

Interfund transfers during the year were as follows:

Fund	Transfer In	Transfer Out
Budgeted Funds:		
Major Funds:		
General fund	\$ 110,000	\$ 160,405
Garbage and trash fund	-	55,000
Nonmajor Funds:		
Tennis center fund	136,405	-
Stormwater fund	-	55,000
Total budgeted funds	246,405	270,405
Nonbudgeted Funds:		
Nonmajor Funds:		
Special purpose fund	24,000	-
Total nonbudgeted funds	24,000	-
Total	\$ 270,405	\$ 270,405

Interfund transfers allow for appropriate allocation of resources when one fund is providing resources for another or a project calls for multiple sources of funds. These balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are actually made.

Note E - Interfund Transactions (continued)

In FY 2018, the General Fund transferred \$ 160,405 to other funds including, \$ 136,405 for the Tennis Center budgeted subsidy for facility operations, and \$ 24,000 to the Special Purpose Fund for the City's Keeper Day and Lighthouse A'Glow celebrations. Additionally, the General fund received a total of \$ 110,000 for allocation of administrative expenses from other funds in the amount of \$ 55,000 from both the Garbage and Trash Fund and the Stormwater Fund.

Note F - Special Revenue Funds

The City has six special revenue funds. The Garbage and Trash Fund is budgeted and designed to account for revenues and expenditures associated with the collection and disposal of residential refuse. The Tennis Center Fund is budgeted and accounts for the operation of the City's recreational facility at Frank McDonough Park. The Public Safety Fund is appropriated as needed and accounts for Federal forfeitures, State forfeitures and other fine revenues restricted by law. The Infrastructure Fund is also appropriated as needed and accounts for capital improvement projects that are funded with transfers from the General Fund or occasionally grant dollars. The Stormwater Fund provides for funding of stormwater management projects, is budgeted, and is funded by a special assessment to benefiting properties.

The Special Purpose Fund actually represents a number of special purposes accounted for within individual sub funds. These special purpose sub funds account for transactions from specific revenue sources as required by law or administrative regulations. This fund is also appropriated on an as needed basis by the City Commission. The special purpose fund maintains an internal allocation of the intended purposes of its fund balance.

As of September 30, 2018, the following allocation of fund balance for all of the Special Purpose sub funds is as follows:

Recreational support:	
Sponsor fees for recreation programs	\$ 15,686
Keeper Days for annual City anniversary	8,733
LHP A'Glow for annual holiday celebration	2,095
Total	26,514
Environmental:	
Waterway cleanup and protection	317,467
Beautification improvements in the City	13,711
Total	331,178
Cultural support:	
Library	54,067
Cultural arts committee	3,064
Senior outreach	1,592
Historical committee	126
Total	58,849
Capital projects fund	1,259
Total special purpose fund	\$ 417,800

Note G - Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,059,360	\$ 1,767,228	\$ -	\$ 8,826,588
Total capital assets, not being depreciated	7,059,360	1,767,228	-	8,826,588
Capital assets, being depreciated				
Buildings and land improvements	10,824,717	108,393	950	10,932,160
Equipment and fixtures	2,567,184	546,767	116,915	2,997,036
Infrastructure	7,715,379	125,651	-	7,841,030
Vehicles	2,620,316	96,653	138,512	2,578,457
Total capital assets being depreciated	23,727,596	877,464	256,377	24,348,683
Less accumulated depreciation for:				
Buildings and land improvements	4,636,285	236,778	950	4,872,113
Equipment and fixtures	1,923,011	219,421	113,173	2,029,259
Infrastructure	1,141,359	154,325	-	1,295,684
Vehicles	1,405,365	232,249	138,512	1,499,102
Total accumulated depreciation	9,106,020	842,773	252,635	9,696,158
Total capital assets, being depreciated, net	14,621,576	34,691	3,742	14,652,525
Governmental activities, capital assets, net	\$ 21,680,936	\$ 1,801,919	\$ 3,742	\$ 23,479,113
Total governmental activities, capital assets, net	\$ 21,680,936	\$ 1,801,919	\$ 3,742	\$ 23,479,113
Less: related debt	2,710,032	119,509	593,693	2,235,848
Less: debt service reserve	10,825	4,112	-	14,937
Net investment in capital assets	\$ 18,960,079	\$ 1,682,410	\$ (589,951)	\$ 21,228,328

Note G - Capital Assets (continued)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 54,120
Public safety	456,971
Physical environment	190,585
Culture and recreation	141,097
Total depreciation expense - governmental activities	\$ 842,773

Note H - Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities of the City for the year ended September 30, 2018:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018	Due Within One Year
Governmental Activities:					
Notes and capital lease payable:					
Note payable	\$ 1,932,495	\$ -	\$ 371,452	\$ 1,561,043	\$ 378,811
Capital leases	777,537	119,509	222,241	674,805	242,538
Total notes and capital leases payable	\$ 2,710,032	\$ 119,509	\$ 593,693	\$ 2,235,848	\$ 621,349
Other liabilities:					
Compensated absences payable	\$ 1,615,102	\$ 39,686	\$ 159,849	\$ 1,494,939	\$ 132,137
Net pension (asset) liability	387,347	2,950,918	-	3,338,265	-
Net OPEB obligation, as restated (Note M)	248,100	34,181	-	282,281	-
Total long-term liabilities	\$ 2,250,549	\$ 3,024,785	\$ 159,849	\$ 5,115,485	\$ 132,137

Because almost all employees are funded by the General Fund, it is that fund that has predominately been used to liquidate the liability for compensated absences, net pension liability and other post-employment benefits.

Note Payable: The City's Series 2002 General Obligation Bonds were refunded during FY 2011-2012 and covered in detail by previous year's report. On May 4, 2012 the City issued a \$ 3,685,000 note payable to defease the 2002 bonds. The note bears interest at 1.97%, is payable semi-annually, and matures in August 2022. The outstanding principal balance as of September 30, 2018 is \$ 1,561,043. Principal and interest on the note is funded by the voter approved ad valorem tax, the rate of which for FY 2017-18 was 0.1910.

Note H - Long-Term Liabilities (continued)

Annual debt service requirements to maturity for this note are as follows:

Year Ending September 30	Principal	Interest	Total
2019	\$ 378,811	\$ 28,907	\$ 407,718
2020	386,257	21,461	407,718
2021	393,958	13,761	407,719
2022	402,017	5,962	407,979
	<u>\$ 1,561,043</u>	<u>\$ 70,091</u>	<u>\$ 1,631,134</u>

Capital leases: As of September 30, 2018, the City had obligations under five separate lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the lease inception. Annual debt service payments are funded by General Fund revenues. The carrying value of these assets is approximately \$ 838,000.

Series 2014: lease purchase in the amount of \$ 470,192 funded the replacement of the frontline fire engine.

Series 2015: lease purchase in the amount of \$ 197,678 funded the acquisition of an ambulance and two police interceptors.

Series 2016: lease purchase in the amount of \$ 98,000 funded the acquisition of vehicles for recreation, police administration and public works.

Series 2017: lease purchase in the amount of \$ 420,000 funded the acquisition of server replacement equipment, multi-site surveillance system, and vehicles for building and zoning, police administration, and fire rescue.

Series 2018: lease purchase in the amount of \$ 119,509 funded the acquisition of vehicles and equipment for police administration and fire rescue.

The following schedule presents the future minimum lease payments under these capital leases, and the present net minimum lease payments at September 30, 2018:

Year Ending September 30,	Series 2014	Series 2015	Series 2016	Series 2017	Series 2018	Total
2019	\$ 82,982	\$ 33,303	\$ 25,384	\$ 88,431	\$ 26,133	\$ 256,233
2020	20,750	26,423	19,038	88,431	26,133	180,775
2021	-	13,196	-	88,431	26,133	127,760
2022	-	-	-	88,431	26,133	114,564
2023	-	-	-	-	26,133	26,133
Total minimum lease payments	103,732	72,922	44,422	353,724	130,665	705,465
Less: amount representing interest	1,558	2,621	734	14,591	11,156	30,660
Present value of future minimum lease payments	<u>\$ 102,174</u>	<u>\$ 70,301</u>	<u>\$ 43,688</u>	<u>\$ 339,133</u>	<u>\$ 119,509</u>	<u>\$ 674,805</u>

Note I - Receivables and Payables

Receivables at September 30, 2018 were as follows:

	Accounts	Inter-governmental	Total
Governmental activities:			
General fund	\$ 418,437	\$ 699,230	\$ 1,117,667
Garbage and trash fund	57,252	377	57,629
Public safety fund	-	40	40
Tennis center fund	9,393	-	9,393
Stormwater fund	-	10	10
Debt service fund	-	15	15
	<u>\$ 485,082</u>	<u>\$ 699,672</u>	<u>\$ 1,184,754</u>

Payables at September 30, 2018 were as follows:

	Total
Governmental activities:	
General fund	\$ 224,259
Garbage and trash fund	138,893
Public safety fund	12,209
Tennis center fund	1,831
Special purpose fund	332
Stormwater fund	76,817
Total governmental activities	<u>\$ 454,341</u>

All amounts at September 30, 2018 are payable to vendors/contractors.

Note J - Pension Plans

The City provides pension benefits for all its full-time employees through either a defined contribution or defined benefit plan. A summary of financial data can be found on pages 78-81.

The Florida Municipal Pension Trust Fund has an annual audit performed by an independent auditor. The audited financial statements can be obtained from the Florida League of Cities, Retirement Services Division, P.O. Box 1757, Tallahassee, Florida 32302. The International City Management Association – Retirement Corporation also publishes an annual financial report that can be obtained at ICMA-RC, 777 North Capitol Street NE, Washington, DC 20002-4240.

Basis of Accounting

The Municipal Employees' Retirement Fund - Defined Contribution Plan, the Police and Fire Defined Benefit Plan, the Deferred Compensation Plan, and the Retirement Health Savings Plan (the "Plans") are accounted for on the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized when due pursuant to actuarial valuations.

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Fire Defined Benefit Plan and additions to/deductions from Police and Fire Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Police and Fire Defined Benefit Plan.

Note J - Pension Plans (continued)

Municipal Employees' Retirement Fund - Defined Contribution: In a defined contribution plan, benefits depend solely on amounts contributed to the defined contribution plan plus investment earnings. Employees are eligible to participate after completion of one year of continuous service and attainment of age 21. Additionally, police officers and firefighters employed by the City prior to October 2003 continue in the defined contribution plan if they did not convert to the defined benefit plan described later in this section. For the year 2018, the City made biweekly contributions to the defined contribution plan equal to 12.5% for general employees and 14% for fire, police and management employees of each participant's base salary. In addition, each participant was required to make the following contributions to the defined contribution plan: 3% of base salary for general employees, 8% of base salary for fire employees, and 6% of base salary for all other police and management employees.

The defined contribution plans were established by City Resolution No. 681 in April 1988 for general employees, Resolution No. 841 in January 1993 for fire employees, and Resolution No. 993 in October 1997 for police officers and management employees. Amendments to the defined contribution plans can only be made by resolution.

Each participant's interest in their accrued benefits from employer contributions and associated investment earnings is vested 20% after three years of credited service and 20% for each additional year of service for the next four years. Employee contributions vest immediately.

Contributions made by the City for the fiscal year ended September 30, 2018 are as follows:

Employee Classification	Covered Payroll	Required Contribution Amount			Percentage of Contributions to Total Covered Payroll
		City	Employee	Total	
General Employees	\$ 1,523,974	\$ 190,497	\$ 45,719	\$ 236,216	15.50%
Firefighters	270,900	37,926	21,672	59,598	22.00%
Police Officers	100,670	14,094	6,040	20,134	20.00%
Management	948,305	132,763	56,898	189,661	20.00%
Total	\$ 2,843,849	\$ 375,280	\$ 130,329	\$ 505,609	17.78%

Plan membership at September 30, 2018 consisted of the following:

	General	Fire	Police	Management
Retirees and beneficiaries currently receiving benefits	6	7	2	9
Terminated members entitled to but not yet receiving benefits	5	-	-	1
Current employees:				
Fully vested	18	6	8	4
Partially vested	8	-	-	6
Nonvested	8	-	-	-
Total current employees	34	6	8	10
Total membership	45	13	10	20

Note J - Pension Plans (continued)

Investment summaries at September 30, 2018, are as follows:

Investment Type	General Employees	Firefighters	Police Officers	Management Employees
Money Market Funds	23%	21%	47%	45%
Balanced Funds	64%	10%	17%	21%
U.S. Stock Funds	10%	58%	32%	30%
Bond Funds	2%	1%	1%	3%
International Stock Funds	1%	2%	3%	1%
Specialty Funds	0%	8%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
Fair Value of Investments	\$ 4,218,264	\$ 4,400,737	\$ 2,282,895	\$ 5,468,941

All defined contribution (401a) plans provide for employee loans. Loans are limited to 50% of the employee's vested balance not to exceed \$ 50,000. Interest rates are based on prime plus 0.5%. As of September 30, 2018, participant loans outstanding amounted to \$ 281,437.

Police and Fire - Defined Benefit: Effective October 1, 2003, the City established a defined benefit pension plan for full-time police officers and firefighters. The defined benefit pension plan is a single-employer variety. In accordance with Ordinance 835, the defined benefit pension plan is mandatory for all new hires and optional for all police officers and firefighters employed on October 1, 2003. In FY 2018, the City contributed 22.27% of employee base salaries and employees contributed 16.34%. All investments, totaling \$ 26,089,344 at September 30, 2018, are managed by the Florida League of Cities, Inc. through the Florida Municipal Pension Trust. The plan has no past service costs because any employees who opt to purchase past service credits were required to do so at the actuarial computed value. The option to purchase past service with the City of Lighthouse Point expired in FY 2009. As of September 30, 2018, the membership in the plan consists of 52 active participants, two former employees who are either vested or entitled to a refund of employee contributions, and thirteen retirees/beneficiaries receiving a benefit.

Net Pension (Asset) Liability

The City's net pension (asset) liability as measured as of September 30, 2018 and the total pension liability (asset) used to calculate the net pension (asset) liability was determined by an actuarial valuation as of October 1, 2017.

Actuarial assumptions. The total net pension (asset) liability in the October 1, 2017 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate: 7.00% per annum (2.92% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.

Salary increases: 7.00% per annum for employees less than age 35; 6.00% per annum for employees age 35 to age 45; 5.00% per annum for employees age 45 to age 55; and 4.00% per annum for employees at least age 55.

Note J - Pension Plans (continued)

Cost-of-living increases: 3.00% as of each October 1 at least five years after retirement.

Mortality basis: Sex-distinct rates set forth in the RP-2000 Blue Collar mortality Table, with full generational improvements in mortality using Scale BB.

Retirement: 4.30% at ages 50 and 54; 4.20% at age 52, 4.40% at age 55; 4.50% at age 56; 4.70% at age 57; or 100% at normal retirement age.

Other decrements: Assumed employment termination is based on age and ranges from 7.70% at age 25 to 4.40% at age 55. Assumed disability is based on age and ranges from 0.09% at age 25 to 0.00% at age 55.

Future contributions: Contributions from the employer and employees are assumed to be made as legally required.

Changes: Since the prior measurement date, the mortality basis was changed from a 2007 projection of the RP-2000 Mortality Table to the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale BB.

Long-term expected rate of return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table:

Investment Type	Target Allocation	Expected Long-Term Real Return
Core bonds	16%	0.58% per annum
Multi-sector	24%	1.08% per annum
U.S. large cap equity	39%	6.08% per annum
U.S. small cap equity	11%	6.83% per annum
Non-U.S equity	10%	6.83% per annum
Total or weighted arithmetic average	100%	4.08% per annum

Rate of Return - For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.49%. The money-weighted rate of return express investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate - The discount rate used to measure the total pension (asset) liability was 7.00% per annum. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position of the Plan was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

Note J - Pension Plans (continued)

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, beginning	\$ 23,829,473	\$ (23,442,126)	\$ 387,347
Changes for the year:			
Service cost	398,297	-	398,297
Expected interest growth	1,658,825	(1,684,908)	(26,083)
Unexpected investment income	-	(99,694)	(99,694)
Demographic experience	2,898,623	-	2,898,623
Contributions - employer	-	(1,372,606)	(1,372,606)
Contributions - member	-	(702,612)	(702,612)
Benefit payments, including refunds of member contributions	(746,176)	746,176	-
Administrative expense	-	51,416	51,416
Assumption changes	1,803,577	-	1,803,577
Net changes	6,013,146	(3,062,228)	2,950,918
Balances, ending	\$ 29,842,619	\$ (26,504,354)	\$ 3,338,265

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 34,162,974	\$ 29,842,619	\$ 26,363,639
Less fiduciary net position	(26,504,354)	(26,504,354)	(26,504,354)
Net pension (asset) liability	\$ 7,658,620	\$ 3,338,265	\$ (140,715)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018 the City recognized pension expense of \$ 974,994. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and investment gain/loss	\$ 312,395	\$ 938,705
Change of assumptions	4,171,024	670,198
Demographic gain/loss	2,725,439	246,201
Total	\$ 7,208,858	\$ 1,855,104

Note J - Pension Plans (continued)

Amounts reported as deferred outflows/inflows of resources will be recognized in pension expense as follows:

Year ended September 30:	Amount
2019	\$ 1,265,486
2020	\$ 953,093
2021	\$ 1,334,977
2022	\$ 1,476,213
2023	\$ 323,985

Deferred Compensation Plan: Employees may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 as amended by Congress. The deferred compensation plan is available to all full-time employees of the City. Under the deferred compensation plan, employees may elect to defer a portion of their salaries and therefore defer paying taxes on such portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency subject to approval by the City. The deferred compensation plan is administered by an unrelated independent plan administrator. Under the terms of the Internal Revenue Code Section 457, all deferred compensation and income attributable to the investment returns are held in trust by the City for the exclusive benefit of the participants and their beneficiaries. As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator, approving investments offered to participants, monitoring compliance with maximum contribution limits, catch-up provisions, and emergency withdrawals. The current plan administrator is the International City Management Association Retirement Corporation ("ICMA-RC"). In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the deferred compensation plan. Due to the level of fiduciary responsibility accepted by the City, the deferred compensation fund is presented as a Pension Trust Fund in the accompanying financial statements.

Retirement Health Savings Plan: As a voluntary supplement to the employees' required pension trust funds, the City established by Resolution 2003-1298 a retirement health saving plan and trust for the exclusive benefit of plan participants and their beneficiaries. The retirement health saving plan is fully funded by employee pre-tax contributions. The account totaled \$581,198 at September 30, 2018 and is invested by ICMA-RC per the direction of each participant. Funds can only be withdrawn for medical expenses as approved by Internal Revenue Service regulations. Should funds not be expended, they revert back to the City plan, however the City's policy is to distribute any remaining proceeds upon death of a participant to their beneficiaries as they have provided in writing. Based upon employee group commitments, the plan currently includes Fire Captains, Police Department non-union employees, Administrative Secretaries, the Chief Clerk of the Police Department, Fire Driver-Engineers, and Fire Rescue Supervisors.

Roth IRA: The City administration allows employees to make voluntary after-tax contributions to a Roth IRA, established through ICMA-RC. Participants choose how much to contribute to the voluntary plan, and the IRS provides guidelines on contributions and distributions.

Note K - Commitments and Contingencies

Risk management: The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City places all insurance risk, less nominal deductibles, in the hands of commercial carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note K - Commitments and Contingencies (continued)

Grants compliance: The City receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Florida Single Audit Act, the City was not required to conduct a "single audit" for federal or state grants. The threshold for such audits is \$750,000 for either level of government. For the year ended September 30, 2018, the City did not have any financial assistance that met the "single audit" threshold.

Note L - Other Post-Employment Benefits (OPEB)

During fiscal year 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45. See Note N below for information on the effect of implementation on beginning net position in the government wide statements.

Plan Description and Funding Policy: The City's only post-retirement benefit is offering retired employees the opportunity to retain the City's health insurance coverage by paying the full premium paid by the City for active employees. For department directors only, employees who retire at age 62 with at least ten years of service receive the City health insurance until age 65 with the City paying the full premium for the retiree. At age 55 with at least ten years of service, a department director may receive 33% of the premium subsidy from the City.

Elected officials, who have served five years, are eligible to retain City health insurance at their own expense. All other employees may stay with the City's health plan upon normal retirement but without any City contribution. An actuarial valuation was completed as of October 1, 2017 and reflects the most current estimate of the other post-employment benefit obligation liability. As of September 30, 2018, the net obligation was \$282,281. Consequently, the Statement of Net Position reflects this amount.

The following table provides a summary of the number of participants in the plan as of the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	78
Total plan members	<u>82</u>

The liabilities and costs used in the valuation studies were based on numerous assumptions concerning the cost of benefits to be provided in the future, the contributions expected to be made by retirees in the future, the incidence and level of benefit coverage in the future, and the future demographic experience of the current active employees of the City and current retirees and their covered dependents. The cost developed pursuant to GASB Statement 75 is only an estimate of the true cost of providing post-employment benefits. The basis for these benefits is authorized by the City Commission by resolution.

Note L - Other Post-Employment Benefits (continued)

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund. To date, the City has followed a pay as you go funding policy, therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the General Fund. Contribution rates are determined by the City. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

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

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

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

Actuarial Cost Method	Entry Age Normal.
Discount Rate	3.64% per annum.
Salary Increases	3.00% per annum.
Cost-of-living Increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare Cost Trend Rates	Increases in healthcare costs are assumed to be 8.00% for the 2017/18 fiscal year graded down by 0.50% per year to 5.00% for the 2023/2024 and later fiscal years.
Age-related Morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implied Subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, implied monthly subsidies of \$ 350.00 for the high-deductible plan and \$ 600.00 for the POS plan have been assumed at age 62 for the 2017/18 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.

Note L - Other Post-Employment Benefits (continued)

Mortality Basis	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.
Retirement Age	For police officers and firefighters, retirement is assumed to occur at age 60 with eight years of service, at age 55 with 10 years of service, or at age 50 with 25 years of service; for general employees, retirement is assumed to occur at age 62 with eight years of service or at age 55 with 10 years of service.
Other Decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for police officers and firefighters).
Coverage Election	25% of eligible employees who are not entitled to an explicit subsidy and 100% of eligible employees who are entitled to an explicit subsidy are assumed to elect medical coverage upon retirement or disability for life in accordance with their current health plan and coverage election; retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

There were no changes in assumptions or benefits during the year ended September 30, 2018.

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2017 was 3.64%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability.

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

Total OPEB liability	\$ 282,281
OPEB Plan fiduciary net position	<u>-</u>
City's net OPEB liability	<u>\$ 282,281</u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	<u>0%</u>

**Changes in Total OPEB Liability City of Lighthouse Point, Florida
Notes to Basic Financial Statements
September 30, 2018**

Note L - Other Post-Employment Benefits (continued)

Measurement year ended September 30, 2018

Total OPEB liability:		
Service cost	\$	29,429
Interest on total OPEB liability		10,007
Benefit payments		<u>(5,255)</u>
Net change in total OPEB liability		34,181
Total OPEB liability, beginning		<u>248,100</u>
Total OPEB liability, ending	\$	<u>282,281</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 3.64%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB liability	\$ <u>317,138</u>	\$ <u>282,281</u>	\$ <u>252,059</u>

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

	1% Trend Decrease 7.00% Decreasing to 4.00%	Trend Rate Assumption 8.00% Decreasing to 5.00%	1% Trend Increase 9.00% Decreasing to 6.00%
Total OPEB liability	\$ <u>241,977</u>	\$ <u>282,281</u>	\$ <u>331,717</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2018, the City recognized OPEB expense of \$ 34,181. At September 30, 2018, the City has no deferred outflows of resources or deferred inflows of resources related to OPEB.

**City of Lighthouse Point, Florida
Notes to Basic Financial Statements
September 30, 2018**

Note M - Individual Fund Disclosures

At September 30, 2018, the Tennis Center Fund has a deficit fund balance of \$ 19,506. The City expects to reduce this deficit through transfers from the General Fund in Fiscal Year 2018-2019.

Note N - Restatement of Beginning Net Position

The net position of the Governmental Activities has been adjusted due to the adoption of GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018 as follows:

Net Position, September 30, 2017, as previously reported	\$	29,392,040
Cumulative Affect of Application of GASB 75, Net Pension Liability		<u>40,900</u>
Net Position, September 30, 2017, as restated	\$	<u>29,432,940</u>

Note O - Subsequent Events

In the summer of 2018, the City reached agreement with both its firefighters and police officers to allow members to enroll in the Florida Retirement System (FRS). The join date for firefighters was October 1, 2018, and for police officers was March 1, 2019. Currently the City contributes 24.50% of eligible employee wages and employees contribute 3% of their wages. Employees may choose from the FRS Pension Plan (defined benefit) or FRS Investment Plan (defined contribution). There are currently 23 firefighters and 26 police officers participating in the FRS, and any vested benefit in the City's defined benefit plan is frozen until their eventual retirement. The FRS Pension Plan is one of the largest public retirement plans in the U.S. and comprises roughly three-quarters of total assets under Florida State Board of Administration (SBA) management. The Florida State Legislature determines plan structure, benefit levels, and funding. As of the date of this report, only 4 participants remain in the City's defined benefit plan.

On November 6, 2018, the citizens of Lighthouse Point approved a \$ 16.5 million Bond Referendum. The proceeds will be used to construct a Fire Station/Emergency Operations Center that can withstand a Category 5 hurricane as well as to purchase the land where it will be constructed, a new Public Works Building and renovation of an existing facility, a new Recreation building at Dan Witt Park, and a renovation project at the City's Library. The bonds have been validated by the Broward County Circuit Court, and the City Commission has passed a resolution authorizing a loan from the Florida Municipal Loan Council, as well as a supplemental resolution approving the form and execution of the bond purchase contract and other documents required for closing of the bonds, scheduled for mid-April 2019.

REQUIRED SUPPLEMENTARY
INFORMATION

City of Lighthouse Point, Florida
Required Supplementary Information
Police and Fire Defined Benefit Pension Plan
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Fiscal Years
(unaudited)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 398,297	\$ 371,661	\$ 371,661	\$ 253,497	\$ 338,632
Expected interest growth	1,658,825	1,586,392	1,129,166	1,514,924	1,477,810
Demographic experience	2,898,623	(426,868)	659,097	(32,379)	-
Assumption changes	1,803,577	-	4,860,207	(1,940,714)	-
Benefit payments, including refunds of member contributions	<u>(746,176)</u>	<u>(455,688)</u>	<u>(454,253)</u>	<u>(355,333)</u>	<u>(599,481)</u>
Net change in total pension liability	6,013,146	1,075,497	6,565,878	(560,005)	1,216,961
Total pension liability - beginning	<u>23,829,473</u>	<u>22,753,976</u>	<u>16,188,098</u>	<u>16,748,103</u>	<u>15,531,142</u>
Total pension liability - ending (A)	<u>\$ 29,842,619</u>	<u>\$ 23,829,473</u>	<u>\$ 22,753,976</u>	<u>\$ 16,188,098</u>	<u>\$ 16,748,103</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,372,606	\$ 991,535	\$ 815,761	\$ 776,750	\$ 812,593
Contributions - member	702,612	722,202	564,019	544,741	561,829
Net investment income (loss)	1,733,186	2,653,471	1,400,099	(79,907)	1,198,583
Benefit payments, including refunds of member contributions	<u>(746,176)</u>	<u>(455,688)</u>	<u>(454,253)</u>	<u>(355,333)</u>	<u>(387,047)</u>
Net change in plan fiduciary net position	3,062,228	3,911,520	2,325,626	886,251	2,185,958
Plan fiduciary net position - beginning	<u>23,442,126</u>	<u>19,530,606</u>	<u>17,204,980</u>	<u>16,318,729</u>	<u>14,132,771</u>
Plan fiduciary net position - ending (B)	<u>\$ 26,504,354</u>	<u>\$ 23,442,126</u>	<u>\$ 19,530,606</u>	<u>\$ 17,204,980</u>	<u>\$ 16,318,729</u>
City net pension (asset) liability - ending (A) - (B)	\$ 3,338,265	\$ 387,347	\$ 3,223,370	\$ (1,016,882)	\$ 429,374
Plan fiduciary net position as a percentage of the total pension (asset) liability	88.81%	98.37%	85.83%	106.28%	97.44%
Covered-employee payroll	\$ 3,261,638	\$ 3,261,638	\$ 3,011,289	\$ 3,043,337	\$ 3,125,632
City net pension (asset) liability as percentage of covered-employee payroll	102.35%	11.88%	107.04%	-33.41%	13.74%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**City of Lighthouse Point, Florida
Required Supplementary Information
Police and Fire Defined Benefit Pension Plan
Schedule of City Contributions
Last Ten Fiscal Years
(unaudited)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,372,607	\$ 991,535	\$ 815,761	\$ 776,750	\$ 812,593	\$ 1,194,863	\$ 791,670	\$ 761,846	\$ 624,251	\$ 283,521
Actual contribution	<u>957,596</u>	<u>991,535</u>	<u>815,761</u>	<u>776,750</u>	<u>812,593</u>	<u>1,194,863</u>	<u>791,670</u>	<u>761,846</u>	<u>624,251</u>	<u>283,521</u>
Contribution deficiency (excess)	\$ <u>415,011</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 3,261,638	\$ 3,261,638	\$ 3,011,289	\$ 3,043,337	\$ 3,125,632	\$ 3,108,447	N/A	\$ 2,718,225	\$ 2,572,144	\$ 2,441,440
Contributions as a percentage of covered-employee payroll	29.36%	30.40%	27.09%	25.52%	26.00%	38.44%	N/A	28.03%	24.27%	11.61%

Covered payroll for the 2012 year is not available.

Valuation date: October 1, 2017

Methods and assumptions used to determine contribution rates:

Discount rate	7.00% per annum (2.92% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Salary increases	7.00% per annum for employees less than age 35, 6.00% per annum for employees age 35 to age 45 5.00% per annum for employees age 45 to age 55, and 4.00% per annum for employees at least age 55
Cost-of-living increases	3.00% as of each October 1 at least five years after retirement
Mortality basis	Sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB
Retirement age	4.30% at ages 50 and 54, 4.20% at age 52, 4.40% at age 55, 4.50% at age 56, 4.70% at age 57, or 100% at normal retirement age.
Other decrements	Assumed employment termination is based on age and ranges from 7.70% at age 25 to 4.40% at age 55. Assumed disability is based on age and ranges from 0.09% at age 25 to 0.00% at age 55.
Future contributions	Contributions from the employer and employees are assumed to be made as legally required.
Changes	Since the prior measurement date, the mortality basis was changed from a 2007 projection of the RP-2000 Mortality Table to the RP-2000 Blue Collar Mortality Table with full generational improvements in mortality using Scale BB.

City of Lighthouse Point, Florida
 Required Supplementary Information
 Police and Fire Defined Benefit Pension Plan
 Schedule of Investment Returns
 Last Ten Fiscal Years
 (unaudited)

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.49%	13.46%	8.20%	-0.23%	8.50%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

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City of Lighthouse Point, Florida
 Required Supplementary Information
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years
 (unaudited)

Fiscal Year:	2018
Measurement Date:	9/30/2018
Total OPEB liability	
Service cost	\$ 29,429
Interest	10,007
Benefits payments	(5,255)
Net change in total OPEB liability	34,181
Total OPEB liability - beginning	248,100
Total OPEB liability - ending	\$ 282,281
Covered payroll	\$ 4,992,342
Total OPEB liability as a percentage of covered payroll	5.65%

Notes to Schedule:

This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the OPEB plan will present information for those years for which the information is available.

Plan Assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

OTHER SUPPLEMENTARY
INFORMATION

City of Lighthouse Point, Florida
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Ad valorem taxes:				
Current	\$ 7,715,000	\$ 7,601,351	\$ 7,601,351	\$ -
Delinquent	-	133,939	134,253	314
	<u>7,715,000</u>	<u>7,735,290</u>	<u>7,735,604</u>	<u>314</u>
Franchise taxes:				
Electricity	850,400	850,400	819,719	(30,681)
Solid waste	47,000	47,000	49,414	2,414
	<u>897,400</u>	<u>897,400</u>	<u>869,133</u>	<u>(28,267)</u>
Utility service taxes:				
Electricity	1,177,000	1,177,000	1,171,027	(5,973)
Water	533,500	533,500	551,744	18,244
Gas	1,500	1,500	929	(571)
Propane	56,000	56,000	45,895	(10,105)
Communications services	645,000	680,096	678,977	(1,119)
	<u>2,413,000</u>	<u>2,448,096</u>	<u>2,448,572</u>	<u>476</u>
Licenses and permits:				
Business license tax	73,000	73,000	75,257	2,257
Building permits	324,000	437,006	444,205	7,199
Plumbing permits	74,700	74,700	81,617	6,917
Electrical permits	124,200	124,200	126,416	2,216
Other	307,700	314,352	366,290	51,938
	<u>903,600</u>	<u>1,023,258</u>	<u>1,093,785</u>	<u>70,527</u>
Intergovernmental revenues:				
State revenue sharing	300,000	300,000	316,771	16,771
Other state revenue sharing	52,000	52,000	52,729	729
Alcoholic beverage license	7,000	7,000	881	(6,119)
Gasoline tax	191,500	191,500	192,000	500
Half cent sales tax	710,000	710,000	719,855	9,855
Firefighters supplemental	14,000	14,000	12,021	(1,979)
Motor fuel rebate	5,000	5,000	5,380	380
County occupational license	11,000	11,000	11,564	564
Federal grants	30,000	133,881	128,881	(5,000)
State grants	1,500	1,500	1,096	(404)
Local grants	70,000	70,000	55,718	(14,282)
	<u>1,392,000</u>	<u>1,495,881</u>	<u>1,496,896</u>	<u>1,015</u>

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City of Lighthouse Point, Florida
 General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues (continued)				
Charges for services:				
Lien search fees	32,000	32,000	36,450	4,450
Zoning fees	10,000	10,000	29,899	19,899
Merchandise sales	-	-	1	1
Certification, copying, research	500	500	26	(474)
City commission appeals	-	-	225	225
Other fees - city clerk	500	500	904	404
Accident reports	400	400	1,482	1,082
Fingerprinting fees	5,000	5,000	5,945	945
Alarm fees	8,000	8,000	8,030	30
Special detail fees	30,000	30,000	35,513	5,513
Fire inspection fees	25,000	25,000	22,761	(2,239)
Construction inspection fees	1,000	1,000	5,811	4,811
Other fees - fire	750	750	550	(200)
Ambulance fees	245,000	245,000	252,560	7,560
Library fees	1,400	1,400	1,150	(250)
Photostat and other fees	1,750	1,750	2,280	530
Registration - recreation	42,000	42,000	39,420	(2,580)
Summer recreation fees	55,000	55,000	57,200	2,200
Other recreation fees	7,000	7,000	6,141	(859)
	<u>465,300</u>	<u>465,300</u>	<u>506,348</u>	<u>41,048</u>
Non ad valorem assessments:				
Special assessments - fire	815,000	815,000	822,756	7,756
	<u>815,000</u>	<u>815,000</u>	<u>822,756</u>	<u>7,756</u>
Fines and forfeitures:				
Court fines	16,000	16,000	8,250	(7,750)
Library fines	750	750	460	(290)
Parking citations	2,600	2,600	1,875	(725)
Code enforcement fines	80,000	142,912	190,530	47,618
	<u>99,350</u>	<u>162,262</u>	<u>201,115</u>	<u>38,853</u>
Miscellaneous income:				
Interest income	40,000	80,807	61,830	(18,977)
Other	55,000	143,054	205,309	62,255
	<u>95,000</u>	<u>223,861</u>	<u>267,139</u>	<u>43,278</u>
Allocation of fund balance	-	1,768,928	-	(1,768,928)
Total revenues	14,795,650	17,035,276	15,441,348	(1,593,928)

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City of Lighthouse Point, Florida
 General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
Legislative - commission				
Personal services	42,484	42,484	43,042	(558)
Operating expenditures	67,117	126,032	108,297	17,735
Capital outlay	-	1,750,000	1,767,228	(17,228)
Grants and aids	11,195	11,195	11,195	-
	<u>120,796</u>	<u>1,929,711</u>	<u>1,929,762</u>	<u>(51)</u>
Executive - Mayor:				
Personal services	29,959	29,959	29,913	46
Operating expenditures	16,458	21,916	23,046	(1,130)
Capital outlay	-	983	-	983
	<u>46,417</u>	<u>52,858</u>	<u>52,959</u>	<u>(101)</u>
Administration/finance:				
Personal services	637,322	637,322	632,940	4,382
Operating expenditures	129,790	137,190	141,685	(4,495)
Capital outlay	-	-	-	-
	<u>767,112</u>	<u>774,512</u>	<u>774,625</u>	<u>(113)</u>
City attorney:				
Operating expenditures	151,400	194,807	194,807	-
Support services:				
Personal services	93,049	65,302	65,302	-
Operating expenditures	491,740	488,038	509,405	(21,367)
Capital outlay	25,000	211,643	189,864	21,779
	<u>609,789</u>	<u>764,983</u>	<u>764,571</u>	<u>412</u>
Total general government	1,695,514	3,716,871	3,716,724	147
Public safety:				
Police department:				
Personal services	5,188,874	5,081,075	5,078,903	2,172
Operating expenditures	266,444	302,753	310,486	(7,733)
Capital outlay	27,015	61,904	67,644	(5,740)
	<u>5,482,333</u>	<u>5,445,732</u>	<u>5,457,033</u>	<u>(11,301)</u>

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City of Lighthouse Point, Florida
 General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended September 30, 2018

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public safety (continued)				
Fire department:				
Personal services	3,738,526	3,610,427	3,612,513	(2,086)
Operating expenditures	196,830	199,359	255,445	(56,086)
Capital outlay	216,700	323,329	293,747	29,582
	<u>4,152,056</u>	<u>4,133,115</u>	<u>4,161,705</u>	<u>(28,590)</u>
Building department:				
Personal services	236,098	227,502	226,795	707
Operating expenditures	387,400	507,058	508,052	(994)
Capital outlay	-	-	-	-
	<u>623,498</u>	<u>734,560</u>	<u>734,847</u>	<u>(287)</u>
Code enforcement:				
Personal services	262,462	256,963	257,702	(739)
Operating expenditures	22,665	22,665	22,274	391
Capital outlay	-	-	-	-
	<u>285,127</u>	<u>279,628</u>	<u>279,976</u>	<u>(348)</u>
Total public safety	<u>10,543,014</u>	<u>10,593,035</u>	<u>10,633,561</u>	<u>(40,526)</u>
Physical environment:				
Public works:				
Personal services	988,562	987,005	985,041	1,964
Operating expenditures	425,106	838,615	852,314	(13,699)
Capital outlay	-	15,297	9,242	6,055
Total physical environment	<u>1,413,668</u>	<u>1,840,917</u>	<u>1,846,597</u>	<u>(5,680)</u>
Transportation:				
Community bus:				
Personal services	35,579	35,579	36,168	(589)
Operating expenditures	9,920	9,920	12,414	(2,494)
Total transportation	<u>45,499</u>	<u>45,499</u>	<u>48,582</u>	<u>(3,083)</u>

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City of Lighthouse Point, Florida
 General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Culture/recreation:				
Library:				
Personal services	303,458	297,822	297,793	29
Operating expenditures	33,380	31,031	81,158	(50,127)
Capital outlay	44,000	49,645	29,603	20,042
	<u>380,838</u>	<u>378,498</u>	<u>408,554</u>	<u>(30,056)</u>
Recreation department:				
Personal services	265,769	256,349	255,799	550
Operating expenditures	182,885	197,160	218,616	(21,456)
Capital outlay	117,700	127,328	105,981	21,347
	<u>566,354</u>	<u>580,837</u>	<u>580,396</u>	<u>441</u>
Total culture/recreation	<u>947,192</u>	<u>959,335</u>	<u>988,950</u>	<u>(29,615)</u>
Debt service:				
Principal	236,830	222,799	222,241	558
Interest	15,543	13,531	14,089	(558)
Other debt service	1,000	-	-	-
Total debt service	<u>253,373</u>	<u>236,330</u>	<u>236,330</u>	<u>-</u>
Total expenditures	<u>14,898,260</u>	<u>17,391,987</u>	<u>17,470,744</u>	<u>(78,757)</u>
Excess of revenues over expenditures	<u>(102,610)</u>	<u>(356,711)</u>	<u>(2,029,396)</u>	<u>(1,672,685)</u>
Other financing sources (uses):				
Transfers in	135,000	135,000	110,000	(25,000)
Transfers out	(160,405)	(160,405)	(160,405)	-
Capital lease issuance	128,015	136,521	119,509	(17,012)
Total other financing sources (uses)	<u>102,610</u>	<u>111,116</u>	<u>69,104</u>	<u>(42,012)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (245,595)</u>	<u>(1,960,292)</u>	<u>\$ (1,714,697)</u>
Fund Balance, Beginning of Year			5,806,003	
Fund Balance, End of Year			<u>\$ 3,845,711</u>	

City of Lighthouse Point, Florida
Special Revenue - Tennis Center Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services:				
Membership fees	\$ 60,000	\$ 60,000	\$ 64,236	\$ 4,236
Daily use fees	16,000	16,000	16,190	190
Revenue sharing	25,000	25,000	24,996	(4)
Summer camp fees	3,000	3,000	3,191	191
	<u>104,000</u>	<u>104,000</u>	<u>108,613</u>	<u>4,613</u>
Miscellaneous:				
Other	1,000	1,000	1,000	-
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>109,613</u>	<u>4,613</u>
Expenditures:				
Culture/recreation:				
Personal services	191,889	191,889	186,887	5,002
Operating expenditures	49,516	49,516	49,721	(205)
Total expenditures	<u>241,405</u>	<u>241,405</u>	<u>236,608</u>	<u>4,797</u>
Excess (deficiency) of revenues over expenditures	(136,405)	(136,405)	(126,995)	9,410
Other Financing Sources:				
Transfers in	136,405	136,405	136,405	-
Total other financing sources	<u>136,405</u>	<u>136,405</u>	<u>136,405</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	9,410	\$ <u>9,410</u>
Fund Balance (Deficit), Beginning of Year			<u>(28,916)</u>	
Fund Balance (Deficit), End of Year			\$ <u>(19,506)</u>	

City of Lighthouse Point, Florida
Special Revenue - Stormwater Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Non ad valorem assessments:				
Stormwater fees	\$ 265,000	\$ 265,000	\$ 271,093	\$ 6,093
	<u>265,000</u>	<u>265,000</u>	<u>271,093</u>	<u>6,093</u>
Miscellaneous:				
Interest income	1,500	1,500	3,438	1,938
	<u>1,500</u>	<u>1,500</u>	<u>3,438</u>	<u>1,938</u>
Allocation of fund balance	74,500	74,500	-	(74,500)
Total revenues	<u>341,000</u>	<u>341,000</u>	<u>274,531</u>	<u>(66,469)</u>
Expenditures:				
Finance/administration:				
Operating expenditures	8,500	8,500	3,904	4,596
	<u>8,500</u>	<u>8,500</u>	<u>3,904</u>	<u>4,596</u>
Physical environment:				
Operating expenditures	47,500	47,500	139,195	(91,695)
Capital outlay	230,000	230,000	125,651	104,349
	<u>277,500</u>	<u>277,500</u>	<u>264,846</u>	<u>12,654</u>
Total expenditures	<u>286,000</u>	<u>286,000</u>	<u>268,750</u>	<u>17,250</u>
Excess (deficiency) of revenues over expenditures	55,000	55,000	5,781	(83,719)
Other Financing sources (uses):				
Transfers out	(55,000)	(55,000)	(55,000)	-
Total other financing sources (uses)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	(49,219)	\$ <u>(83,719)</u>
Fund Balance, Beginning of Year			<u>344,738</u>	
Fund Balance, End of Year			\$ <u>295,519</u>	

City of Lighthouse Point, Florida
 Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 407,719	\$ 407,719	\$ 411,639	\$ 3,920
Miscellaneous:				
Interest income	-	-	207	207
Total revenues	<u>407,719</u>	<u>407,719</u>	<u>411,846</u>	<u>4,127</u>
Expenditures:				
Debt service:				
Principal	371,458	371,458	371,452	6
Interest	<u>36,261</u>	<u>36,261</u>	<u>36,267</u>	<u>(6)</u>
Total expenditures	<u>407,719</u>	<u>407,719</u>	<u>407,719</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,127</u>	<u>4,127</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,127</u>	<u>\$ 4,127</u>
Fund Balance, Beginning of Year			<u>10,825</u>	
Fund Balance, End of Year			<u>\$ 14,952</u>	

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OTHER
FINANCIAL INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Tennis Center Fund - This fund accounts for membership revenues and expenditures associated with the operation of the City's nine lighted clay courts and Pro Shop located at Frank McDonough Park.

Infrastructure Fund - This fund accounts for improvements to bridges, seawalls, sidewalks, street paving, canals, buildings, and commission projects. The source of funds is primarily contributions.

Stormwater Fund - This fund was established in FY 2009/2010 to provide resources for stormwater management capital improvements and significant maintenance of stormwater infrastructure that had been funded in past years by grants.

Special Purpose Fund - This fund represents a number of special purposes accounted for within individual sub funds. These special purposes account for transactions from specific revenue sources as required by law or administrative regulations. This fund is not budgeted on an annual basis like operating funds but rather appropriated on an as needed basis by the City Commission.

Permanent Fund

Walt and Mary Barker Library Fund - This fund was established in FY 2015 to provide resources that enhance or augment the educational enjoyment of the City's library by residents. The funds were received from the Mary M. Barker Trust and shall be invested for growth and income. Each year, an amount equal to 5% of the January 1st value of the trust may be spent on library resources; however any expenditure of trust fund proceeds shall be at the discretion of the Lighthouse Point City Commission.

Debt Service Fund

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The Debt Service Fund was initially established to finance and account for the payment of interest and principal on the \$ 6,190,000 General Obligation Bonds, Series 2002. During FY 2012, the City issued a note payable in the amount of \$ 3,685,000 to defease the 2002 bonds. The note bears interest at 1.97%, is payable semi-annually, and matures in August 2022.

City of Lighthouse Point, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue		
	Tennis Center Fund	Infrastructure Fund	Stormwater Fund
Assets:			
Cash and cash equivalents, and investments	\$ 100	\$ -	\$ 370,285
Due from other funds	-	552,586	2,041
Accounts receivable	9,393	-	-
Due from other governments	-	-	10
Total assets	\$ 9,493	\$ 552,586	\$ 372,336
Liabilities and Fund Balances (Deficit):			
Accounts payable	\$ 1,831	\$ -	\$ 76,817
Accrued payroll and related taxes	4,790	-	-
Due to other funds	19,257	-	-
Unearned revenue	3,121	-	-
Total liabilities	28,999	-	76,817
Fund balances (deficit):			
Nonspendable	-	-	-
Restricted	-	-	295,519
Committed	-	552,586	-
Unassigned	(19,506)	-	-
Total fund balances (deficit)	(19,506)	552,586	295,519
Total liabilities and fund balances (deficit)	\$ 9,493	\$ 552,586	\$ 372,336

	Special Purpose Fund	Total	Permanent	Debt Service Fund	Total Nonmajor Governmental Funds
			Walt and Mary Barker Library Fund		
	\$ 1,260	\$ 371,645	\$ 596,904	\$ 14,937	\$ 983,486
	416,872	971,499	-	-	971,499
	-	9,393	-	-	9,393
	-	10	-	15	25
	\$ 418,132	\$ 1,352,547	596,904	\$ 14,952	\$ 1,964,403
	\$ 332	\$ 78,980	\$ -	\$ -	\$ 78,980
	-	4,790	-	-	4,790
	-	19,257	-	-	19,257
	-	3,121	-	-	3,121
	332	106,148	-	-	106,148
	-	-	500,000	-	500,000
	-	295,519	96,904	14,952	407,375
	417,800	970,386	-	-	970,386
	-	(19,506)	-	-	(19,506)
	417,800	1,246,399	596,904	14,952	1,858,255
	\$ 418,132	\$ 1,352,547	\$ 596,904	\$ 14,952	\$ 1,964,403

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City of Lighthouse Point, Florida
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue			Special Purpose Fund	Total	Permanent Walt and Mary Barker Library Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Tennis Center Fund	Infrastructure Fund	Stormwater Fund					
Revenues:								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,639	\$ 411,639
Charges for services	108,613	-	-	-	108,613	-	-	108,613
Non ad valorem assessments	-	-	271,093	-	271,093	-	-	271,093
Miscellaneous	1,000	118,637	3,438	131,294	254,369	29,890	207	284,466
Total revenues	109,613	118,637	274,531	131,294	634,075	29,890	411,846	1,075,811
Expenditures:								
Current:								
General government	-	-	3,904	-	3,904	-	-	3,904
Physical environment	-	13,421	139,195	8,530	161,146	-	-	161,146
Culture/recreation	236,608	-	-	74,778	311,386	10,541	-	321,927
Capital outlay	-	-	125,651	7,319	132,970	-	-	132,970
Debt service:								
Principal	-	-	-	-	-	-	371,452	371,452
Interest	-	-	-	-	-	-	36,267	36,267
Total expenditures	236,608	13,421	268,750	90,627	609,406	10,541	407,719	1,027,666
Excess (deficiency) of revenues over expenditures	(126,995)	105,216	5,781	40,667	24,669	19,349	4,127	48,145
Other Financing Sources (Uses):								
Transfers in	136,405	-	-	24,000	160,405	-	-	160,405
Transfers out	-	-	(55,000)	-	(55,000)	-	-	(55,000)
Total other financing sources (uses)	136,405	-	(55,000)	24,000	105,405	-	-	105,405
Net change in fund balance	9,410	105,216	(49,219)	64,667	130,074	19,349	4,127	153,550
Fund Balance (Deficit), Beginning of Year	(28,916)	447,370	344,738	353,133	1,116,325	577,555	10,825	1,704,705
Fund Balance (Deficit), End of Year	\$ (19,506)	\$ 552,586	\$ 295,519	\$ 417,800	\$ 1,246,399	\$ 596,904	\$ 14,952	\$ 1,858,255

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City of Lighthouse Point, Florida
 Combining Statement of Fiduciary Net Position
 September 30, 2018

	Defined Contribution Pension Plans				Total
	General	Fire	Police	Management	
Assets:					
Investments	\$ 4,218,264	\$ 4,400,737	\$ 2,282,895	\$ 5,468,941	\$ 16,370,837
Contributions receivable	-	-	-	-	-
Participant loans receivable	<u>182,127</u>	<u>32,478</u>	<u>31,806</u>	<u>35,026</u>	<u>281,437</u>
Total assets	4,400,391	4,433,215	2,314,701	5,503,967	16,652,274
Liabilities:	-	-	-	-	-
Net Position:					
Held in trust for pension and other benefits	<u>\$ 4,400,391</u>	<u>\$ 4,433,215</u>	<u>\$ 2,314,701</u>	<u>\$ 5,503,967</u>	<u>\$ 16,652,274</u>

Police and Fire Defined Benefit	Deferred Compensation	Retirement Health Savings Plan	Total
\$ 26,089,344	\$ 9,102,813	\$ 581,198	\$ 52,144,192
415,010	-	-	415,010
-	-	-	281,437
26,504,354	9,102,813	581,198	52,840,639
-	-	-	-
<u>\$ 26,504,354</u>	<u>\$ 9,102,813</u>	<u>\$ 581,198</u>	<u>\$ 52,840,639</u>

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City of Lighthouse Point, Florida
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2018

	Defined Contribution Pension Plans					Police and Fire Defined Benefit	Deferred Compensation	Retirement Health Savings Plan	Total
	General	Fire	Police	Management	Total				
Additions:									
Contributions									
City	\$ 190,497	\$ 37,926	\$ 14,094	\$ 132,763	\$ 375,280	\$ 1,372,606	\$ -	\$ -	\$ 1,747,886
Employees	45,719	21,672	6,040	56,898	130,329	702,612	472,060	114,551	1,419,552
Total contributions	236,216	59,598	20,134	189,661	505,609	2,075,218	472,060	114,551	3,167,438
Investment earnings and expenses:									
Interest, dividend and investment value changes	310,931	468,381	178,375	439,589	1,397,276	1,784,602	752,967	37,965	3,972,810
Less investment expense	32,433	32,673	17,060	40,565	122,731	51,416	66,815	6,669	247,631
Net investment earnings	278,498	435,708	161,315	399,024	1,274,545	1,733,186	686,152	31,296	3,725,179
Total additions	514,714	495,306	181,449	588,685	1,780,154	3,808,404	1,158,212	145,847	6,892,617
Deductions:									
Benefits paid	69,255	177,280	8,755	202,668	457,958	675,630	457,045	26,002	1,616,635
Refund of contributions:									
City	-	-	-	-	-	-	-	-	-
Employees	-	7,921	-	-	7,921	70,546	-	-	78,467
Total deductions	69,255	185,201	8,755	202,668	465,879	746,176	457,045	26,002	1,695,102
Change in net position	445,459	310,105	172,694	386,017	1,314,275	3,062,228	701,167	119,845	5,197,515
Net Position Held in Trust for Pension and Other Benefits:									
Beginning of Year	3,954,932	4,123,110	2,142,007	5,117,950	15,337,999	23,442,126	8,401,646	461,353	47,643,124
End of Year	\$ 4,400,391	\$ 4,433,215	\$ 2,314,701	\$ 5,503,967	\$ 16,652,274	\$ 26,504,354	\$ 9,102,813	\$ 581,198	\$ 52,840,639

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City of Lighthouse Point, Florida
Statistical Section
For the Year Ended September 30, 2018

This part of the City of Lighthouse Point’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

STATISTICAL SECTION
 (NOT COVERED BY INDEPENDENT AUDITOR’S REPORT)

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	82-89
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	90-96
Debt Capacity These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	97-101
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	102-103
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	104-109

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Lighthouse Point, Florida
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Table 1

	Fiscal				Year					
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 21,228,328	\$ 18,960,079	\$ 19,261,328	\$ 17,949,228	\$ 16,691,679	\$ 16,705,644	\$ 15,540,755	\$ 15,392,168	\$ 15,316,538	\$ 14,921,902
Restricted	2,595,822	2,951,222	2,680,004	3,995,702	3,250,412	3,191,909	3,331,058	3,410,406	4,048,277	4,529,846
Unrestricted	5,778,930	7,480,739	7,603,373	7,469,821	5,899,447	6,421,799	6,339,706	6,237,128	6,110,724	5,407,842
Total governmental activities net position	\$ <u>29,603,080</u>	\$ <u>29,392,040</u>	\$ <u>29,544,705</u>	\$ <u>29,414,751</u>	\$ <u>25,841,538</u>	\$ <u>26,319,352</u>	\$ <u>25,211,519</u>	\$ <u>25,039,702</u>	\$ <u>25,475,539</u>	\$ <u>24,859,590</u>

Notes: The City has no business-type activities.

City of Lighthouse Point, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2

	Fiscal				Year					
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 1,823,307	\$ 1,781,048	\$ 1,717,475	\$ 1,624,496	\$ 1,465,093	\$ 1,415,364	\$ 1,320,586	\$ 1,370,967	\$ 1,363,611	\$ 1,440,339
Public safety	10,696,943	10,120,375	9,827,589	8,684,687	9,134,305	8,686,485	8,903,618	8,569,761	8,428,182	8,161,594
Physical environment	4,046,490	4,380,588	4,054,749	3,550,580	3,506,609	3,854,194	3,284,930	3,989,844	4,413,816	4,776,528
Transportation	48,582	44,246	42,655	43,471	46,027	44,667	40,788	40,474	39,679	40,852
Culture/recreation	1,329,199	1,286,251	1,262,675	1,196,903	1,122,567	1,156,366	1,115,321	1,201,806	1,166,238	1,141,223
Interest expense	49,127	50,790	60,161	65,540	71,369	77,180	206,131	197,849	215,231	229,439
Total governmental activities expenses	17,993,648	17,663,298	16,965,304	15,165,677	15,345,970	15,234,256	14,871,374	15,370,701	15,626,757	15,789,975
Program Revenues:										
Charges for services:										
General government	\$ 67,505	\$ 48,203	\$ 53,324	\$ 51,423	\$ 34,564	\$ 27,335	\$ 30,614	\$ 22,940	\$ 13,861	\$ 11,479
Public safety	2,452,535	2,477,037	2,423,816	2,040,455	1,891,940	1,603,627	1,858,897	1,609,068	1,363,035	1,256,534
Physical environment	1,931,329	1,936,657	2,133,587	2,100,378	2,068,101	2,236,065	2,264,373	2,369,597	2,487,291	1,901,360
Culture/recreation	214,804	189,145	184,524	161,164	150,725	125,904	136,784	142,928	139,700	142,078
Operating grants and contributions	244,468	130,980	129,830	162,097	119,455	153,494	93,412	222,371	188,259	214,979
Capital grants and contributions	-	-	-	1,202,548	-	-	155,985	102,386	261,156	369,768
Total governmental activities program revenues	4,910,641	4,782,022	4,925,081	5,718,065	4,264,785	4,146,425	4,540,065	4,469,290	4,453,302	3,896,198
Total governmental activities net expense	13,083,007	12,881,276	12,040,223	9,447,612	11,081,185	11,087,831	10,331,309	10,901,411	11,173,455	11,893,777
General Revenues and Change in Net Position:										
Taxes:										
Ad valorem taxes	\$ 8,147,243	\$ 7,652,001	\$ 7,270,669	\$ 6,928,063	\$ 6,583,961	\$ 6,393,001	\$ 6,120,388	\$ 6,138,909	\$ 6,945,061	\$ 7,080,510
Franchise taxes	865,160	873,192	850,214	864,725	869,058	862,148	825,196	929,559	970,558	1,011,721
Utility service taxes	2,315,992	2,264,796	2,212,221	2,256,338	3,124,968	2,195,295	2,184,080	2,135,681	2,116,737	1,930,017
Intergovernmental revenues	1,274,422	1,297,569	1,209,109	1,166,306	1,153,978	1,288,713	1,089,223	1,073,390	1,352,185	1,276,444
Miscellaneous	650,330	641,053	627,964	1,805,393	416,655	537,573	284,239	188,035	404,863	669,478
Total general revenues	13,253,147	12,728,611	12,170,177	13,020,825	12,148,620	11,276,730	10,503,126	10,465,574	11,789,404	11,968,170
Change in net position	170,140	(152,665)	129,954	3,573,213	1,067,435	188,899	171,817	(435,837)	615,949	74,393

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City of Lighthouse Point, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

	Fiscal				Year					
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Nonspendable	\$ 81,542	\$ 76,661	\$ 62,003	\$ 59,549	\$ 57,923	\$ 550,156	\$ 64,938	\$ 89,064	\$ 414,244	\$ 363,675
Committed	1,492,589	1,598,527	1,365,837	1,379,797	1,560,813	1,665,151	1,889,680	2,245,350	2,028,184	1,208,392
Assigned	2,250,000	3,750,000	3,750,000	3,750,000	3,750,000	3,250,000	3,750,000	3,750,000	3,823,043	3,794,819
Unassigned	21,580	380,815	887,155	349,186	158,139	174,354	249,129	125,363	142,563	183,131
Total general fund	\$ 3,845,711	\$ 5,806,003	\$ 6,064,995	\$ 5,538,532	\$ 5,526,875	\$ 5,639,661	\$ 5,953,747	\$ 6,209,777	\$ 6,408,034	\$ 5,550,017
All Other Governmental Funds:										
Major Funds:										
Garbage and trash fund:										
Restricted	\$ 26,543	\$ 221,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	393,327	393,327	393,327	324,682	342,805	471,867	520,338	617,829	796,575	861,392
Public safety fund:										
Restricted	1,688,447	1,796,681	1,953,004	2,069,312	2,202,826	2,328,298	2,656,131	2,925,378	2,984,981	3,290,715
Committed	-	-	-	-	-	-	-	-	1,225	-
Nonmajor Funds:										
Infrastructure fund:										
Committed	552,586	447,370	845,438	1,355,656	-	-	-	-	-	-
Debt service fund:										
Restricted	14,952	10,825	14,673	14,103	7,580	323	4,226	56,363	50,095	43,319
Walt and Mary Barker Library fund:										
Nonspendable	500,000	500,000	500,000	473,483	-	-	-	-	-	-
Restricted	96,904	77,555	19,579	-	-	-	-	-	-	-
Other nonmajor funds:										
Nonspendable	-	-	-	-	-	750	-	-	-	-
Restricted	295,519	344,738	192,748	1,438,804	1,040,006	863,288	670,701	428,665	172,244	-
Committed	417,800	353,133	322,932	295,443	1,046,300	859,603	744,121	761,417	989,080	1,318,266
Unassigned (deficit)	(19,506)	(28,916)	(11,078)	(8,826)	(9,641)	-	-	(6,522)	(1,847)	-
Total all other governmental funds	\$ 3,966,572	\$ 4,116,136	\$ 4,230,623	\$ 5,962,657	\$ 4,629,876	\$ 4,524,129	\$ 4,595,517	\$ 4,783,130	\$ 4,992,353	\$ 5,513,692

Note: The General Fund contained no restricted funds in the last ten years.

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City of Lighthouse Point, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4

	Fiscal Year				Fiscal Year					
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Ad valorem taxes	\$ 8,147,243	\$ 7,652,001	\$ 7,270,669	\$ 6,928,063	\$ 6,583,961	\$ 6,393,001	\$ 6,120,388	\$ 6,138,909	\$ 6,945,061	\$ 7,080,510
Franchise fees	869,133	867,349	847,516	874,245	862,847	864,519	905,559	929,559	970,558	1,011,721
Utility service taxes	2,448,572	2,397,754	2,360,010	2,353,013	2,260,186	2,239,104	2,138,837	2,139,372	2,120,424	1,932,024
Licenses and permits	1,093,785	953,071	1,083,509	913,141	707,214	605,477	635,114	529,905	530,797	417,812
Intergovernmental revenues	1,496,896	1,431,410	1,348,559	1,333,079	1,278,800	1,432,563	1,328,975	1,398,147	1,455,493	1,587,770
* Charges for services	614,961	565,855	2,423,630	2,368,838	2,250,635	2,412,786	2,689,844	2,789,909	2,891,524	2,339,440
* Nonadvalorem assessments	2,758,864	2,549,895	885,813	883,227	883,144	841,554	576,532	577,446	581,566	554,199
Fines and forfeitures	203,342	582,221	402,299	188,214	304,337	133,114	389,178	247,273	346,107	273,421
Interest income	104,127	91,912	65,359	74,328	41,337	33,226	49,056	42,643	117,250	123,842
Miscellaneous	492,786	586,528	566,985	2,946,439	419,966	518,735	228,658	153,676	294,943	606,343
Total revenues	18,229,709	17,677,996	17,254,349	18,862,587	15,592,427	15,474,079	15,062,141	14,946,839	16,253,723	15,927,082
Expenditures:										
General government	1,763,537	1,735,223	1,651,595	1,542,644	1,433,511	1,345,069	1,307,179	1,291,841	1,284,206	1,285,048
Public safety	10,350,349	10,355,168	9,650,329	9,320,877	8,901,379	8,782,071	8,578,790	8,184,831	7,943,944	7,656,733
Physical environment	3,832,573	4,176,377	3,887,800	3,406,984	3,417,866	3,712,686	3,470,209	3,845,327	4,254,355	4,579,722
Transportation	48,582	44,246	42,655	43,471	46,027	44,579	40,807	40,365	39,662	43,198
Culture/recreation	1,175,293	1,155,759	1,099,429	1,120,957	986,683	1,000,339	1,037,569	1,061,719	1,013,857	1,009,842
Capital outlay	2,644,692	449,298	1,680,540	1,737,933	686,317	397,492	534,520	284,292	769,111	590,233
Debt service:										
Principal	593,693	503,408	484,229	476,214	525,369	499,021	460,611	446,369	457,481	451,335
Interest	50,356	51,996	60,343	66,747	72,506	78,296	202,774	199,025	217,673	229,641
Other	-	-	1,000	-	-	-	20,000	550	550	550
Total expenditures	20,459,075	18,471,475	18,557,920	17,715,827	16,069,658	15,859,553	15,652,459	15,354,319	15,980,839	15,846,302
Excess of revenues over (under) expenditures	(2,229,366)	(793,479)	(1,303,571)	1,146,760	(477,231)	(385,474)	(590,318)	(407,480)	272,884	80,780
Other Financing Sources (Uses):										
Capital leases	119,509	420,000	98,000	197,678	470,192	-	126,675	-	63,795	47,562
Net proceeds of notes payable	-	-	-	-	-	-	3,685,000	-	-	-
Payment to fiscal agent	-	-	-	-	-	-	(3,665,000)	-	-	-
Transfers in	270,405	762,328	313,784	336,889	273,000	235,511	180,000	221,051	118,564	306,017
Transfers out	(270,405)	(762,328)	(313,784)	(336,889)	(273,000)	(235,511)	(180,000)	(221,051)	(118,564)	(306,017)
Total other financing sources (uses)	119,509	420,000	98,000	197,678	470,192	-	146,675	-	63,795	47,562
Net change in fund balances	\$ (2,109,857)	\$ (373,479)	\$ (1,205,571)	\$ 1,344,438	\$ (7,039)	\$ (385,474)	\$ (443,643)	\$ (407,480)	\$ 336,679	\$ 128,342
Debt service as a % of noncapital expenditures	3.6%	3.1%	3.2%	3.4%	3.9%	3.7%	4.5%	4.3%	4.4%	4.5%

* Beginning in FY17, solid waste fees for the garbage and trash fund were designated as non ad valorem assessments.

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

Table 5

Fiscal Year	Tax Year	Real Property			Personal Property	Less: Exemptions		Total Taxable Assessed Value	City Direct Tax Rate	Estimated Actual Taxable Value	Net Assessed Value as a Percentage of Estimated Actual Value
		Residential	Commercial	Other		Real Property	Personal Property				
2009	2008	2,830,154	158,127	22,048	25,537	941,210	5,159	2,089,497	3.5142	3,035,867	68.83%
2010	2009	2,269,144	161,598	22,154	24,775	617,028	4,568	1,856,075	3.8825	2,477,671	74.91%
2011	2010	1,853,180	151,486	23,355	22,922	406,911	4,075	1,639,957	3.8825	2,050,943	79.96%
2012	2011	1,897,551	144,278	22,972	23,332	435,107	4,230	1,648,796	3.8602	2,088,133	78.96%
2013	2012	1,994,093	143,483	24,009	21,967	472,386	3,996	1,707,170	3.8691	2,183,551	78.18%
2014	2013	2,109,780	140,854	28,578	24,317	523,322	3,946	1,776,261	3.8307	2,303,550	77.11%
2015	2014	2,370,635	140,326	29,413	25,995	679,481	4,978	1,881,910	3.8175	2,566,369	73.33%
2016	2015	2,630,639	141,754	30,113	26,671	844,533	4,979	1,979,665	3.8028	2,829,177	69.97%
2017	2016	2,780,511	155,879	30,118	27,196	896,758	5,305	2,091,641	3.7892	2,993,718	69.87%
2018	2017	2,973,368	167,257	30,789	28,922	950,577	5,350	2,244,409	3.7803	3,200,337	70.13%

Note: Other includes institutional, government, and miscellaneous property uses.

Source: Broward County Property Appraiser

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City of Lighthouse Point, Florida
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

Table 6

Fiscal Year	City of Lighthouse Point			Broward County			School Board
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage
2008/09	3.2822	0.2320	3.5142	4.8889	0.4256	5.3145	7.4170
2009/10	3.6188	0.2637	3.8825	4.8889	0.4256	5.3145	7.4310
2010/11	3.6188	0.2637	3.8825	5.1021	0.4509	5.5530	7.6310
2011/12	3.5893	0.2709	3.8602	5.1860	0.3670	5.5530	7.4180
2012/13	3.5893	0.2798	3.8691	5.2576	0.2954	5.5530	7.4560
2013/14	3.5893	0.2414	3.8307	5.4400	0.2830	5.7230	7.4800
2015/14	3.5893	0.2282	3.8175	5.4584	0.2646	5.7230	7.4380
2016/15	3.5893	0.2135	3.8028	5.4741	0.2489	5.7230	7.2030
2017/16	3.5893	0.1999	3.7892	5.4474	0.2216	5.6690	6.8360
2018/17	3.5893	0.1910	3.7803	5.4623	0.2067	5.6690	6.4740

School Board	Overlapping Rates					Total Direct and Overlapping Rate	
	Debt Service Millage	Total School Board Millage	Child Services Council	South Florida Water Management District	Florida Inland Navigation District		North Broward Hospital District
-	7.4170	0.3754	0.6240	0.0345	1.7059	0.0860	19.0715
-	7.4310	0.4243	0.6240	0.0345	1.7059	0.0860	19.5027
-	7.6310	0.4696	0.6240	0.0345	1.8750	0.0860	20.1556
-	7.4180	0.4789	0.4363	0.0345	1.8750	0.0860	19.7419
-	7.4560	0.4902	0.4289	0.0345	1.8564	0.0860	19.7741
-	7.4800	0.4882	0.4110	0.0345	1.7554	0.0860	19.8088
-	7.4380	0.4882	0.3842	0.0345	1.5939	0.0860	19.5653
0.0710	7.2740	0.4882	0.3551	0.0320	1.4425	0.0860	19.2036
0.0703	6.9063	0.4882	0.3307	0.0320	1.3462	0.0860	18.6476
0.0654	6.5394	0.4882	0.3100	0.0320	1.2483	0.0860	18.1532

Source: Broward County Property Appraiser

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City of Lighthouse Point, Florida
Principal Property Taxpayers
Current Year and Ten Years Ago

Table 7

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Centro Heritage Venetian Isle	\$ 18,411,720	1	0.82%	\$ 21,192,760	1	1.02%
Florida Power & Light Co	9,021,073	2	0.40%			
Acheson, James C & Suzanne J	8,509,960	3	0.38%	8,700,000	4	0.42%
Lighthouse Point Yacht Club	6,421,400	4	0.29%			
Grove Gateway LLC & JCS Investment Mgmt	6,299,810	5	0.28%	5,368,490	10	0.26%
Wye, Jane & Thomas	5,986,160	6	0.27%			
Verrillo, James & Teresa	5,603,850	7	0.25%	9,062,980	3	0.54%
ACL Holdings LLC	5,469,610	8	0.24%			
Foxman, Leonard A Trustee Leonard A Foxman Liv Tr	5,183,040	9	0.23%			
Rosen, Lawrence	4,978,500	10	0.22%			
Beacon Light Partners LTD	-	-	-	11,193,670	2	0.54%
Sheehan Pontiac	-	-	-	7,245,030	5	0.35%
Silver Seas Hotel, Inc.	-	-	-	6,998,360	6	0.34%
Louis R. Bianculli	-	-	-	5,942,000	7	0.29%
Shawn and Susan Ryan	-	-	-	5,824,220	8	0.28%
First States Investors 5000A	-	-	-	5,780,470	9	0.28%
Total	\$ 75,885,123		3.38%	\$ 87,307,980		4.32%

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Source: Broward County Revenue Collector

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
	Gross Levy	Discount	Net Levy	Amount	Percentage of Gross Levy		Amount	Percentage of Gross Levy
	2009	7,368,624	316,056	7,052,568	6,627,949		89.95%	98,399
2010	7,208,468	309,283	6,899,185	6,846,662	94.98%	212,441	7,059,103	97.93%
2011	6,380,071	273,740	6,106,331	5,926,606	92.89%	188,496	6,115,102	95.85%
2012	6,382,448	273,944	6,108,504	5,931,892	92.94%	164,493	6,096,385	95.52%
2013	6,610,703	283,841	6,326,862	6,228,508	94.22%	162,200	6,390,708	96.67%
2014	6,812,658	340,039	6,472,619	6,421,761	94.26%	159,268	6,581,029	96.60%
2015	7,195,575	358,575	6,837,000	6,768,795	94.07%	170,320	6,939,115	96.44%
2016	7,535,473	372,364	7,163,109	7,100,350	94.23%	188,367	7,288,717	96.73%
2017	7,930,348	359,908	7,570,440	7,463,634	94.11%	141,396	7,605,030	95.90%
2018	8,495,187	372,468	8,122,719	8,005,847	94.24%	-	8,005,847	94.24%

Notes: Florida Statutes provide for up to a 4% discount for timely payment of property taxes.

Collections in subsequent years include prior year's collections, corrections, and penalties.

Source: Broward County Property Appraiser

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City of Lighthouse Point, Florida
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita Personal Income	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Notes Payable				
2009	4,505,000	661,440	-	5,166,440	40,437	1.16%	469
2010	4,235,000	537,755	-	4,772,755	41,481	1.05%	436
2011	3,955,000	371,386	-	4,326,386	42,194	0.99%	418
2012	-	328,452	3,684,000	4,012,452	43,351	0.88%	381
2013	-	166,208	3,347,222	3,513,430	43,792	0.77%	338
2014	-	454,476	3,003,777	3,458,253	43,283	0.77%	333
2015	-	526,137	2,653,532	3,179,669	44,909	0.68%	307
2016	-	496,857	2,296,583	2,793,440	46,906	0.57%	266
2017	-	777,537	1,932,495	2,710,032	48,680	0.53%	257
2018	-	674,805	1,561,043	2,235,848	N/A	N/A	N/A

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Sources: Per capita personal income provided by the Bureau of Economic Analysis, U.S. Department of Commerce (<http://www.bea.gov>).

Notes: Per capita personal income is representative of Miami/Ft. Lauderdale/Pompano Beach metropolitan area.

The City had no notes payable prior to fiscal year 2012. The 2012 notes were issued to refund the 2002 General Obligation Bonds.

City of Lighthouse Point, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	Taxable Value	Percentage of Actual Taxable Value of Property	Per Capita
2009	4,505,000	2,076,613,016	0.22%	409
2010	4,235,000	1,843,382,439	0.23%	387
2011	3,955,000	1,631,901,386	0.24%	382
2012	-	1,648,795,869	0.00%	-
2013	-	1,707,169,924	0.00%	-
2014	-	1,776,261,097	0.00%	-
2015	-	1,881,909,580	0.00%	-
2016	-	1,979,665,674	0.00%	-
2017	-	2,091,641,994	0.00%	-
2018	-	2,244,395,332	0.00%	-

Source: Broward County Property Appraiser's Office

Note: The City issued General Obligation Bonds in 2002, which were refunded in fiscal year 2012 with a promissory note.

**City of Lighthouse Point, Florida
Direct and Overlapping Activities Debt
As of September 30, 2018**

Table 11

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimate Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Broward County	\$ 181,970,000	1.27%	\$ 2,311,019
School Board of Broward County	1,662,914,000	1.16%	<u>19,289,802</u>
Subtotal, overlapping debt			21,600,821
City direct debt			<u>2,710,032</u>
Total direct and overlapping debt			<u>\$ 24,310,853</u>

Sources: Debt outstanding data provided by each governmental unit.

Notes: The estimated percentage applicable is derived using taxable value data provided by the Broward County Property Appraiser, Form DR-403. That percentage is multiplied by the total County debt outstanding.

The School Board of Broward County debt outstanding is as of June 30, 2018.

The City Charter does not establish a legal debt margin nor does the Florida Statutes impose a limit.

**City of Lighthouse Point, Florida
Legal Debt Margin Information
September 30, 2018**

Table 12

The City Charter does not set a debt margin.

City of Lighthouse Point, Florida
Pledged Revenue Coverage
September 30, 2018

Table 13

The City does not have any pledged revenue.

City of Lighthouse Point, Florida
Demographic and Economic Statistics
Last Ten Calendar Years

Table 14

Calendar Year	Population	School Enrollment	Unemployment Rate	Personal Income	
				Total	Per Capita
2009	11,020	255,738	6.0%	70,090,397	40,437
2010	10,955	255,203	10.0%	72,712,604	41,481
2011	10,344	256,872	11.5%	75,315,293	42,194
2012	10,536	258,803	9.0%	78,687,882	43,351
2013	10,401	260,796	8.4%	80,525,783	43,792
2014	10,374	262,563	6.4%	80,905,552	43,283
2015	10,358	265,401	5.6%	85,167,498	44,909
2016	10,506	268,836	5.0%	89,572,271	46,906
2017	10,526	271,105	4.6%	94,239,400	48,680
2018	10,560	271,517	3.9%	N/A	N/A

Sources: School enrollment data provided by the School Board of Broward County.
Unemployment rates provided by the U.S. Department of Labor, Bureau of Labor Statistics
Personal income data provided by the Bureau of Economic Analysis, U.S. Department of Commerce

Notes: School Enrollment data is County-wide.

Unemployment rates are representative of Miami / Fort Lauderdale / Pompano Beach metropolitan area.

Per capita personal income are representative of Fort Lauderdale / Pompano Beach / Deerfield Beach metropolitan area.

City of Lighthouse Point, Florida
Principal Employers
Current Year and Nine Years Ago

Table 15

Employer	Type of Business	Fiscal Year 2018			Fiscal Year 2014		
		Employees	Rank	Total County	Employees	Rank	Total County
Publix Supermarkets	Retail	193	1	0.019%	275	1	0.027%
City of Lighthouse Point	Municipality	105	2	0.010%	103	2	0.010%
Hendrick Honda	Automotive	103	3	0.010%	*	*	*
Sheehan Buick GMC, Inc.	Automotive	100	4	0.010%	*	*	*
Bonefish Mac's Sports Grille	Restaurant	100	4	0.010%	85	4	0.008%
Lighthouse Point Yacht Club	Restaurant	85	5	0.008%	84	5	0.008%
Papa's Raw Bar	Restaurant	63	6	0.006%	*	*	*
Phil Smith Kia	Automotive	52	7	0.005%	*	*	*
McDonald's	Restaurant	48	8	0.005%	*	*	*
The Nauti Dawg Marina Café	Restaurant	46	9	0.005%	48	6	0.005%
TJ Maxx	Retail	43	10	0.004%	*	*	*
Pompano Honda	Automotive				99	3	0.010%
Total		938		0.092%	694		0.068%

Source: Individual businesses upon payment of annual business tax.

* Data not available for fiscal year 2014

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Note: This schedule is intended to present information for the current year and nine years ago. However, information prior to FY 2014 is not available as this was the first year businesses provided this information.

City of Lighthouse Point, Florida
 Number of Employees by Function/Program
 Last Ten Fiscal Years

Table 16

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Finance and Administration	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Subtotal	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety:										
Police	42.05	42.03	43.00	43.00	42.50	42.50	42.50	41.50	43.00	42.60
Fire	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
Building	3.00	3.50	3.50	3.00	3.00	2.00	3.00	3.00	3.00	3.00
Code Enforcement	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	3.07	3.07
Subtotal	75.05	75.53	76.50	76.00	75.50	74.50	75.50	74.00	76.07	75.67
Public Works	12.00	12.00	12.00	12.00	12.00	12.00	12.00	14.00	15.00	15.00
Transportation	0.82	0.82	0.88	0.88	0.88	0.88	0.88	0.88	0.88	1.09
Culture/Recreation:										
Library	4.10	4.10	3.90	3.90	3.90	3.45	4.45	4.45	3.45	3.95
Recreation	8.00	7.60	7.68	6.04	6.04	6.04	6.04	6.04	6.04	6.04
Subtotal	12.10	11.70	11.58	9.94	9.94	9.49	10.49	10.49	9.49	9.99
Total authorized employees	104.97	105.05	105.96	103.82	103.32	101.87	103.87	104.37	106.44	106.75

Source: City of Lighthouse Point departmental staff.

Note: All employee counts are reported as Full-Time Equivalents (FTE).

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**City of Lighthouse Point, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Table 17

Function/Program	2018	2017	2016	2015	2013	2013	2012	2011	2010	2009
General government:										
Square miles	2.49	2.49	2.49	2.49	2.49	2.49	2.49	2.49	2.49	2.49
Elections										
Registered voters	6,855	8,379	8,640	7,827	7,894	7,894	7,894	7,622	7,771	7,578
Votes cast in last election	-	2,235	-	1,722	2,639	2,639	2,639	2,614	2,614	2,614
Lien searches processed	478	530	506	525	459	459	440	346	361	246
Business licenses issued	480	494	449	415	460	460	462	481	500	509
Ordinances prepared and adopted	16	9	16	10	3	3	9	8	4	5
Resolutions prepared and adopted	65	60	64	57	51	51	57	50	61	60
Commission minutes prepared adopted	30	19	21	29	25	25	26	28	24	28
Agenda packets prepared	25	17	19	26	20	20	26	24	24	24
Public safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Uniformed employees	34	34	34	34	34	34	33	33	33	35
Calls-for-service handled	10,380	10,615	10,724	10,940	8,516	8,516	8,330	7,986	7,925	8,387
Traffic accidents handled	427	455	451	400	347	347	324	362	339	314
Traffic citations/warnings issued	2,354	2,231	3,070	3,462	2,366	2,366	2,299	2,530	2,086	4,308
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Uniformed employees	26	26	26	26	26	26	26	26	26	26
Incidents responded to	1,460	1,704	1,397	1,444	1,235	1,235	1,297	1,293	1,242	1,202
Building										
Permits issued	3,149	3,070	3,297	2,863	2,634	2,634	1,548	2,322	2,288	1,801
Value of construction	\$ 50,925,434	\$ 41,555,309	\$ 42,754,614	\$ 33,659,276	\$ 26,680,297	\$ 26,680,297	\$ 25,131,177	\$ 19,231,270	\$ 18,457,987	\$ 14,663,933
Physical environment										
Miles of streets	41.12	41.12	41.12	41.12	41.12	41.12	41.12	41.12	41.12	41.12
Miles of waterways	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Culture/Recreation										
Library										
Books in collection	40,688	42,593	41,761	41,841	38,323	38,323	42,227	41,662	37,721	38,756
Circulation	41,117	41,272	39,482	40,377	42,673	42,673	42,681	59,759	71,910	70,693
Volunteer hours	8,498	9,447	10,000	10,400	10,200	10,200	10,166	8,600	8,250	8,600
Recreation										
Facilities										
Al Fletcher Park acreage	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Dan Witt Park acreage	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
DeGroff Park acreage	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Exchange Club park acreage	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Frank McDonough Park acreage	6.10	6.10	6.10	6.10	6.10	6.10	6.10	6.10	6.10	6.10
Tennis Center	1	1	1	1	1	1	1	1	1	1

Source: City of Lighthouse Point departmental staff.

Notes:

Library circulation dropped when the City changed to a fee-for-service library for non-residents (adults over the age of 14 years) as of July 1, 2011.

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City of Lighthouse Point, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 18

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
General government										
Miles of streets	41.12	41.12	41.12	41.12	41.12	41.12	41.12	41.12	41.12	41.12
Square feet of buildings	55,208	55,208	55,208	55,208	55,208	55,208	55,208	55,208	55,208	55,208
Public safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Culture/Recreation:										
Libraries	1	1	1	1	1	1	1	1	1	1
Acres of parks	31	31	31	31	31	31	31	31	31	31
Number of parks	5	5	5	5	5	5	5	5	5	5

Source: City Departments

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report to City Management

Independent Auditor's Report on Compliance with Section 218.415 Florida Statutes

To the Honorable Mayor and City Commissioners
City of Lighthouse Point, Florida
Lighthouse Point, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lighthouse Point, Florida (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated March 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

City of Lighthouse Point, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 22, 2019

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INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

To the Honorable Mayor and City Commissioners
City of Lighthouse Point, Florida
Lighthouse Point, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Lighthouse Point, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 22, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 22, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was established in 1957 under the provision of Chapter 57-1534 of the laws of the State of Florida. The City does not have any component units.

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City of Lighthouse Point, Florida

Financial Condition and Management

Section 10.554(1)(i)5.a and 10.556 (7)., Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management’s responsibility to monitor the City’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 22, 2019



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH
SECTION 218.415 FLORIDA STATUTES

To the Honorable Mayor and City Commissioners
City of Lighthouse Point, Florida
Lighthouse Point, Florida

We have examined the City of Lighthouse Point, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the City’s compliance with the specific requirements. Our responsibility is to express an opinion on the City’s compliance with the specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City’s compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of Members of the City Commission, management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 22, 2019

CPA’s + Trusted Advisors

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