

Proposed Resolution No. 2017-R-14

RESOLUTION NO. \_\_\_\_

EXHIBIT "C"

FORM OF PRELIMINARY OFFICIAL STATEMENT

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2017**

**NEW ISSUE – FULL BOOK-ENTRY**

(See "RATINGS" herein)

*In the opinion of Bond Counsel, assuming compliance by the City (as defined below) with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2017 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 imposed on individuals and corporations. However, interest on the Series 2017 Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX EXEMPTION" herein for a description of other tax consequences to holders of the Series 2017 Bonds.*

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

**CITY OF PEMBROKE PINES, FLORIDA  
Capital Improvement Revenue Refunding Bonds,  
Series 2017**

[DAC LOGO]

Dated: \_\_\_\_\_, 2017

Due: December 1, as shown on inside front cover

The \$ \_\_\_\_\_ \* City of Pembroke Pines, Florida Capital Improvement Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds") are being issued by the City of Pembroke Pines, Florida (the "City") in the form of fully registered bonds in denominations of \$5,000 or integral multiples thereof. Interest on the Series 2017 Bonds will be payable semi-annually on June 1 and December 1 of each year, commencing [December 1, 2017], to the registered owners of the Series 2017 Bonds shown on the registration books of the City held by U.S. Bank National Association, as Registrar and Paying Agent (the "Registrar" and "Paying Agent") on the fifteenth day (whether or not a business day) of the calendar month next preceding an interest payment date (the "Record Date"), by check or draft mailed, or, at the request and expense of a registered owner, by bank wire transfer to the designated account of the registered owner in whose name such Series 2017 Bond is registered, at his or her address as it appears on the bond register maintained by the Registrar, irrespective of any transfer of such Series 2017 Bond subsequent to such Record Date and prior to such Payment Date, unless the City shall be in default in payment of interest due on such Payment Date. The principal of the Series 2017 Bonds will be payable upon presentation and surrender of the Series 2017 Bonds at the principal corporate trust office of the Registrar and Paying Agent in Fort Lauderdale, Florida. Upon initial issuance, the Series 2017 Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and clearinghouse for securities transactions. So long as DTC, or its nominee, is the registered owner of the Series 2017 Bonds, payment of the principal of and interest on the Series 2017 Bonds will be provided directly to DTC or its nominee, which is to remit such payments to the DTC Participants (as defined herein) which in turn are to remit such payments to Beneficial Owners (as defined herein) of the Series 2017 Bonds. See "THE SERIES 2017 BONDS – Book-Entry Only System" herein.

Certain of the Series 2017 Bonds are subject to optional and mandatory redemption prior to maturity as set forth in this Official Statement.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS *NOT* A COMPLETE SUMMARY OF THIS ENTIRE OFFICIAL STATEMENT. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES, TO OBTAIN INFORMATION ESSENTIAL IN MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE SERIES 2017 BONDS.

The Series 2017 Bonds are being issued pursuant to the authority of and in full compliance with Chapter 166, Part II Florida Statutes, Ordinance No. 1613, enacted by the City Commission of the City (the "City Commission") on August 6, 2008, as amended, supplemented and superceded, and other applicable provisions of law (collectively, the "Act") and Resolution No. 2070 adopted by the City Commission on January 15, 1992, as amended and restated by Resolution No. \_\_\_\_\_ adopted by the City Commission on April 19, 2017 (the "Master Resolution"), as supplemented by Resolution No. \_\_\_\_\_ adopted by the City Commission on April 19, 2017 (together with the Master Resolution, the "Bond Resolution").

The principal of, premium, if any, and interest on the Series 2017 Bonds will be payable from and secured solely by a lien upon and pledge of (i) the City's Electric Franchise Revenues (as defined herein), and (ii) amounts on deposit in certain funds and accounts created under the Bond Resolution, which are available for payment of the Series 2017 Bonds (collectively, the "Pledged Revenues"), all in the manner, and subject to the terms and provisions of the Bond Resolution on a parity with the City's Outstanding Parity Franchise Revenue Bonds (as defined herein) and any Additional Bonds (as defined herein) hereafter issued. The Series 2017 Bonds are being issued for the

purpose of providing funds, together with other legally available funds of the City, to (i) refund all or a portion of the City's outstanding Capital Improvement Revenue Refunding Bonds, Series 2006 maturing on and after December 1, 2017 and all or a portion of the City's outstanding Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007, maturing on and after December 1, 2017 (collectively, the "Refunded Bonds"), [ii) paying the premium for a debt service reserve fund surety bond to deposit in the 2017 Reserve Account to secure only the Series 2017 Bonds,] and (iii) pay the costs of issuing the Series 2017 Bonds, [including the premium of a municipal bond insurance policy].

**[The scheduled payment of principal of and interest on all or a portion of the Series 2017 Bonds when due may be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2017 Bonds by \_\_\_\_\_ (the "Bond Insurer"). For a discussion of the terms and provisions of such policy, including the limitations thereof, see "MUNICIPAL BOND INSURANCE OPTION" herein. The City will make the determination whether or not to purchase such policy to insure all or a portion of the Series 2017 Bonds, if any, at the time the Series 2017 Bonds are priced.]**

**[BOND INSURER LOGO]**

THE SERIES 2017 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY, BROWARD COUNTY, FLORIDA, OR THE STATE OF FLORIDA AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO HOLDER OF ANY SERIES 2017 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR TAXATION IN ANY FORM OF ANY REAL PROPERTY THEREIN TO PAY THE PRINCIPAL OF SUCH SERIES 2017 BONDS OR THE INTEREST THEREON, OR BE ENTITLED TO SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE CITY EXCEPT FROM THE PLEDGED REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. THE SERIES 2017 BONDS SHALL NOT CONSTITUTE A LIEN UPON THE PROPERTY OF THE CITY OR ANY PART THEREOF, EXCEPT UPON THE PLEDGED REVENUES AND OTHER AMOUNTS SPECIFICALLY PLEDGED IN THE BOND RESOLUTION IN THE MANNER PROVIDED IN THE BOND RESOLUTION. SEE "SECURITY FOR THE BONDS" HEREIN.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2017 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Series 2017 Bonds will be offered when, as and if issued by the City and accepted by the Underwriters, subject to the approval of legality by Bryant Miller Olive P.A., Tallahassee Florida, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Goren, Cheroft, Doody & Ezrol, P.A., Fort Lauderdale, Florida, and by Holland & Knight LLP, Fort Lauderdale, Florida, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig, P.A., Miami, Florida. Ford & Associates, Inc., Tampa, Florida, is serving as Financial Advisor to the City in connection with the issuance of the Series 2017 Bonds. It is expected that the Series 2017 Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2017.*

**PNC Capital Markets LLC**

**BofA Merrill Lynch**

**J.P. Morgan**

**Wells Fargo Securities**

Dated: \_\_\_\_\_, 2017

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\* Preliminary, subject to change

#### **RED HERRING LANGUAGE**

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2017 Bonds by any person in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

\$ \_\_\_\_\_ \*  
**CITY OF PEMBROKE PINES, FLORIDA**  
**Capital Improvement Revenue Refunding Bonds,**  
**Series 2017**

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

Maturity <u>(December 1)</u>	Amount	Interest <u>Rate</u>	Price	Yield	Initial CUSIP <u>Number</u> †
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\$ \_\_\_\_\_ % Term Bonds due December 1, \_\_\_, Price \_\_\_\_\_/Yield \_\_\_\_\_ %, Initial CUSIP No. \_\_\_\_\_†  
\$ \_\_\_\_\_ % Term Bonds due December 1, \_\_\_, Price \_\_\_\_\_/Yield \_\_\_\_\_ %, Initial CUSIP No. \_\_\_\_\_†

\* Preliminary, subject to change.

† The City is not responsible for the use of CUSIP Numbers, nor is any representation made as to their correctness. The CUSIP Numbers are included solely for the convenience of the readers of this Official Statement and may be changed after the issuance of the Series 2017 Bonds.

**CITY OF PEMBROKE PINES, FLORIDA**

**CITY COMMISSION**

Frank C. Ortis, Mayor  
Carl Shechter, Vice Mayor  
Angelo Castillo, Commissioner  
Jay Schwartz, Commissioner  
Iris A. Siple, Commissioner

**CITY MANAGER**

Charles F. Dodge

**CITY CLERK**

Marlene Graham

**FINANCE DIRECTOR**

Lisa Chong

**CITY ATTORNEY**

Goren, Cheroft, Doody & Ezrol, P.A.  
Fort Lauderdale, Florida

**BOND COUNSEL**

Bryant Miller Olive P.A.  
Tallahassee, Florida

**DISCLOSURE COUNSEL**

Holland & Knight LLP  
Fort Lauderdale, Florida

**FINANCIAL ADVISOR**

Ford & Associates, Inc.  
Tampa, Florida

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to make any representations or to give any information, other than as contained in this Official Statement, in connection with the offering of the Series 2017 Bonds, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, The Depository Trust Company[**, the Reserve Provider (as defined herein), the Bond Insurer (as defined herein)**] and other sources which are believed to be reliable.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2017 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2017 Bonds. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the City expressly makes no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

In connection with the offering of the Series 2017 Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Series 2017 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2017 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 Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to website addresses presented herein 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.

THE SERIES 2017 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2017 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2017 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES NOR ANY FEDERAL OR STATE SECURITIES COMMISSIONS OR REGULATORY AUTHORITIES HAVE PASSED UPON THE MERITS OF THE SERIES 2017 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2017 BONDS. THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: **[WWW.MUNIOS.COM]** OR **WWW.EMMA.MSRB.ORG**. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

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**OFFICIAL STATEMENT**  
\$ \_\_\_\_\_ \*  
**CITY OF PEMBROKE PINES, FLORIDA**  
**CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS,**  
**SERIES 2017**

**INTRODUCTION**

This Official Statement, including the cover page, inside cover page and Appendices hereto, is furnished in connection with the offering by the City of Pembroke Pines, Florida (the "City") of its \$ \_\_\_\_\_ \* Capital Improvement Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds").

This introduction is not, and is not intended to be, a complete summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and Appendices hereto and the documents summarized or described herein. A full review should be made of this entire Official Statement. The offering of the Series 2017 Bonds is made only by means of this Official Statement and is subject in all respects to the information contained herein.

The Series 2017 Bonds are being issued pursuant to the authority of and in full compliance with Chapter 166, Part II Florida Statutes, Ordinance No. 1613, enacted by the City Commission of the City (the "City Commission") on August 6, 2008, as amended, supplemented and superceded, and other applicable provisions of law (collectively, the "Act") and Resolution No. 2070 adopted by the City Commission on January 15, 1992, as amended and restated by Resolution No. \_\_\_\_\_ adopted by the City Commission on April 19, 2017 (the "Master Resolution"), as supplemented by Resolution No. \_\_\_\_\_ adopted by the City Commission on April 19, 2017 (together with the Master Resolution, the "Bond Resolution").

The Series 2017 Bonds are being issued for the purpose of providing funds, together with other legally available funds of the City, to (i) refund all or a portion of the outstanding Capital Improvement Revenue Refunding Bonds, Series 2006 maturing on and after December 1, 2017 and all or a portion of the outstanding Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007, maturing on and after December 1, 2017 (collectively, the "Refunded Bonds"), [(ii) paying the premium for a debt service reserve fund surety bond to be issued by \_\_\_\_\_ (the "Reserve Provider") to deposit in the 2017 Reserve Account to secure only the Series 2017 Bonds] and (iii) pay the costs of issuing the Series 2017 Bonds, [including the premium for a municipal bond insurance policy.]

The principal of, premium, if any, and interest on the Series 2017 Bonds will be payable from and secured solely by a lien upon and pledge of (i) the City's Electric Franchise Revenues (as defined herein), and (ii) amounts on deposit in certain funds and accounts created under the Bond Resolution, which are available for payment of the Series 2017 Bonds (collectively, the "Pledged Revenues"), all in the manner, and subject to the terms and provisions of the Bond Resolution on a parity with the City's Outstanding Parity Franchise Revenue Bonds (as defined herein) and any Additional Bonds (as defined herein) hereafter issued.

The Series 2017 Bonds will be secured on a parity with the City's (i) outstanding Capital Improvement Revenue Refunding Bonds, Series 2006 (the "Series 2006 Bonds"), not being refunded with proceeds of the Series 2017 Bonds, if any, currently outstanding in the aggregate principal amount of

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\* Preliminary, subject to change

[\$\_\_\_\_\_] before the proposed refunding with proceeds of the Series 2017 Bonds (the "Outstanding 2006 Bonds"), (ii) outstanding Capital Improvement Revenue Bonds (Phase II of Forman Senior Housing Project), Series 2007 (the "Series 2007 Bonds"), not being refunded with proceeds of the Series 2017 Bonds, if any, currently outstanding in the aggregate principal amount of [\$\_\_\_\_\_] before the proposed refunding with proceeds of the Series 2017 Bonds (the "Outstanding 2007 Bonds"), (iii) outstanding Capital Improvement Revenue Refunding Bonds, Series 2010 currently outstanding in the aggregate principal amount of [\$\_\_\_\_\_] (the "Series 2010 Bonds") and (iv) outstanding Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2016 currently outstanding in the aggregate principal amount of [\$\_\_\_\_\_] (the "Series 2016 Bonds").

The Outstanding 2006 Bonds, the Outstanding 2007 Bonds, the Series 2010 Bonds and the Series 2016 Bonds are collectively referred to herein as the "Outstanding Parity Franchise Revenue Bonds." The Series 2017 Bonds, the Outstanding Parity Franchise Revenue Bonds and any Additional Bonds issued pursuant to the Bond Resolution are collectively referred to herein as the "Bonds." See "SECURITY FOR THE BONDS" herein.

**[The Series 2017 Bonds shall be additionally secured by a debt service reserve fund surety policy deposited into the 2017 Reserve Account securing only the Series 2017 Bonds in the amount of the Reserve Account Requirement for the Series 2017 Bonds. See "DEBT SERVICE RESERVE FUND SURETY POLICY" herein.]**

**[The scheduled payment of principal of and interest on all or a portion of the Series 2017 Bonds when due may be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2017 Bonds by \_\_\_\_\_ (the "Bond Insurer"). For a discussion of the terms and provisions of such policy, including the limitations thereof, see "MUNICIPAL BOND INSURANCE OPTION" herein. *The City will make the determination whether or not to purchase such policy to insure all or a portion of the Series 2017 Bonds, if any, at the time the Series 2017 Bonds are priced.*]**

For a complete description of the terms and conditions of the Series 2017 Bonds, reference is made to the Bond Resolution, a copy of which is attached hereto as APPENDIX B. All terms defined in the Bond Resolution shall have the same meanings in this Official Statement unless indicated to the contrary or the context expressly requires otherwise. All information included herein has been provided by the City, except where attributed to other sources. The description of the Series 2017 Bonds and the documents authorizing and securing the same and the information from the summaries of all reports, statutes, documents and other instruments referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such report, statute, document or instrument. All references to such documents are qualified in their entirety by reference to the definitive forms thereof. Definitive copies of all reports and documents not reproduced in this Official Statement and further information with regard to the City may be obtained from the City Clerk, 601 City Center Way, Pembroke Pines, Florida 33025, telephone 954-435-6501.

References to website addresses presented herein 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.

## **THE CITY**

The City is located in Broward County, Florida. For general information regarding the City and Broward County, Florida, including statistical and demographic information that may affect the collection of the Electric Franchise Revenues, see APPENDIX A hereto.

The City sponsors two single-employer defined benefit plans and also participates, with respect to certain of its employees, in the Florida Retirement System. See APPENDIX A - "GENERAL INFORMATION CONCERNING THE CITY OF PEMBROKE PINES, FLORIDA AND BROWARD COUNTY, FLORIDA" under the captions "PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS" and "OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)" therein for a description of the pension and OPEB plans and the liabilities of the City associated with such plans.

## **REFUNDING PLAN**

The Refunded Bonds will be called for redemption on or about 15 days from the delivery date of the Series 2017 Bonds, at a redemption price equal to 100% of the principal amounts thereof, plus accrued interest to their redemption dates. Upon delivery of the Series 2017 Bonds, the City will enter into an Escrow Deposit Agreement (the "Escrow Deposit Agreement") with U.S. Bank National Association (in such capacity, the "Escrow Agent") pertaining to the Refunded Bonds. The Escrow Deposit Agreement creates a fund (the "Escrow Fund") to be held by the Escrow Agent and funded with proceeds of the Series 2017 Bonds and certain other legally available moneys. The Escrow Fund will be held in trust by the Escrow Agent and the money and securities therein will be irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds. Moneys in the Escrow Fund will be held uninvested and will in an amount sufficient to pay the principal of and interest on the Refunded Bonds upon their redemption.

Upon delivery of the Series 2017 Bonds, Causey, Demgen & Moore, Inc., Certified Public Accountants (the "Verification Agent"), will verify, among other things, the accuracy of the arithmetical computations of the sufficiency of the maturing principal amount of, and interest on, the securities held in the Escrow Fund, together with the cash balances held therein, to pay the principal of and interest on the 2007A Refunded Bonds. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.

In reliance upon the above-referenced schedules and verifications, at the time of delivery of the Series 2017 Bonds, Bond Counsel shall deliver an opinion to the City to the effect that the Refunded Bonds have been legally defeased and are no longer Outstanding for purposes of the Bond Resolution.

The moneys on deposit in the Escrow Fund will be used only to pay the Refunded Bonds and will not be available for payment of debt service on the Outstanding Parity Franchise Revenue Bonds or the Series 2017 Bonds.

## **THE SERIES 2017 BONDS**

### **General**

The Series 2017 Bonds are being issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be available to purchasers in denominations of \$5,000 principal amount or any integral multiple thereof and will mature on the dates, and will bear interest at the rates per annum, all as set forth on the inside cover page. Interest on the Series 2017 Bonds is payable semi-annually on June 1 and December 1 (each an "Interest Payment Date")

of each year, commencing **[December 1, 2017]** until maturity or redemption. DTC will receive all payments with respect to the Series 2017 Bonds from U.S. Bank National Association, Fort Lauderdale, Florida as Registrar and Paying Agent (the "Registrar" and "Paying Agent"), which payments will be remitted to DTC Participants for subsequent disbursement to the Beneficial Owners (as defined herein). See "THE SERIES 2017 BONDS - Book-Entry Only System" herein.

The Series 2017 Bonds are payable as to principal of or Redemption Price, if applicable, upon presentation and surrender of any Series 2017 Bond at the designated office of the Paying Agent. Interest on the Series 2017 Bonds shall be paid by check or draft mailed, or, at the request and expense of a registered owner, by bank wire transfer to the designated account of the registered owner in whose name such Series 2017 Bond is registered, at his or her address as it appears on the bond register maintained by the Registrar, at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding the Payment Date (the "Record Date"), irrespective of any transfer of such Series 2017 Bond subsequent to such Record Date and prior to such Payment Date, unless the City shall be in default in payment of interest due on such Payment Date.

In the event the interest payable on any Series 2017 Bond is not punctually paid or duly provided for by the City on such Interest Payment Date, such defaulted interest will be paid to the registered owner in whose name such Series 2017 Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such registered owner, not less than ten days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Series 2017 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.

No Series 2017 Bond shall be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the certificate of authentication endorsed on the Series 2017 Bond shall have been duly signed by the Registrar.

If the date for payment of the principal of, premium, if any, or interest on the Series 2017 Bonds is a Saturday, Sunday, legal holiday or a day on which the banking institutions in the City where the corporate trust office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday or legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

## **Transfer**

*The provisions set forth under this heading relating to transfers shall not be generally applicable during such time as the book-entry only system for the Series 2017 Bonds is in effect. However, in the event the system of book-entry ownership of the Series 2017 Bonds is discontinued, transfers and exchanges of the Series 2017 Bonds will be accomplished as described below.*

So long as any of the Bonds shall remain Outstanding, the City shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

The Series 2017 Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner thereof or such registered owner's attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered Series 2017 Bonds of the same Series,

maturity of any other authorized denominations and type (e.g., Serial Bonds will be exchanged for Serial Bonds and Capital Appreciation Bonds will be exchanged for Capital Appreciation Bonds).

Each Series 2017 Bond shall be transferable only upon the books of the City, at the office of the Registrar, under such reasonable regulations as the City may prescribe, by the registered owner thereof in person or by such registered owner's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the registered owner or such registered owner's duly authorized attorney. Upon the transfer of any such Bond, the City shall issue, and cause to be authenticated, in the name of the transferee a new Series 2017 Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Series 2017 Bond. The City, the Registrar and any Paying Agent or fiduciary of the City may deem and treat the Person in whose name any Outstanding Series 2017 Bond shall be registered upon the books of the City as the absolute owner of such Series 2017 Bond, whether such Series 2017 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Series 2017 Bond and for all other purposes, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the City nor the Registrar nor any Paying Agent or other fiduciary of the City shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent of the Series 2017 Bonds, forthwith (A) following the fifteenth day prior to an Interest Payment Date for such Series; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Series 2017 Bonds; and (C) at any other time as reasonably requested by the Paying Agent of such Series, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books.

In all cases in which the privilege of exchanging Series 2017 Bonds or transferring Series 2017 Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver such Series 2017 Bonds in accordance with the provisions of the Bond Resolution. For every such exchange or transfer of Series 2017 Bonds, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The City and the Registrar shall not be obligated to make any such exchange or transfer of Series 2017 Bonds during the fifteen days next preceding an Interest Payment Date on the Series 2017 Bonds, or, in the case of any proposed redemption of Series 2017 Bonds, then during the fifteen days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

### **Book-Entry Only System**

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM DTC, AND THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2017 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2017 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2017 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2017 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2017 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2017 BONDS TO DIRECT

PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2017 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2017 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2017 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY DOES NOT MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, New York, New York, will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "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 bond 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 (the "Indirect Participants" and together with Direct Participants, the "DTC Participants"). DTC has a rating of AA+ from S&P Global Ratings ("S&P"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in

beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices shall be sent to DTC. If less than all of the securities 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.

Principal, premium, if any, and interest payments on the Series 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Registrar and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Registrar and Paying Agent or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Registrar and Paying Agent for the Series 2017 Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2017 Bond certificates are required to be printed and delivered.

The City does not have any responsibility or obligations to the DTC Participants, Indirect Participants or the Beneficial Owners with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Direct Participant with respect to any ownership interest on the Series 2017 Bonds, (B) the delivery to any Participant or any other person other than a Bondholder, as shown in the registration books kept by the Registrar and Paying Agent, of any notice with respect to the Series 2017 Bonds, or (C) the payment to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Registrar and Paying Agent, of any amount with respect to principal of, or interest on the Series 2017 Bonds.

## Redemption Provisions

Optional Redemption. The Series 2017 Bonds maturing on or prior to December 1, 20\_\_ are not subject to redemption prior to maturity. The Series 2017 Bonds maturing on and after December 1, 20\_\_, are subject to redemption prior to their respective dates of maturity at the option of the City on or after December 1, 20\_\_ in whole, or in part, at any time in such order of maturity as the City selects, such redemption to be by lot within a maturity if less than all, at par, plus accrued interest to the date of redemption, but without premium.

Mandatory Sinking Fund Redemption. The Series 2017 Bonds maturing on December 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in part by lot on December 1, 20\_\_ and on each December 1 thereafter to and including December 1, 20\_\_ at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from mandatory sinking funds payments as set forth below:

<u>Year</u>	<u>Principal Amount</u>
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\* Final Maturity

Mandatory Sinking Fund Redemption. The Series 2017 Bonds maturing on December 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in part by lot on December 1, 20\_\_ and on each December 1 thereafter to and including December 1, 20\_\_ at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, from mandatory sinking funds payments as set forth below:

<u>Year</u>	<u>Principal Amount</u>
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\* Final Maturity

## Notice of Redemption

Unless waived by any registered owner of Series 2017 Bonds to be redeemed, notice of any redemption made pursuant to the Bond Resolution shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by registered or certified mail at least twenty days and not more than thirty days prior to the date fixed for redemption to each registered owner of Series 2017 Bonds to be redeemed at the address of such registered owner shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such registered owner to the Registrar; provided, however, that no defect in any notice given pursuant to the Bond Resolution to any registered owner of Series 2017 Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other registered owners of Series 2017 Bonds to be redeemed. Every official notice of redemption shall be dated and be given in accordance with the Bond Resolution.

Prior to any redemption date, the City shall deposit with the Registrar an amount of money sufficient to pay the Redemption Price of all the Series 2017 Bonds or portions of Series 2017 Bonds which are to be redeemed on that date. Notwithstanding the foregoing or any other provision of the Bond Resolution, notice of optional redemption pursuant to the Bond Resolution may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the City if expressly set forth in such notice.

Official notice of redemption having been given in accordance with the Bond Resolution, the Series 2017 Bonds or portions of Series 2017 Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2017 Bonds or portions of Series 2017 Bonds shall cease to bear interest. Upon surrender of such Series 2017 Bonds for redemption in accordance with said notice, such Series 2017 Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as provided in the Bond Resolution for payment of interest. Upon surrender for any partial redemption of any Series 2017 Bond, there shall be prepared for the registered owner a new Series 2017 Bond or Series 2017 Bonds of the same maturity in the amount of the unpaid principal of such partially redeemed Series 2017 Bond. All Series 2017 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Notice of redemption having been given substantially as aforesaid, the Series 2017 Bonds or portions of Series 2017 Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2017 Bonds or portions of Series 2017 Bonds shall cease to bear interest. Upon surrender of such Series 2017 Bonds for redemption in accordance with said notice, such Series 2017 Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Series 2017 Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

## **SECURITY FOR THE BONDS**

### **Pledged Revenues**

The principal of, premium, if any, and interest on the Series 2017 Bonds will be payable from and secured solely by a lien upon and pledge of the Pledged Revenues, which consist of (i) revenues received by the City as its Electric Franchise Revenues, and (ii) amounts on deposit in certain funds and accounts created under the Bond Resolution, all in the manner, and subject to the terms and provisions of the Bond Resolution, on a parity with the City's Outstanding Parity Franchise Revenue Bonds and any Additional Bonds as may hereafter be issued. "Electric Franchise Revenues" are defined in the Bond Resolution to mean the amounts levied and collected by the City under Ordinance No. 1613, enacted by the City on August 6, 2008, as amended, supplemented and superceded (the "Electric Franchise Ordinance"), granting an electric franchise to Florida Power & Light Company (the "Company") and its successors and assigns, as such franchise may be renewed or extended from time to time.

**THE SERIES 2017 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY, BROWARD COUNTY, FLORIDA, OR THE STATE OF FLORIDA AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED REVENUES, IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO HOLDER OF ANY SERIES 2017 BONDS SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING**

POWER OF THE CITY OR TAXATION IN ANY FORM OF ANY REAL PROPERTY THEREIN TO PAY THE PRINCIPAL OF SUCH SERIES 2017 BOND OR THE INTEREST THEREIN, OR BE ENTITLED TO SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE CITY EXCEPT FROM THE PLEDGED REVENUES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. THE SERIES 2017 BONDS SHALL NOT CONSTITUTE A LIEN UPON THE PROPERTY OF THE CITY OR ANY PART THEREOF, OR UPON ANY OTHER PROPERTY OF THE CITY EXCEPT UPON THE PLEDGED REVENUES AND OTHER AMOUNTS SPECIFICALLY PLEDGED IN THE BOND RESOLUTION IN THE MANNER PROVIDED IN THE BOND RESOLUTION. SEE "SECURITY FOR THE BONDS" HEREIN.

### **Right of City to Purchase Electric Power and Distribution Facilities of the Company**

The City has reserved the right to acquire the electric power and distribution facilities of the Company within the City's municipal boundaries and to substitute the net revenues of the electric power and distribution facilities within the City first available to it from the operation of such facilities for the Electric Franchise Revenues, provided that the Finance Director provides a certificate demonstrating that net revenues of the electric power and distribution facilities will be sufficient to fully comply with all of the terms and covenants of the Bond Resolution applicable to the Electric Franchise Revenues. The franchise is subject to termination upon the occurrence of certain events. See "ELECTRIC FRANCHISE REVENUES - Electric Franchise Fee Ordinance" herein.

### **Flow of Funds**

The Bond Resolution creates and establishes three separate funds to be known as the "Revenue Fund," the "Sinking Fund," and the "Construction Fund." The City will maintain in the Sinking Fund four accounts: the "Interest Account," the "Principal Account," the "Bond Amortization Account," the "Reserve Account" and the "2017 Reserve Account" therein. Moneys in the aforementioned funds and accounts, until applied in accordance with the provisions of the Bond Resolution, shall be subject to a lien and charge in favor of the registered owners and for the further security of the registered owners.

(A) The City has agreed to deposit the Electric Franchise Revenues (only to the extent a sufficient amount is not already on deposit from other legally available revenue sources of the City in amounts sufficient to satisfy all payment obligations under the Bond Resolution), and any direct subsidy payments received from the United States Treasury relating to Direct Subsidy Bonds or any other interest subsidy or similar payments made by the Federal government, into the Revenue Fund promptly upon receipt thereof. The moneys in the Revenue Fund shall be deposited or credited on or before the 20<sup>th</sup> day of each month, or such later date as hereinafter provided, in the following manner and in the following order of priority (provided that the payments to be made in paragraphs 1 through 3 below shall be made on a parity basis):

1. Interest Account. The City shall deposit into or credit to the Interest Account one-sixth (1/6<sup>th</sup>) of all interest becoming due on the next semi-annual Interest Payment Date (or, in the case a Series of Bonds has more frequent interest payment dates, the proportional amount needed to pay interest on the next Payment Date with respect to such Series of Bonds). Moneys in the Interest Account shall be used to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose. The City shall adjust the amount of the deposit into the Interest Account not later than the month immediately preceding any Interest Payment Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Payment Date. In the event a Series of Bonds is further secured by an Indenture of Trust, such payments shall be made to the trustee to enable the trustee to pay such interest, unless the holder of such Series of Bonds has agreed to alternative arrangements with the City.

2. Principal Account. Next, the City shall deposit into or credit to the Principal Account one-twelfth (1/12<sup>th</sup>) of all principal becoming due on the next annual principal payment date (or, in the case a Series of Bonds has more frequent principal payment dates, the proportional amount needed to pay principal on the next Payment Date with respect to such Series of Bonds). Moneys in the Principal Account shall be used to pay the principal of the Bonds as and when the same shall mature, and for no other purpose. The City shall adjust the amount of deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on Bonds becoming due on such principal payment date. In the event a Series of Bonds is further secured by an Indenture of Trust, such payments shall be made to the trustee to enable the trustee to pay such principal, unless the holder of such Series of Bonds has agreed to alternative arrangements with the City.

3. Bond Amortization Account. Commencing in the month which is one year prior to any Amortization Installment due date, the City shall deposit into or credit to the Bond Amortization Account one-twelfth (1/12<sup>th</sup>) of the principal coming due on the next Amortization Installment due date. Moneys in the Bond Amortization Account shall be used to purchase or redeem Term Bonds in the manner in the Bond Resolution, and for no other purpose. The City shall adjust the amount of the deposit into the Bond Amortization Account not later than the 20th day of the month immediately preceding any date for payment of an Amortization Installment so as to provide sufficient moneys in the Bond Amortization Account to pay the Amortization Installments on the Term Bonds coming due on such date. In the event a Series of Bonds is further secured by an Indenture of Trust, such payments shall be made to the trustee to enable the trustee to pay such amortization installment of principal, unless the holder of such Series of Bonds has agreed to alternative arrangements with the City.

Amounts accumulated in the Bond Amortization Account with respect to any Amortization Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Amortization Installment was established) may be applied by the City, on or prior to the 60th day preceding the due date of such Amortization Installment (a) to the purchase of Term Bonds of the Series and maturity for which such Amortization Installment was established, at a price not greater than the Redemption Price at which such Term Bonds may be redeemed on the first date thereafter on which such Term Bonds shall be subject to redemption, or (b) to the redemption at the applicable Redemption Price of such Term Bonds, if then redeemable by their terms. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Amortization Account until such Amortization Installment date, for the purposes of calculating the amount of such account. As soon as practicable after the 60th day preceding the due date of any such Amortization Installment, the City shall proceed to call for redemption on such due date, by causing notice to be given as provided in the Bond Resolution, Term Bonds of the Series and maturity for which such Amortization Installment was established (except in the case of Term Bonds maturing on an Amortization Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Amortization Installment. The City shall pay out of the Bond Amortization Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the City from the Revenue Fund.

4. Reserve Account. Next, the City shall deposit into or credit to the Reserve Account and/or any subaccount hereafter created therein a sum sufficient to maintain therein an amount equal to the applicable Reserve Account Requirement. Moneys in the Reserve Account (or any subaccount therein) shall be used only for the purpose of the payment of maturing principal, interest or Amortization Installments on the Bonds which are secured thereby when the other moneys in the Sinking Fund are

insufficient therefor, and for no other purpose. However, whenever the moneys on deposit in the Reserve Account (or any subaccount therein) exceed the applicable Reserve Account Requirement, such excess shall be withdrawn and deposited into the Interest Account. **[The Reserve Account Requirement for the 2017 Reserve Account will initially be funded with a Reserve Product provided by the Reserve Provider in a face amount equal to the Reserve Account Requirement for the Series 2017 Bonds. See "DEBT SERVICE RESERVE FUND POLICY" herein.]**

5. **Administrative Fees.** The City shall pay, to the extent payment has not otherwise been provided for by the City, the fees and expenses of any Paying Agent, Registrar or trustee incurred with respect to a Series of Bonds.

6. **Remaining Balance.** The balance of any moneys in the Revenue Fund after the deposits required by the foregoing provisions, following the 20<sup>th</sup> day of each month, may be transferred, at the discretion of the City, to any appropriate fund or account of the City and be used for any lawful purpose free of the pledge and lien of the Bond Resolution.

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

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

### **Debt Service Reserve Account; Reserve Account Requirement**

Upon the issuance of the Series 2017 Bonds the City shall deposit into the 2017 Reserve Account an amount equal to the Reserve Account Requirement for the Series 2017 Bonds, which shall be initially equal to \$\_\_\_\_\_ (the "2017 Bonds Reserve Requirement"). The Reserve Account Requirement with respect to the Series 2017 Bonds is defined in the Bond Resolution to mean, as of any date of calculation, an amount equal to the lesser of (i) the Maximum Annual Debt Service Requirement with respect to the Series 2017 Bonds, (ii) 125% of the average Annual Debt Service Requirement with respect to the Series 2017 Bonds, or (iii) 10% of the aggregate stated original principal amount of the Series 2017 Bonds Outstanding, provided, however, that in determining the aggregate stated original principal amount of Series 2017 Bonds Outstanding for the purposes of this clause (iii), the issue price of Series 2017 Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Series 2017 Bonds if such Series 2017 Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity (the "Reserve Account Requirement"). Funds on deposit in the 2017 Reserve Account may be used only for the purpose of curing deficiencies in the Sinking Fund related to the Series 2017 Bonds. Moneys on deposit in the 2017 Reserve Account shall be applied to pay the maturing principal of, redemption premium, if any, or interest or Amortization Installments on the Series 2017 Bonds, but shall not be available with respect to any Bonds secured by another account or subaccount of the Reserve Account and not secured by the 2017 Reserve Account. The Series 2017 Bonds shall not be secured by any reserve account except for the 2017 Reserve Account. **[The 2017 Bonds Reserve Requirement will initially be funded with a Reserve Product provided by the Reserve Provider in a face amount equal to the 2017 Bonds Reserve Requirement. See "DEBT SERVICE RESERVE FUND POLICY" herein.]**

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

Notwithstanding the foregoing provisions, in lieu of the required cash deposits into the Reserve Account (or any subaccounts therein), the City may, at any time, cause to be deposited into the Reserve Account (or any subaccounts therein) a surety bond, irrevocable letter of credit, guaranty or an insurance policy for the benefit of the applicable Bondholders in an amount equal to the difference between the applicable Reserve Account Requirement and the sums then on deposit in the Reserve Account and/or subaccount therein. Such surety bond, irrevocable letter of credit, guaranty or insurance policy shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any Interest Payment Date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to the Bond Resolution and available for such purpose. Repayment of draws made from a surety bond, irrevocable letter of credit, guaranty or an insurance policy provided pursuant to this paragraph, shall be made in accordance with a Supplemental Resolution.

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

## **Investments**

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

## **Issuance of Additional Bonds**

The Bond Resolution authorizes the City to issue Additional Bonds, which will be secured by a lien on the Electric Franchise Revenues upon compliance with the following conditions:

There shall have been obtained and filed with the City a statement of the Finance Director:

(a) setting forth the amount of the Electric Franchise Revenues which have been received by the City during the most recent Fiscal Year for which audited financial statements are available; and (b) stating that the amount of the Electric Franchise Revenues received during the aforementioned twelve month period equaled at least 1.25 times the Maximum Annual Debt

Service of all Bonds then Outstanding including such proposed Additional Bonds with respect to which such statement is made (together with Policy Costs). "Policy Costs" means any repayment or payment obligations due and owing in connection with any surety bond on deposit in the Reserve Account.

In the event the Act is amended to provide for additional Electric Franchise Revenues to be distributed to the City, the City may then for the purpose of determining whether there are sufficient Electric Franchise Revenues to meet the coverage tests specified in the preceding paragraph, have the Finance Director assume that such additional Electric Franchise Revenues were in effect during the applicable Fiscal Year.

In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the City is not required to satisfy the conditions in the preceding paragraph, provided that the issuance of such Additional Bonds will not result in an increase in the aggregate amount of Annual Debt Service on the Outstanding Bonds becoming due in the current Bond Year or in any subsequent Bond Years. The conditions in the preceding paragraph apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

For the purposes of the covenants described above for the issuance of Additional Bonds, Annual Debt Service with respect to Variable Rate Bonds shall be determined assuming that such obligations bear interest at the higher of [\_\_\_\_]% per annum or the actual interest rate borne during the month immediately preceding the date of calculation. The foregoing notwithstanding, for purposes of calculating Annual Debt Service, any Variable Rate Bonds with respect to which the City has entered into an interest rate swap or interest rate cap for a notional amount equal to the principal amount of such variable rate indebtedness shall be treated for purposes of the issuance of Additional Bonds as bearing interest at a fixed rate equal to the fixed rate payable by the City under the interest rate swap, or the capped rate provided by the interest rate cap.

Although for purposes of calculating the Annual Debt Service there is included in such calculation direct subsidy payments expected to be received from the United States Treasury relating to Direct Subsidy Bonds or any other interest subsidy payments made by the Federal government ("Subsidy Payments"), and with respect to Variable Rate Bonds with a related interest rate swap or interest rate cap the fixed interest rate may be assumed, neither such Subsidy Payments nor interest rate swap receipts have been pledged under the Bond Resolution.

### **Subordinated Indebtedness**

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

## **Repeal or Amendments to Electric Franchise Ordinance**

The City has covenanted in the Bond Resolution not to repeal the Electric Franchise Ordinance or amend or modify the Electric Franchise Ordinance with a subsequent ordinance, resolution or other proceeding of the City, in a manner so as to impair or adversely affect the power and obligation of the City to receive the Electric Franchise Revenues or impair or adversely affect in any manner the pledge of the Electric Franchise Revenues made in the Bond Resolution or the rights of the holders of the Bonds. The City is unconditionally and irrevocably obligated, so long as any of the Bonds or the interest thereon are outstanding and unpaid, to diligently collect such Electric Franchise Revenues in the full amount provided, to the extent necessary to pay the principal and Amortization Installments of and interest on the Bonds and to make the other payments provided for in the Bond Resolution. The City has covenanted to exercise all legally available remedies to enforce such collections now or hereafter available under Florida law. The City has covenanted not to take any action, or fail to take any action, under its control that would give the Company the right to terminate the electric franchise while any Bonds are Outstanding under the Bond Resolution, unless the City has exercised its rights to acquire the power distribution facilities and the Company, or its successor in interest, has agreed to such purchase. See "- Right of City to Purchase Electric Power and Distribution Facilities of the Company" above.

## **Defeasance**

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

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

## **Other Provisions**

Included herein as APPENDIX B is a copy of the Master Resolution. Reference should be made by prospective purchasers of the Series 2017 Bonds to APPENDIX B for other provisions of the Master Resolution which affect the rights of the holders of the Series 2017 Bonds, including, but not limited to, provisions regarding the City's right to amend the Bond Resolution with and without the consent of the Bondholders, defaults and remedies and the rights of the Insurer to consent on behalf of Bondholders.

## **Acceleration and Tender Rights of the Series 2016 Bonds**

On September 30, 2016, the City issued its Series 2016 Bonds to refund the City's Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2008 pursuant to an Indenture of Trust dated September 30, 2016 between the City and U.S. Bank National Association, as trustee (the "Series 2016 Bonds Trust Indenture"). The Series 2016 Bonds have been privately placed with a financial institution (the "Lender") and constitute Outstanding Parity Franchise Revenue Bonds. The Series 2016 Bonds initially bear interest at a fixed rate of 1.66% per annum through September 30, 2023 (the "Initial Bank Period") and subject to adjustment upon the occurrence of certain events. At the end of the Initial Bank Period, unless converted to a different interest mode by the City, the interest rate on Series 2016 Bonds will be automatically adjusted as determined under the Series 2016 Bonds Trust Indenture or as otherwise agreed upon by the City and the Lender, for an additional five year period (each a "Bank Period") (or such other period agreed upon by the Lender and the City). While bearing interest at the Bank Rate, the Series 2016 Bonds are subject to tender by the Lender, upon giving notice, at the end of each Bank Period (including the Initial Bank Period) in accordance with the terms of the Series 2016 Bonds Trust Indenture. The Series 2016 Bonds are subject to acceleration upon an event of default under the Series 2016 Bonds Trust Indenture. See the table captioned "HISTORICAL DEBT SERVICE COVERAGE" herein for the estimated debt service on the Series 2016 Bonds.

## **ELECTRIC FRANCHISE REVENUES**

### **Electric Franchise Fee Ordinance**

The Electric Franchise Revenues are collected by the City pursuant to the Electric Franchise Ordinance. The Electric Franchise Ordinance granted a 30-year electric franchise to the Company, which consists of the non-exclusive privilege of constructing, maintaining and operating in streets, rights of way and other public places in the City, electric light and power facilities for the purpose of supplying electricity to the City, its inhabitants and persons and corporations beyond the City limits. The Company is a subsidiary of Juno Beach, Fla.-based NextEra Energy, Inc. The 30-year franchise will expire August 6, 2038, unless extended by the City and the Company.

The Electric Franchise Ordinance requires an annual payment equal to 5.9% of the revenues derived by the Company, which is inclusive of the amount of all licenses, excises, fees, charges and other impositions of any kind whatsoever (except ad valorem property taxes and non-ad valorem tax assessments on property) levied or imposed by the City against the Company's property, business or operations and those of the Company's subsidiaries, less actual write-offs, from the sale of electrical energy to residential, commercial and industrial customers within the corporate limits of the City for the monthly billing period ending 60 days prior to each scheduled monthly payment, subject to final adjustment at the end of each Fiscal Year. Certain revenues of the Company are not included in the franchise fee calculation described above, including but not limited to, (a) revenues from the sale of electrical energy serving public ways and areas; (b) revenues from services to areas with eligibility restricted to government entities; (c) revenues from services to railroads and railways; (d) revenues from sales to other utilities for resale purposes; (e) franchise fees; (f) late payment charges; (g) collection

charges and (h) other service charges. The City has agreed not to engage in the business of distributing and selling electricity during the life of the franchise in competition with the Company. If the Company fails to comply with the terms of the franchise, the City has the power to terminate the franchise, but the Company has six months after final determination of default by a court of competent jurisdiction within which to cure its default.

The Electric Franchise Ordinance provides that if the City grants a right, privilege or franchise to any other person or otherwise enables any other such person to construct, operate or maintain electric light and power facilities within any part of the incorporated areas of the City in which the Company may lawfully serve or compete on terms and conditions which the City determines are more favorable than the terms in the Electric Franchise Ordinance, the Company, upon providing the City 60-days advanced notice in writing of its intent, may terminate the franchise if such terms and conditions are not remedied within 60 days.

The Company may, pursuant to the Electric Franchise Ordinance terminate the franchise if, as a consequence of any legislative, regulatory or other action by the United States of America or the State of Florida (or any department, agency, authority, instrumentality or political subdivision of either), any person is permitted to provide electric service within the incorporated areas of the City to a customer then being served by the Company, or to any new applicant for electric service within any part of the incorporated areas of the City in which the Company may lawfully serve, and the Company determines that such competition would place it at a competitive disadvantage, the Company must provide the City with 90-days advanced written notice of its intent to terminate the franchise, and upon receipt of such notice, the City has 90 days in which to correct or remedy the competitive disadvantage.

The failure on the part of the City to comply in substantial respect with any of the provisions of the Electric Franchise Ordinance will be grounds for forfeiture, but no forfeiture shall take effect if the reasonableness or propriety thereof is protested by the City until there is final determination (after the expiration or exhaustion of all rights of appeal) by a court of competent jurisdiction that the City has failed to comply in substantial respect with any of the provisions of the franchise, at which time the City shall have six months after to cure the default before a forfeiture shall result with the right of the Company at its discretion to grant such additional time to the City for compliances as the case may require. In addition, failure on the part of the City to comply in substantial respect with any of the provisions of the Electric Franchise Ordinance, including but not limited to: (a) denying the Company use of public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic; (b) imposing conditions for use of public rights-of-way contrary to Florida law or the terms and conditions of the franchise; (c) unreasonable delay in issuing the Company a use permit, if any, to construct its facilities in public rights-of-way, shall constitute a breach of the franchise and entitle the Company to withhold all or part of the payments required of it under the Electric Franchise Ordinance until such time that a court of competent jurisdiction has reached a final determination in the matter.

### **Factors Affecting Collection of Electric Franchise Revenues**

The amount of Electric Franchise Revenues collected by the City may be affected by changes in the electric utility industry. The electric utility industry in general has been, and in the future may be, affected by a number of factors which could have a material adverse impact upon the cost of providing power and the rates charged to its customers, and the financial condition of the Company. Such factors include, among others: (i) effects of inflation on the operating and maintenance costs of an electric utility and its facilities, (ii) increases in costs and uncertain availability of capital for renewal and replacement costs of fixed assets, (iii) shifts in the availability and relative costs of different fuels, (iv) effects of compliance with rapidly changing environmental, safety, licensing and regulatory requirements, (v) changes resulting from conservation and demand side management programs on the timing and use of

electric energy, and (vi) changes that might result from a national energy policy and regulation of electric industry. Any of these factors, among others, could have a material adverse effect on the financial condition of any electric utility and likely would affect individual utilities in different ways. In turn, these factors could increase the rates charged to its customers (subject to any required regulatory approvals) and result in a reduction in the Electric Franchise Revenues collected based upon a reduction in the use of electric power. The City does not have control over changes in the rates charged, including a reduction in such rates, which could affect the Electric Franchise Revenues collected.

The Electric Franchise Fee Ordinance is subject to amendment and termination upon the occurrence of certain covenants. The City has not covenanted to maintain the collection of Franchise Fee Revenues at any particular levels. The City has covenanted however in the Bond Resolution that the levying, collection and pledging of the Franchise Fee Revenues pursuant to the Act in the manner provided in the Bond Resolution shall not be subject to repeal or impairment by any subsequent ordinance, resolution or other proceedings of the governing body of the City so long as any Bonds remain outstanding. See "SECURITY FOR THE BONDS – Repeal or Amendments to Electric Franchise Ordinance" herein.

Pursuant to the Bond Resolution, the City reserves the right to acquire the electric power and distribution facilities of the Company within the City. See "SECURITY FOR THE BONDS – Right of City to Purchase Electric Power and Distribution Facilities of the Company" herein.

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## Historical Electric Franchise Revenues

The following table shows the Franchise Fee Revenues collected in the Fiscal Years reflected below and the percentage change in collection of each Fiscal Year shown over the prior year Fiscal Year and the Debt Service Coverage Ratio for such applicable Fiscal Years.

### HISTORICAL DEBT SERVICE COVERAGE

Fiscal Year	Electric Franchise Fee Revenues	% Change	Debt Service Requirements <sup>(1)</sup>										Debt Service Coverage Ratio			
			1999 Capital Improvement Revenue Bonds <sup>(4)</sup>		2005 Variable Rate Capital Improvement Revenue Bonds <sup>(2)</sup>		2006 Capital Improvement Revenue Refunding Bonds <sup>(3)(5)</sup>		2007 Capital Improvement Revenue Refunding Bonds <sup>(5)</sup>		2008 Variable Rate Capital Improvement Revenue Refunding Bonds <sup>(6)</sup>					
			Capital	Improvement	Capital	Improvement	Capital	Improvement	Capital	Improvement	Capital	Improvement	Total			
2007	\$9,184,098	2.5%	\$2,394,515		\$287,439		\$984,856		\$427,377		-	-	4,094,187	2.24		
2008	9,176,429	-0.1	1,692,750		303,076		2,425,412		1,211,462		\$16,638		-	5,649,338	1.62	
2009	9,208,118	0.3	1,694,340		-		2,416,613		1,211,463		141,053		-	5,463,469	1.69	
2010	8,401,468	-8.8	752,820		-		3,372,712		1,716,163		41,359		-	5,883,054	1.43	
2011	8,339,055	-0.7	-		-		3,372,713		1,715,163		57,560		\$434,932	-	5,580,368	1.49
2012	8,059,519	-3.4	-		-		3,370,313		1,613,363		91,480		701,212	-	5,876,367	1.37
2013	7,852,195	-2.6	-		-		3,365,513		1,715,663		161,435		705,714	-	5,948,324	1.32
2014	8,529,691	8.6	-		-		3,373,013		1,716,963		311,435		704,418	-	6,105,829	1.40
2015	8,577,201	0.6	-		-		3,370,675		1,717,263		313,423		702,021	-	6,103,382	1.40
2016	8,292,391	-3..3	-		-		3,361,088		1,716,563		324,880		703,538	-	6,106,069	1.36

Source: City of Pembroke Pines, Florida Comprehensive Annual Financial Report and Compliance Reports Fiscal Year Ended September 30, 2016.

(1) Excludes paying agent fees and variable rate bond fees.

(2) Refunded by the Variable Rate Capital Improvement Revenue Refunding Bonds, Series 2008.

(3) A portion of proceeds were used to advance refund a portion of the Capital Improvement Revenue Bonds, Series 1999.

(4) A portion was refunded by the Capital Improvement Revenue Refunding Bonds, Series 2006, and the outstanding balance was refunded by the Capital Improvement Revenue Refunding Bonds, Series 2010.

(5) All or a portion maturing on and after December 1, 2017 will be refunded with the proceeds of the Series 2017 Bonds.

(6) Refunded on September 30, 2016 by the Series 2016 Bonds. See "SECURITY FOR THE BONDS – Acceleration and Tender Rights of the Series 2016 Bonds" herein.

## DEBT SERVICE RESERVE FUND SURETY POLICY

*[There follows under this caption certain information concerning \_\_\_\_\_ ("\_\_\_\_\_" or the "Reserve Provider"), as the provider of the 2017 Reserve Product. No representation is made by the City or the Underwriters as to the accuracy, completeness or adequacy of such information, nor as to the absence of material adverse changes in such information subsequent to the date of this Official Statement. The City has not made any independent investigation of \_\_\_\_\_ or the 2017 Reserve Product, and reference is made to the information set forth below hereto for a description thereof. A copy of the 2017 Reserve Product is available upon request as described under the caption "\_\_\_\_\_ " herein.*

The obligations of the Reserve Provider are contractual obligations and in an event of default by the Reserve Provider, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the City nor the Underwriters has made any independent investigation into the claims paying ability of the Reserve Provider and no assurance or representation regarding the financial strength or projected financial strength of the Reserve Provider is given. See "\_\_\_\_\_." below for information regarding the Reserve Provider, which includes further instructions for obtaining current financial information concerning the Reserve Provider.]

## MUNICIPAL BOND INSURANCE OPTION

*The information under this heading "MUNICIPAL BOND INSURANCE OPTION" regarding the Insurer and the terms of its municipal bond insurance policy has been provided by the Bond Insurer (also referred to herein as "\_\_\_\_\_"). No representation is made by the City or the Underwriters as to the accuracy, completeness or adequacy of such information, nor as to the absence of material adverse changes in such information subsequent to the date hereof. Neither the City nor the Underwriters have made any independent investigation of the Insurer or its municipal bond insurance policy.*

The scheduled payment of principal of and interest on all or a portion of the Series 2017 Bonds when due may be guaranteed under an insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Series 2017 Bonds by the Bond Insurer (the "Insured Bonds"). The City may also decide to not to insure any Series 2017 Bonds and in which case no Bond Insurance Policy will be issued. The City will make the determination whether to purchase such policy to insure all, a portion or none of the Series 2017 Bonds, if any, at the time the Series 2017 Bonds are priced. If the City determines to purchase such municipal bond insurance policy to insure all or a portion of the Series 2017 Bonds, the following provisions will apply to such policy.

### [TO COME]

## BOND INSURANCE RISK FACTORS

**[In the event of default of the payment of principal or interest with respect to the Insured Bonds when all or a portion becomes due, any registered owner of the Insured Bonds shall have a claim under the bond insurance policy for such payments. Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to, among others, the Bond Resolution.**

**In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the bond insurance policy, the Insured Bonds are payable solely from**

**the sources of security described in the Bond Resolution. In the event the Bond Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds.**

**The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Insured Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds. See "RATINGS" herein.**

**In the event any of the principal and redemption premium, if applicable, and interest due on the Series 2017 Bonds shall be paid by the Bond Insurer pursuant to a bond insurance policy which insures against non-payment thereof, the pledge of the Pledged Revenues and all covenants, agreements and other obligations of the City to the registered owners to whom or for the benefit of whom the Bond Insurer has made such payments, shall continue to exist and the Bond Insurer shall be subrogated to the rights of such registered owners to the full extent of such payments**

**The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.**

**Neither the City or the Underwriters has made any independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay the principal of and interest on the Insured Bonds, together with the claims paying ability of the Bond Insurer, particularly over the life of the investment. Prospective purchasers of the Insured Bonds should review carefully the provisions of the Master Resolution, the form of which is attached as APPENDIX B hereto.]**

## ESTIMATED SOURCES AND USES OF FUNDS

It is estimated that the proceeds received from the sale of the Series 2017 Bonds, together with other legally available funds of the City, will be applied as follows:

### **SOURCES OF FUNDS:**

Principal Amount of Series 2017 Bonds	\$ _____
Net Original Issue Premium/Discount	_____
Other Legally Available Funds <sup>(1)</sup>	_____
<b>TOTAL SOURCES:</b>	\$ _____

### **USES OF FUNDS:**

Redemption of Refunded Bonds <sup>(2)</sup>	\$ _____
Costs of Issuance <sup>(3)</sup>	_____
<b>TOTAL USES:</b>	\$ _____

(1) Funds allocable to the Refunded Bonds.

(2) See "REFUNDING PLAN" herein.

(3) Includes fees of Bond Counsel, Disclosure Counsel, Financial Advisor, [debt service reserve fund surety premium, bond insurance premium,] rating agency fees, underwriters' discount (including fees of underwriters' counsel) and miscellaneous costs of issuance.

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## SEMI-ANNUAL DEBT SERVICE SCHEDULE

The following table sets forth the annual principal and semi-annual interest requirements for the Series 2017 Bonds, the total debt service requirements for the Outstanding Parity Franchise Revenue Bonds and the total debt service requirements for all Outstanding Bonds, including the Series 2017 Bonds, on a semi-annual basis for each Bond Year ending October 1:

<u>Date</u>	Series 2017 Bonds			Outstanding Parity Franchise Revenue Bonds*			<u>Combined Annual Bond Service Requirement</u>
	<u>Principal</u>	<u>Interest</u>	<u>Semi-Annual Bond Service Requirement</u>	<u>Annual Bond Service Requirement</u>	<u>Semi-Annual Bond Service Requirement</u>	<u>Annual Bond Service Requirement</u>	

\* **[Includes debt service on the Outstanding 2006 Bonds, if any, the Outstanding 2007 Bonds, if any, the Series 2010 Bonds, and the Series 2016 Bonds.]** Debt service on Series 2016 Bonds estimated based on an assumed interest rate of 1.66% through the maturity of the Series 2016 Bonds. See "SECURITY FOR THE BONDS – Acceleration and Tender Rights of the Series 2016 Bonds" herein.

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## **INVESTMENT POLICY**

Pursuant to Section 218.415, Florida Statutes, the City is authorized to establish a policy for investment of all funds held by or for the benefit of the City, and the City has, by ordinance, established such a policy. Investment of the moneys held in the funds and accounts created under the Bond Resolution is governed by the terms of the Bond Resolution subject to compliance with such policy. See "APPENDIX B – THE MASTER RESOLUTION."

The investment policy currently permits the following investments:

- (a) The Local Government Surplus Funds Trust Fund and any other investment plan or investment trust developed by the Florida League of Cities, the Florida Association of Counties, the Florida Association of Court Clerks, or similar state or national associations, approved by the City.
- (b) Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government or its agencies, including, but not limited to, U.S. Government Treasury Securities, and Government National Mortgage Association (GNMAs).
- (c) Non-negotiable interest-bearing time certificates of deposits or savings accounts in state or federal banks, state or federal savings and loan associations as permitted and/or prescribed by Chapter 280, Florida Statutes.
- (d) Government Sponsored Enterprises, including, but not limited to, Federal Farm Credit Banks, Federal Home Loan Bank or its district banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.
- (e) Prime commercial paper. Commercial paper having a maturity of 90 days or less shall require one of the following three minimum ratings: A-1, P-1 or F-1, or better as rated by S&P, Moody's and/or Fitch Ratings rating services. Prime commercial paper of U.S. corporations having a maturity in excess of 90 days shall require two of the three above-mentioned ratings.
- (f) Repurchase agreements comprised of only those investment instruments as otherwise authorized by the investment policy.
- (g) State or local government taxable and tax exempt debt, general obligation and/or revenue bonds rated at least "A3" by Moody's or "A-" by S&P for long-term debt or rated at least "MIG-2" by Moody's or "SP-2" by S&P for short-term debt.
- (h) Securities or, other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio meets the City's investment policy.
- (i) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. The funds must be in compliance with Title 17, Part 270, Section 2a-7 of the Federal Code of Regulations.
- (j) U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets having two of the following three minimum ratings: BBB, Baa2, or BBB, as rated by S&P, and/or Moody's, and/or Fitch Ratings. However, if such obligations are rated by only one rating service, then such rating shall be at least A-, A3, or A- by S&P, or Moody's or Fitch Ratings.

(k) Real estate, so long as the acquisition and sale complies with applicable federal and State laws and regulations in addition to applicable City Charter provisions, if any, and the City Code of Ordinances.

(l) Real Estate Investment Trusts ("REITs") which are properly registered pursuant to applicable federal and State laws, provided the REITs portfolio meets the City's investment policy.

(m) Land Trusts or Title Trusts as described in Section 689.07 or Section 689.071, Florida Statutes, so long as the Land Trust or Title Trust complies with any applicable federal and State laws and regulations, applicable City Charter provisions, if any, and the City's Code of Ordinances.

(n) Mortgage-Backed Securities. Securities collateralized by mortgages on residential property or commercial (industrial, office, retail, etc.) property. The securities may be issued by a federal instrumentality or by a private corporation and may be structured as collateralized mortgage obligations or unstructured pass-through securities.

(o) Asset-Backed Securities. Securities collateralized by pools of assets (credit cards, autos, home equity loans, etc.). The securities may be structured or unstructured pass-through securities.

The stated objectives of the investment policy of the City are safety of capital, liquidity of funds and investment income, in that order. The investment policy states that safety of capital will be ensured by establishing minimally acceptable credit ratings and limiting any exception thereto, limiting the portfolio's maximum average duration, setting maximum exposure by market sector, and requiring a minimum basket of securities either fully guaranteed by the U.S. government or issued by an agency or instrumentality of the U.S. government. The City will maintain sufficient liquidity in the Florida State Board of Administration or other short-term investment portfolio to enable the City to meet operating requirements, which might be reasonably anticipated.

To meet the day-to-day operating needs of the City and to provide the ready cash to meet unforeseen temporary cash requirements, the City shall maintain a minimum of \$10,000,000 in liquid investments defined as repurchase agreements purchased under the terms of the City's depository contract, open repurchase agreements, negotiable certificates of deposit, banker's acceptances, commercial paper, U.S. Treasury direct and agency obligations all having a maturity of 90 days or less, and/or the SBA Local Government Pool, all as purchased under the dictates of the investment policy. The investment policy also states that, to the extent possible, the City will attempt to match its investments with its overall cash flow requirements, and the average maturity of the investment portfolio as a whole may not exceed five years. The Finance Director of the City is responsible for investment decisions and activities, under the direction of the City Manager. The City's investment policy may be modified from time to time by Ordinance adopted by the City Commission.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance, delivery and sale of the Series 2017 Bonds and with respect to the tax-exempt status of interest on the Series 2017 Bonds are subject to the approving legal opinion of Bryant Miller Olive P.A., Tallahassee, Florida, Bond Counsel. The proposed form of such opinion is included herein as APPENDIX D. The signed legal opinion of Bond Counsel, which will be dated and premised on law in effect on the date of issuance of the Series 2017, may vary from the form attached hereto to reflect facts and law on the date of delivery. Certain other legal matters will be passed upon for the City by its counsel, Goren, Cherof, Doody & Ezrol, P.A., Fort Lauderdale, Florida. Certain legal matters relating to disclosure will be passed upon for the City by Holland & Knight

LLP, Fort Lauderdale, Florida, Disclosure Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Greenberg Traurig, P.A, Miami, Florida.

The legal opinions of counsel are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made to such counsel as of the date thereof and such counsel assumes 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.

The legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by the 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

## **LITIGATION**

There is no litigation of any nature now pending or, to the knowledge of the City, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2017 Bonds or the collection of Electric Franchise Revenues, or in any way contesting or affecting the validity of the Series 2017 Bonds or any proceedings of the City taken with respect to the issuance or sale thereof or the refunding of the Refunded Bonds. Neither the creation, organization or existence, nor the title of the present members of the Commission or other officers of the City to their respective offices is being contested.

The City is involved in litigation with the Town of Southwest Ranches ("SWR") and Corrections Corporation of America ("CCA"). On July 28, 2005 CCA and SWR entered into an agreement for CCA to develop, construct and operate a proposed correctional facility on property located within the Town of Southwest Ranches (the "CCA Site"). The CCA Site is outside the jurisdictional boundaries of the City. SWR and the City subsequently entered into an interlocal agreement dated December 21, 2005 (the "Roadway ILA") relating to roadways and other matters and a second agreement dated June 7, 2011 (the "Emergency Services Agreement") relating to the City providing certain emergency services to SWR.

The CCA correctional facility was not constructed on the CCA Site and in June 2011, Immigration and Customs Enforcement ("ICE"), a division of the Department of Homeland Security, tentatively selected the CCA Site as the proposed site for housing an immigration detention center. In December 2011, the City received an application by CCA to provide water and sewer services to the CCA Site, and while the City negotiated with CCA and ICE to provide such water and sewer services, an agreement was never approved (nor denied) by the Commission. In June 2012, for several reasons, ICE determined that it would not build the detention center on the CCA Site. Litigation as described in more detail below was filed to determine the City's obligation to provide water and sewer services to the CCA Site and claims of damages against the City by CCA and SWR for the City's alleged failure to approve the provision of water and sewer services and other municipal services to the CCA Site.

On March 7, 2012, CCA and CCA Properties of America, LLC filed a lawsuit against the City in the United States District Court for the Southern District of Florida, Case No. 12-CV-60427-WJZ (the "Federal Lawsuit") seeking, among other things, a declaratory judgment regarding whether the City is obligated to provide water and sewer service to the CCA Site, a mandamus action to require the City to provide water and sewer service to the CCA Site and damages. On July 21, 2014, the federal court issued an Order on the City's Motion declining jurisdiction over the case and stating that CCA may pursue its counterclaim in State Court.

On March 14, 2012, the City filed an action for declaratory judgment and supplemental relief against CCA, Case No. 12-7337(25) in the Circuit Court of the 17th Judicial Circuit, in and for Broward County (the "State Lawsuit") seeking a declaratory judgment that, among other things, the City was not obligated to provide water and sewer services under the Emergency Services Agreement or Florida law. CCA filed a counterclaim for a declaration that the City is obligated to provide water and sewer service to the CCA Site and for purported damages, including alleged lost profits resulting from ICE's decision not to locate the detention center on the CCA Site. On November 20, 2014 the court in the State Lawsuit held that the City was not obligated to provide water and sewer services to the CCA Site and dismissed CCA's counterclaims, which decision was appealed by CCA. On July 27, 2016, the District Court of Appeal, Fourth District of Florida, affirmed the judgment of the court in the State Lawsuit, finding that the City was not obligated to provide water and sewer services to the CCA Site, and also affirmed the lower court's dismissal of CCA's counterclaims. CCA filed a Motion for Rehearing, which remains pending.

On October 11, 2012, SWR filed an action against the City, Case No. 12-028819 in the Circuit Court of the 17th Judicial Circuit, in and for Broward County Florida (the "SWR Lawsuit"), alleging that the City breached its obligations under the Roadway ILA and the Emergency Services Agreement for, among other things, allegedly interfering with CCA's proposed development plans with ICE and allegedly denying essential services to the CCA Site and requesting damages from the City. On January 22, 2015 the City filed a motion for summary judgment on all claims asserted by SWR in the SWR Lawsuit. On January 26, 2015 SWR filed a motion for partial summary judgment pertaining to SWR's allegations that the City breached its obligations under the Emergency Services Agreement. The trial court denied both motions. Subsequent to the decision of the District Court of Appeal, Fourth District of Florida, in the above discussed lawsuit between the City and CCA, the City filed a Renewed Motion for Summary Judgment. The City's Renewed Motion for Summary Judgment was denied, and the case is set for trial in November 2017.

The City intends to vigorously defend each of the above described lawsuits on numerous grounds. The City has determined that providing water and sewer services to the CCA Site would result in increased revenues for the water and sewer system but it would also utilize the limited capacity of the water and sewer system. However, other potential relief, if granted to CCA and/or SWR, cannot be estimated at this time and could result in damages payable to CCA and/or SWR in a lump sum or periodically that are not covered by insurance, the payment of which could have a material adverse impact on the City's ability to satisfy its other general fund liabilities or maintain current reserves. Whether or not the City is successful defending the claims presented in the foregoing lawsuits, the City's ability to pay debt service from Pledged Revenues on the Series 2017 Bonds will not be affected.

In addition to the litigation described above, the City experiences routine litigation and claims incidental to the conduct of its affairs. The City carries insurance for most of these exposures, and many pending claims are defended by and, if necessary, are anticipated to be paid by the insurance carriers less the applicable insurance deductible amounts.

## RATINGS

Moody's Investor Services, Inc. ("Moody's) [and \_\_\_\_\_ have assigned ratings of "\_\_\_" (\_\_\_\_\_\_ outlook) and "\_\_\_" (\_\_\_\_\_\_ outlook), respectively, to the Insured Bonds with the understanding that upon delivery of the Series 2017 Bonds, the Policy guaranteeing the timely payment of the scheduled principal and interest on the Insured Bonds will be issued by the Bond Insurer.] In addition, Moody's and \_\_\_\_\_ have assigned ratings of "\_\_\_" (\_\_\_\_\_\_ outlook) and "\_\_\_" (\_\_\_\_\_\_ outlook), respectively, to the Series 2017 Bonds without giving any regard to the Policy.

There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Series 2017 Bonds any proposed revision or withdrawal of the ratings on the Series 2017 Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of a rating could have an adverse effect on the market price of the Series 2017 Bonds.

## **TAX EXEMPTION**

### **General**

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance of the Series 2017 Bonds in order that interest on the Series 2017 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2017 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2017 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 Series 2017 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Bond Resolution with respect to the Series 2017 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2017 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2017 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2017 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Series 2017 Bonds may be subject to the federal alternative minimum tax when any Series 2017 Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the Series 2017 Bonds.

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 Series 2017 Bonds. Prospective purchasers of Series 2017 Bonds should be aware that the ownership of Series 2017 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 Series 2017 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 Series 2017 Bonds; (iii) the inclusion of interest on Series 2017 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 Series 2017 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 Series 2017 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and

certificates of public officials (including certifications as to the use of proceeds of the Series 2017 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2017 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 Series 2017 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 Series 2017 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 Series 2017 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2017 Bonds and proceeds from the sale of Series 2017 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2017 Bonds. This withholding generally applies if the owner of Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2017 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2017 Bonds.

Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2017 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 Series 2017 Bonds maturing on December 1, 20\_\_\_\_ through 20\_\_\_\_, December 1, 20\_\_\_\_ bearing interest at \_\_\_\_% and December 1 20\_\_\_\_ bearing interest at \_\_\_\_% (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

## **Tax Treatment of Bond Premium**

The difference between the principal amount of the Series 2017 Bonds maturing on December 1, 20\_\_\_\_ through 20\_\_\_\_, December 1, 20\_\_\_\_ through 20\_\_\_\_, December 1, 20\_\_\_\_ bearing interest at \_\_\_\_% and December 1, 20\_\_\_\_ bearing interest at \_\_\_\_% (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

## **FINANCIAL ADVISOR**

Ford & Associates, Inc., Tampa, Florida, is acting as financial advisor to the City in connection with the issuance of the Series 2017 Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2017 Bonds.

## GENERAL PURPOSE FINANCIAL STATEMENTS

The audited basic financial statements of the City, as of and for the Fiscal Year ended September 30, 2016 included in this Official Statement, have been audited by GLSC & Company PLLC, Miami, Florida, independent accountants (the "Auditor"), as stated in their report included in APPENDIX C hereto. Such financial statements, including the Auditor's report, have been included in this Official Statement as public documents and the Auditor has not been requested to provide its consent to the use of such financial statements or to perform any other services in association with the offering of the Series 2017 Bonds, and is therefore not associated with the offering of the Series 2017 Bonds.

## CONTINUING DISCLOSURE

The City has covenanted for the benefit of Series 2017 Bondholders to provide certain financial information and operating data relating to the City in each year (the "Annual Report"), to provide notices of the occurrence of certain enumerated events and that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate to be executed by the City and dated as of the date of the Series 2017 Bonds, as such Continuing Disclosure Certificate may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). A form of the Continuing Disclosure Certificate is included as APPENDIX E to this Official Statement. Failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default under the Bond Resolution or the Continuing Disclosure Certificate; however, any Series 2017 Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate.

The Annual Report will be filed by the City with the Electronic Municipal Market Access ("EMMA") system operated by the Municipal Securities Rule Making Board. The event notices will be filed by or on behalf of the City with EMMA. The specific nature of the information to be contained in the Annual Report or the event notices is set forth in the Continuing Disclosure Certificate. These covenants have been made to assist the Underwriters in complying with the secondary market disclosure requirements of Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "Rule").

With respect to the Series 2017 Bonds, no party other than the City is obligated to provide or expected to provide any continuing disclosure information with respect to the Rule. Except as described below, the City has not failed to comply in all material respects with its continuing disclosure undertakings entered into pursuant to the Rule during the last five (5) years.

Upon a review of the City's continuing disclosure filings in calendar year 2013, it was discovered that the City failed to file notices of ratings changes of certain municipal bond insurers which had issued bond insurance policies securing certain of the City's bonds. Upon realizing its failure to make such filings, the City, without having determined that such ratings downgrades were material, cured such failure to file on August 22, 2013 in accordance with the requirements of its respective continuing disclosure agreements.

The City has retained Digital Assurance Certification, L.L.C. ("DAC") as its dissemination agent. The City implemented procedures with DAC to ensure compliance with its existing continuing disclosure certificates and fully anticipates satisfying all future disclosure obligations required pursuant to its existing continuing disclosure certificates, including the Continuing Disclosure Certificate.

## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Florida law requires the City to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required that such disclosure include information concerning the dates, amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not, since December 31, 1975, been in default as to the payment of principal of and interest on its bonds or other debt obligations.

Although the City has certified that it is not aware of any defaults with respect to bonds or other debt obligations as to which it has served only as a conduit issuer, it has not undertaken an independent review or investigation of such bonds or other debt obligations for which it served as a conduit issuer. To the extent any of such bonds or other debt obligations are in default as to principal and/or interest, the obligation of the City 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 City is not obligated to pay the principal of or interest on such bonds or other debt obligations from any funds of the City. The City in good faith believes the disclosure of such defaults or investigations would not be considered material by a reasonable investor in the Series 2017 Bonds.

## **UNDERWRITING**

The Series 2017 Bonds are being purchased by PNC Capital Markets LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Wells Fargo Bank, National Association (collectively the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the Series 2017 Bonds from the City at a purchase price of \$\_\_\_\_\_ (par amount of \$\_\_\_\_\_, less Underwriters' discount of \$\_\_\_\_\_, and plus/less net original issue premium/discount of \$\_\_\_\_\_\_). The Underwriters' have furnished the information on the inside cover page of this Official Statement pertaining to the public offering prices of the Series 2017 Bonds. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2017 Bonds if any Series 2017 Bonds are purchased. The Series 2017 Bonds may be offered and sold to certain dealers (including the Underwriters and dealers depositing such Series 2017 Bonds into investment trusts) at prices lower than the public offering price, and such public offering price may be changed from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, that may include securities sales and trading, commercial and investment banking, municipal advisory, brokerage and asset management, investment management, investment research, principal investment, hedging, market making, and other financial and non-financial activities and services. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps) and the Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City, 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.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2017 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Series 2017 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2017 Bonds that such firm sells.

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, N.A. 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"), one of the underwriters of the Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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.

#### **VERIFICATION OF ARITHMETICAL COMPUTATIONS**

The accuracy of (a) the arithmetical computations of the adequacy of the maturing principal and interest earned on the investments in the Escrow Fund, together with initial cash balances, to pay when due or upon earlier redemption, the principal of and interest on the Refunded Bonds, and (b) the arithmetical computations supporting the conclusion that the Series 2017 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, have been verified by the Verification Agent.

#### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2017 Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code and, the Bond Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

## CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2017 Bonds. Payment of all or a portion of the fees of such professionals relating to the issuance of the Series 2017 Bonds and a discount to the Underwriters (which includes the fees of Underwriters' Counsel) are each contingent upon the issuance of the Series 2017 Bonds.

## MISCELLANEOUS

The references, excerpts and summaries of all documents referred to in this Official Statement do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters relating to the Series 2017 Bonds, the security for the payment of the Series 2017 Bonds and the rights and obligations of the owners of the Series 2017 Bonds.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, however, such information is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the City from the date hereof.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or the holders of any of the Series 2017 Bonds.

## AUTHORIZATION OF OFFICIAL STATEMENT

The delivery of this Official Statement has been authorized by the City. Concurrently with the delivery of the Series 2017 Bonds, the undersigned, or other duly authorized officer of the City, will furnish a certificate to the effect that, to the best of his or her knowledge, this Official Statement (other than information herein related to **[the Reserve Provider, the 2017 Reserve Product, the Bond Insurer and the Bond Insurance Policy]**) DTC or its book-entry only system of registration as to which no certification shall be expressed), did not as of its date, and does not as of the date of delivery of the Series 2017 Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading.

## CITY OF PEMBROKE PINES, FLORIDA

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

#47370070\_v25

**APPENDIX A**

**GENERAL INFORMATION CONCERNING THE CITY OF PEMBROKE PINES,  
FLORIDA AND BROWARD COUNTY, FLORIDA**

## CITY OF PEMBROKE PINES, FLORIDA

### GENERAL INFORMATION

#### Introduction

The City of Pembroke Pines, Florida (the "City") is a multi-cultural, ethnically diverse and integrated city, located in the Miami-Fort Lauderdale-Pompano Beach, Florida Metropolitan Statistical Area, which is the 8th largest in the country with an estimated population of 5.7 million. The population of the City is currently estimated at 161,799 which is the second largest city in Broward County and the tenth largest city in the State of Florida (the "State"). During the year, the City has a mean average annual temperature of 75.8 degrees, which allows many residents and visitors to enjoy a relaxed lifestyle geared to the outdoors. The general terrain of this 34.25-square mile residential city is similar to that of other southwestern County communities. Elevations range from 7 to 8 feet above sea level. Fort Lauderdale and the cruise ship docks at Port Everglades are 45 minutes away northeast, and Miami, 45 minutes south of the City, provide numerous cultural advantages of a larger metropolitan area as well as a major cruise ship port. South of the City is the City of Miramar with its notable Miramar Park of Commerce, to the northwest are the upscale communities of Southwest Ranches and Weston, and northeast is the Town of Davie, home of Nova Southeastern University, the Bergeron Rodeo Grounds, and the exotic Flamingo Gardens. The City also borders Cooper City on the north and the oceanfront city of Hollywood on the east. The City maintains its own top-rated police and fire and rescue departments, provides two sites containing a total of five senior housing apartment buildings, provides other senior-related services, and maintains its own Water Treatment Plant.

#### Airports

The City has the benefit of being served by a number of airlines, as the Fort Lauderdale-Hollywood International Airport is only a 40-minute drive northeast, and the Miami International Airport, located south of Pembroke Pines, is a little over a 45-minute drive. The Palm Beach International Airport can also be reached by a one and a half hour drive north of the City. The Opa-locka Airport, a full Fixed-Base Operator ("FBO") service executive airport located in North Miami-Dade County is about a 30-minute drive south of the City. Other full service FBOs include the Boca Raton Airport which is about a one hour drive northeast of the City, and the City of Fort Lauderdale Executive Airport which is about a 45-minute drive northeast. The North Perry Airport, originally opened in the City by the U. S. Navy in 1943 as a World War II training field, is a general aviation facility open to non-commercial, non-jet aircraft. Facilities include a charter service, aircraft rentals, repair and fuel for small aircraft, as well as a flight school.

#### Road and Highway Systems

Road and highway facilities are excellent in the City. Pines Boulevard is the main east-west corridor that connects into the Atlantic Ocean beaches at the east end and into the Everglades at the west end. The City has a complete and adequate network of approximately 460 miles of paved and signalized roadways, in addition to bike paths and sidewalks that meet the latest national standards. The Florida Turnpike passes through the eastern section of the City and provides transportation to the north central part of the State and as far south as the entrance to the Florida Keys. Interstate 95, which is about 5 miles east of the community, provides alternative north-south transportation to the City and other areas of the southeastern section of the State. Interstate 75, a north-south controlled access highway located in the geographic center of the City, provides north-south transportation from Miami to Tampa via the

Alligator Alley which crosses the Florida peninsula connecting the Atlantic Ocean east coast with the Gulf of Mexico west coast. US 27, a major highway that winds through the central portion of the State to the state capital in Tallahassee, passes through the western edges of the City.

### **Parks and Recreation**

The City operates a year-round comprehensive community recreation program. The hub of the City's athletic, cultural, and social programs for adults and youth are the five recreation centers. Programs include such diverse activities as art, music, baseball, softball, football, volleyball, basketball, swimming, tennis, soccer, roller-hockey, karate, gymnastics, preschool and after-school programs, Jazercise, and dancing.

Located throughout the City are 31 fully developed recreation facilities covering more than 975 acres. In addition, three public golf courses are located within the City besides the City-owned and renovated 18-hole Pembroke Lakes Golf and Racquet Club. The other three are the Hollybrook Golf and Tennis Club, the Flamingo Lakes Country Club located in Century Village at Pembroke Pines, and the Grand Palms Golf and Country Club Resort. In August 2002, the City purchased 57 acres in western portion of the City which has been developed with wetlands and athletic facilities, including soccer fields, handball courts and basketball courts. Cultural arts programs are available at the City's River of Grass Arts Park and the Fletcher Art and Cultural Center. A number of the residential developments in the community are also served by their own private recreational facilities. The City is also home to the County-operated C. B. Smith Park, a large Regional Park offering many activities, including camping, boat rentals, and a 4.69-acre aquatic complex interactive water playground with two waterslides and a tube ride. The park hosts 20,000 visitors every year who attend the annual KISS Country 99.9 FM's Chili Cook-off and Concert. Of special interest to the public is the City-owned Chapel Trail Nature Preserve consisting of 459 acres of reconstructed natural habitat featuring canoe rentals, an Environmental Interpretive Center, and a 1,650-foot elevated boardwalk that allows visitors to walk out over and into the wetlands.

### **Medical Facilities**

Healthcare services for the City residents are provided through Memorial Hospital West (located at the northeast corner of Pines Boulevard and Flamingo Road), Memorial Hospital Pembroke (located on the southeast corner of University Drive and Sheridan Street), the Memorial Urgent Care Center (located on the eastern side of Douglas Road, between Pines Boulevard and Pembroke Road), and Memorial Hospital Miramar (located on 172nd Avenue in adjacent Miramar) which serves the western portion of the City. These facilities are all a part of the Memorial Health Care System and offer state of the art diagnostics.

Fifteen minutes north of the City off Interstate 75 is an upscale facility of the world-famous Cleveland Clinic Hospital.

Memorial Manor is Broward County's first public, skilled nursing facility. The 120-bed nursing home, located adjacent to the Memorial Urgent Care Center on Douglas Road, provides long-term nursing home care and short-term rehabilitative care.

### **Educational Facilities**

The City of Pembroke Pines is a true pioneer in charter school education. The City currently operates three charter elementary schools, one charter lab elementary school operated in collaboration

with Florida State University ("FSU"), three charter middle schools and one charter high school that serve approximately 5,901 students. Of this total, the FSU charter school students include 672 in elementary school; the other three elementary schools have 1,909 students; the two middle schools 1,305 students; and the high school campus which was extended to include a middle school has 2,015 students. These facilities offer smaller class sizes, and complement the already existing public education system provided through the Broward County School Board. In addition to the City's charter schools, within the City are fifteen elementary schools, six middle schools and four other high schools. This also includes Somerset Academy, a charter school system operated by Academica Corp. A community school offering evening classes for adults is located at the Walter C. Young Resource Center. The City also operates four early development centers for pre-kindergarten children.

In addition, within the City are post-secondary as well as post-graduate institutions. Broward College has two campuses in the City – the South Campus located just east of University Drive on Pines Boulevard, and the Pines Center/Academic Village Campus located on Sheridan Street west of Interstate 75. The campus of the Venezuelan-administered Jose Maria Vargas University is a 24,530 square foot facility providing educational programs at the certificate, undergraduate, and graduate levels. Keiser University also operates its Pembroke Pines branch campus with a 30,000-square foot facility offering various associate, undergraduate and graduate programs. Barry University also maintains a branch campus in the Pines Professional Center in the western portion of the City. Two schools in the adjacent City of Miramar are DeVry University which offers a variety of Certificate Programs, Associate, Bachelor and Master's Degrees; and a branch of the Puerto Rican Ana G. Mendez University, a private school that serves bilingual students in a 30,000-square foot building at the Miramar Park of Commerce just south of the City.

The City is served by three County-operated libraries – the Southwest Regional Library located at the Academic Village, the South Regional Library located at the Broward College South Campus, and the Pembroke Pines Library located at the Walter C. Young Resource Center.

### **Arts and Culture**

The City promotes arts and cultural activities for its citizens. The City maintains a Glass Gallery in the City Hall lobby programming public art exhibitions of local artists and sculptors. The artists are selected by the City's Arts & Culture Advisory Board and often include special opening exhibit programs accompanied by music and dance performances. An Artists' Colony complex has been developed through the renovation of an existing structure located in the Senator Howard C. Forman Human Services Campus. The facility named *Studio 18 in the Pines* contains rental studios and gallery space consisting of 18 inside studios, 5 outside studios, a jewelry studio and a ceramics studio. The City also provides space for theatrical performances at the *Susan B. Katz Memorial Auditorium*, a 450-seat auditorium located in the Academic Village for the *Pembroke Pines Theatre of the Performing Arts* – a local theatrical group that stages numerous outstanding performances, including Broadway musicals. Special events are provided to the City's residents through the Parks & Recreation Department and include annual events such as *Kids Konnection*; the *Art Festival in the Pines* which is conducted in the River of Grass Arts Park; the *Pines Day* celebration commemorating the founding of the City in 1960, and many other community, cultural and sports activities staged throughout the year. The Pembroke Pines Historical Museum is located in the Village Community Center on the City's east side, and has opened a new and expanding World War II exhibit. Artifacts are displayed from donations by the City's Second World War veterans, and from two archeology digs on the City's North Perry Airport which served as an outlying field of the Miami Naval Air Station from 1943 until 1945. Each year, the city underwrites nine free outdoor jazz performances that feature local jazz musicians. It also hosts an annual, two-day, outdoor arts celebration that features the work of nearly 100 artists and attracts more than 15,000 visitors each year.

## **Communications**

All principal television networks are received within the City with broadcast stations in Boynton Beach, Fort Lauderdale, Hollywood, Miami, Miramar, Palm Beach Gardens, and West Palm Beach. Cable television is provided to the entire City by Comcast and BellSouth Entertainment, Inc. The City has its own informational cable channel that televises all City Commission ("Commission") meetings and provides information such as upcoming events and public service information.

City information can also be accessed through the Internet site, [www.ppinies.com](http://www.ppinies.com). On the web site, information including Commission meeting dates, trash and recycling schedules, a calendar of events, budget information, and annual and monthly financial statements are available.

## **Commercial**

The City contains a large and diversified number of retail establishments, including the expansive Pembroke Lakes Mall with its major department stores, including Dillard's, JCPenney, Macy's and Sears plus approximately 135 more stores and restaurants. The Shops at Pembroke Gardens is located at Interstate 75 and Pines Boulevard. This complex contains approximately 70 upscale stores and restaurants, and is centrally located to serve the residents of the City and neighboring municipalities. The City is the executive office headquarters for Claire's Stores, Inc., an international retail chain that owns, franchises or joint ventures approximately 3,369 stores selling costume jewelry and fashion accessories.

The commercial and residential activities in the City and its surrounding area has resulted in at least seven hotels offering a variety of hospitality suites. Within the City is the Grand Palms Golf and Country Club Resort at Pines Boulevard just west of Interstate I-75 offering upscale lodgings, as well as the Hampton Inn Hotel just east of Interstate I-75 and Sheridan and the adjacent newly-built all-suite Holiday Inn Express Hotel & Suites. Just to the south, east of Interstate I-75 at Miramar Parkway in adjacent Miramar, are the Courtyard by Marriott, the Residence Inn by Marriott, the Hilton Garden Inn and the Wingate by Wyndham.

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**CITY OF PEMBROKE PINES, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Population <sup>(1)</sup>	Personal Income (in thousands)	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	Percent with a Bachelor's Degree or Higher <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2007	152,888	\$ 4,125,224	\$ 26,982	39.3	29.8%	23,239	3.0%
2008	150,380	3,904,466	25,964	40.8	28.9%	24,907	5.2%
2009	151,193	3,895,639	25,766	39.4	31.2%	25,678	7.4%
2010	154,019	4,404,943	28,600	39.1	32.9%	25,826	9.5%
2011	154,158	4,087,962	26,518	38.9	31.4%	26,478	9.1%
2012	154,508	4,297,176	27,812	40.4	34.0%	26,331	7.4%
2013	155,565	4,008,288	25,766	40.4	34.0%	25,834	5.8%
2014	157,905	4,499,977	28,498	39.8	32.5%	25,362	4.9%
2015	159,922	4,811,733	30,088	40.3	37.0%	26,357	4.9%
2016	161,799	*	*	*	*	26,234	4.3%

<sup>(1)</sup> Years 2009 and 2011-2016 are estimates from the University of Florida's Statistical Abstract. Years 2007 and 2008 are estimates from the City's Planning Department. Year 2010 is the 2010 U.S. Census. Years 2010-2013 were adjusted based on retroactive 2010 U.S. Census.

<sup>(2)</sup> Represents income per capita for Broward County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis. Years 2008 and on are from U.S. Census Bureau, American Community Survey Profile.

<sup>(3)</sup> U.S. Census Bureau, American Community Survey Profile – Pembroke Pines.

<sup>(4)</sup> Grades 1-12, Broward County School Board, First Day Enrollment Count report.

<sup>(5)</sup> Florida Department of Labor, Bureau of Labor Market Information. The unemployment rates for FY 2007-2010 and 2016 represent the average for 12 months ending September 30th. Unemployment rate for from Fiscal Year 2011-2015 obtained from U.S. Census Bureau.

\* Information not available.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

### **Pension Plans**

General. The City sponsors two single-employer defined benefit plans, which are accounted for in separate pension trust funds.

- The Police and Firefighter's Pension Plan (the "CPFFPO")
- The General Employees' Pension Plan (the "GEPP")

The City administers the GEPP, and a nine-person Board of Trustees administers the CPFFPO.

General Employees' Pension Plan. The GEPP is a mandatory, contributory defined benefit pension plan for any general or utility employee of the City and certain elected City officials and their beneficiaries. The GEPP was established by Referendum in 1973 (the "Referendum") as restated October 1, 1989, as amended by Ordinance No. 992, enacted by the Commission on April 15, 1992, Ordinance No. 1058, enacted by the Commission on December 15, 1993, Ordinance No. 1297, enacted by the Commission on March 17, 1999, Ordinance No. 1329, enacted by the Commission on February 2, 2000, Ordinance No. 1413, enacted by the Commission on June 19, 2002, Ordinance No. 1479, enacted by the Commission on March 17, 2004, Ordinance No. 1515, enacted by the Commission on May 18, 2005, Ordinance No. 1520, enacted by the Commission on August 3, 2005, Ordinance No. 1555, enacted by the Commission on August 16, 2006, Ordinance No. 1614, enacted by the Commission on September 3, 2008, Ordinance No. 1668, enacted by the Commission on August 4, 2010, and Ordinance No. 1806, enacted by the Commission on January 7, 2015.

All full time eligible employees were required to participate in the GEPP as a condition of continued employment. However, effective July 1, 2010, bargaining unit members are no longer allowed

to participate in the GEPP, and any benefits accrued up to June 30, 2010, were frozen. Bargaining unit members do not accrue any additional benefits. The GEPP is closed to non-bargaining unit members hired or promoted after October 1, 2014 and to inactive participants or former participants who become active after such date, however, members active as of October 1, 2014 continue to accrue benefits. However, effective October 1, 2014, non-bargaining employees hired on or after October 1, 2014 are no longer eligible to enter GEPP.

Upon normal retirement, a participant will receive a monthly pension amount equal to 2.85% of average monthly earnings for the highest two years of continuous service multiplied by years of service (not to exceed 28.07 years).

A participant may retire early after completing 5 years of continuous service and attaining 50 years of age. Early retirement benefits are calculated in a manner similar to those for normal retirement, but at an actuarially reduced amount of 6 2/3% for each year that the early retirement date precedes normal retirement.

If a participant becomes totally disabled before termination of employment and prior to reaching normal retirement age, the employee is entitled to receive monthly disability benefits.

Certain general employee members are eligible to receive annual cost of living increases ranging from 2% to 3% to their retirement benefits.

The City is required to contribute an actuarially determined amount that, when combined with participant's contributions, will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the Commission.

Effective February 1, 2010, non-bargaining unit participants are required to contribute 7.25% of regular wages down from 8.5%. Effective July 1, 2010, bargaining unit members no longer contribute to the GEPP since the GEPP was closed, and the benefits were frozen. In Fiscal Year 2016, employee contributions for active members amounted to \$249,518.

On April 1, 2004 the City deposited a portion of the proceeds of its Taxable Communications Services Tax Revenue Bonds, Series 2004 (the "Series 2004 Bonds") in the amount of \$19,370,924 into the GEPP as a lump sum contribution. The Series 2004 Bonds were issued primarily to pay for the enhanced benefit of a 2% cost of living adjustment as approved by the Commission, and to maintain the City's annual required contributions at the "pre-cost of living" level for the existing Plan participants.

*GEPP DROP Plan.* Effective March 17, 1999, the City created the Deferred Retirement Option Plan ("GEPP DROP"). This plan is a defined contribution plan created in accordance with Section 401(a) of the Internal Revenue Code. An active participant of the GEPP becomes eligible to participate in the GEPP DROP on the first day of the month coincident with or next following the active participant's normal retirement date. Upon entry into the GEPP DROP, an amount equal to the participant's monthly retirement benefit is transferred to an account designated by the participant for investment. The maximum period of the GEPP DROP participation is five years.

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*Changes in Net Pension Liability and Related Ratios.* The change in net pension liability and other related ratios of the GEPP for the Fiscal Years 2016 and 2015 are as follows:

**CITY OF PEMBROKE PINES, FLORIDA  
GENERAL EMPLOYEES PENSION PLAN**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<u>9/30/2016</u>	<u>9/30/2015</u>
Reporting period as of:	9/30/2015	9/30/2014
Measurement date as of:		
Total pension liability:		
Service cost	\$ 267,925	\$ 210,178
Interest	11,551,682	11,362,422
Benefit payments	(9,814,147)	(10,021,946)
Differences in experience	135	1,255,121
Changes in assumptions	838,952	3,309,464
Net change in total pension liability	<u>2,844,547</u>	<u>6,115,239</u>
Total pension liability/(asset) – beginning	157,929,073	151,813,834
Total pension liability/(asset) – ending	<u>\$160,773,620</u>	<u>\$157,929,073</u>
Plan fiduciary net position:		
Contributions – employer	\$ 9,174,902	\$ 16,474,902
Contributions – member	251,779	245,607
Net investment income	(1,774,130)	12,873,758
Benefit payments	(9,814,147)	(10,021,946)
Administrative expense	(280)	(2,299)
Net change in plan fiduciary net position	<u>(2,161,876)</u>	<u>19,570,022</u>
Plan fiduciary net position – beginning	160,780,771	141,210,749
Plan fiduciary net position – ending	<u>\$158,618,895</u>	<u>\$160,780,771</u>
<b>Net pension liability/(asset) – ending</b>	<b>\$ 2,154,725</b>	<b>\$ (2,851,698)</b>
Plan fiduciary net position as a percentage of the total pension liability/(asset)	98.66%	101.81%
Covered-employee payroll <sup>(1)</sup>	\$ 3,280,160	\$ 3,163,848
Net pension liability/(asset) as a percentage of covered-employee payroll	65.69%	-90.13%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>(1)</sup> Includes all active members with no adjustments.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

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**CITY OF PEMBROKE PINES, FLORIDA**  
**GENERAL EMPLOYEES PENSION PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Actuarially determined contribution	\$7,418,930	\$6,830,795	\$7,736,872	\$3,502,940	\$3,317,993	\$3,742,492	\$6,674,902	\$3,829,070	\$2,707,856	\$566,798
Contributions in relation to the actuarially determined contribution	7,418,930	6,830,795	7,736,872	3,502,940	3,317,988	3,742,492	7,824,902	16,474,902	9,174,902	6,500,000
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ (1,150,000)	\$ (12,645,832)	\$ (6,467,046)	\$ (5,933,202)
Covered employee payroll	\$21,988,709	\$22,493,706	\$4,088,776	\$3,537,545	\$2,734,327	\$3,122,626	\$3,108,718	\$3,163,848	\$3,280,160	\$3,441,627
Contributions as a percentage of covered-employee payroll	33.74%	30.37%	189.22%	99.02%	121.35%	119.85%	251.71%	520.72%	279.71%	188.86%

Notes to Schedule

Measurement date

10/1/2015

Actuarial cost method

Entry Age Cost

Long-term rate of return on assets

7.50% (all asset class - determine based on the overall actual historical rate of return of the plan)

Discount rate

7.50%

Long-term inflation rate

2.25%

Salary increase assumption

Table S5 from actuary's pension handbook + 2.50%

COLA increase assumption

3.00% & 2.00% per year depending on location

Retirement age assumption

Age 55 and 10 years of service

Plan changes

None

Mortality rate

During benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Annuitant, male and female.

Before benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Non-annuitant, male and female.

1987 Commissioner's Group disability table, six month elimination period, male and female.

Disability rate

2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75

Withdrawal rate

75% married; male is 3 years older than the female

Marital assumptions

Assume employer contributions are equal to: (1) employer contribution is to assumed to continue at 23.66% of payroll throughout the projection period and (2) expenses are assumed to start at \$48,000 and grow with the inflation assumption throughout the projection period.

Future employer contributions

Level dollar, closed

Amortization method

Experience & assumptions – 0.33 yrs; investment earning – 5 yrs

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

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The City's Actuarial Determined Contribution ("ADC") for Fiscal Year 2016 amounted to \$566,798 as compared to the ADC of \$2,707,856 in Fiscal Year 2015. In Fiscal Year 2016, the City contributed \$6,500,000, which is \$5,933,202 in excess of the ADC in order to reduce the unfunded liability.

City Pension Fund for Firefighters and Police Officers. The CPFFPO is a mandatory, contributory defined benefit pension plan for police and firefighter employees of the City and their beneficiaries. The CPFFPO was established by Ordinance No. 557, enacted by the Commission on February 19, 1981, and amended Ordinance No. 829, enacted by the Commission on March 4, 1987, Ordinance No. 967, enacted by the Commission on September 19, 1991, Ordinance No. 1014, enacted by the Commission on November 4, 1992, Ordinance No. 1067, enacted by the Commission on February 16, 1994, Ordinance No. 1091, enacted by the Commission on September 8, 1994, Ordinance No. 1131, enacted by the Commission on September 6, 1995, Ordinance No. 1198, enacted by the Commission on December 18, 1996, Ordinance No. 1249, enacted by the Commission on January 7, 1998, Ordinance No. 1318, enacted by the Commission on November 17, 1999, Ordinance No. 1321, enacted by the Commission on December 15, 1999, Ordinance No. 1325, enacted by the Commission on January 19, 2000, Ordinance No. 1353, enacted by the Commission on September 20, 2000, Ordinance No. 1360, enacted by the Commission on December 15, 2000, Ordinance No. 1443, enacted by the Commission on June 18, 2003, Ordinance No. 1480, enacted by the Commission on March 17, 2004, Ordinance No. 1509, enacted by the Commission on February 17, 2005, Ordinance No. 1521, enacted by the Commission on August 3, 2005, Ordinance No. 1572, enacted by the Commission on February 21, 2007, Ordinance No. 1581, enacted by the Commission on May 16, 2007, Ordinance No. 1669, enacted by the Commission on August 4, 2010, Ordinance No. 1670, enacted by the Commission on August 4, 2010, Ordinance No. 1693, enacted by the Commission on June 15, 2011, Ordinance No. 1705, enacted by the Commission on October 5, 2011, Ordinance No. 1709, enacted by the Commission on November 16, 2011, Ordinance No. 1767, enacted by the Commission on January 15, 2014, and Ordinance No. 1774, enacted by the Commission on April 9, 2014.

All full time eligible employees are required to participate in the CPFFPO as a condition of continued employment, provided that at the time of hiring the employee is at least eighteen years of age and satisfactorily completes all required medical examinations. All eligible employees, as a condition of membership, must agree in writing on becoming a member to make the contribution specified in the CPFFPO. These contributions are in the form of payroll deductions until the member has completed twenty-six and two-thirds years of continuous service or has reached the age of 62, whichever occurs earlier, at which time payments stop.

Any member may retire on a normal service retirement pension upon attainment of age 50 and completion of 10 years of continuous service, or upon completion of 20 years of continuous service or attainment of age 55 with no service requirement if eligible on February 19, 1981. For firefighter and police officer members who elect to retire under the Career Anniversary Pension Retirement Incentive Option, earnings may include payment up to 1,000 hours of accrued unused leave.

Effective June 18, 2003 (firefighters) and March 17, 2004 (police) continuous service for members may include, up to four years purchased for active service in the Armed Forces or Merchant Marines of the United States prior to employment by the City. Effective March 17, 2004, police officer members may purchase up to four years prior service as a certified police officer in the United States. The CPFFPO also provides death benefits for spouses and/or children of members for both service related and non-service related deaths.

If a member resigns or is lawfully discharged before retirement, their contributions with 3% simple interest per annum are returned to them. The Plan also provides a special provision for vested benefits for employees who terminate after 10 years of service. Upon termination after completing at least 10 years of continuous service, a member is entitled to a monthly benefit of 3% of average monthly earnings times the number of years of continuous service as of date of termination, not to exceed 80% of the average monthly earnings.

During December 1996, the CPFFPO adopted the Deferred Retirement Option Plan ("CPFFPO DROP"). Upon becoming eligible to participate in the CPFFPO DROP, a member may elect to enter that program for a maximum of 5 years. CPFFPO DROP payments contributed to a member's CPFFPO DROP account earn or lose interest at the same rate and frequency as in the CPFFPO, less reasonable and necessary administrative expenses, unless fixed interest rate option below is selected.

Retired police officers and disabled police officers receiving pension or CPFFPO DROP benefits, prior to October 1, 2006, or their beneficiaries may be eligible to receive a supplemental pension distribution, the amount of which is determined September 30<sup>th</sup> each year. The amount of the distribution is up to 2% of investment return in excess of 9% for police officers who retired after October 1, 2003 but before October 1, 2006, or their beneficiaries, 8% for police officers who retired prior to October 1, 2003, based on the present value of future pension payments of current police officer members, not to exceed outstanding balance of cumulative net actuarial gains. Any distributable amount is allocated to eligible members based upon years of service with a prorated share during the first year of entitlement.

No supplemental benefits will be available for members who retire, enter the CPFFPO DROP or are disabled on or after October 1, 2006 or their beneficiaries. Police retirees who retired prior to April 1, 2006 were provided with a one-time irrevocable option to continue to receive the 13<sup>th</sup> check; or they may opt to receive instead a cost of living increase to their retirement benefit.

On June 18, 2003 (for firefighters) and March 17, 2004 (for police officers) the City adopted Ordinances giving members the additional option of having their CPFFPO DROP account earn an annual fixed interest rate of 8% on future payments and on all or any portion of the member's CPFFPO DROP account balance. Annually, during the month of September only, members may change their rate of return election to be effective as of the following October 1. Members participating in the CPFFPO DROP on April 30, 2010, are eligible to elect between earning the same rate and frequency as the Plan or an annual fixed interest rate of 8%. For members hired before May 1, 2010 entering the CPFFPO DROP after April 30, 2010, CPFFPO DROP interest credits is based upon CPFFPO gross return, subject to a minimum 5% to a maximum 8% per annum. For members hired after April 30, 2010 entering the CPFFPO DROP, interest credits will be based upon Plan gross return.

Certain members of the CPFFPO are eligible to receive annual cost of living increases to their retirement benefits ranging from 1.5% to 3% or for certain members an adjustment equal to the total percentage increase in base wages, excluding performance or merit adjustments, provided in collective bargaining agreement to bargaining unit members, for the City Fiscal Year commencing the preceding October 1.

*Funding Policy.* The City contributes an actuarially determined amount that, when combined with participants' contributions and contributions from the State, will fully provide for all benefits as they become payable.

Pursuant to Florida Statutes, Chapters 175 and 185 contributions from the State of Florida Department of Insurance consist of excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the State contribution is used to reduce the City's contributions when received. For the Fiscal Year ended September 30, 2016, the City's contribution, excluding amounts from the State, was \$23,908,967. For the Fiscal Year ended September 30, 2016, the State contributions totaled \$2,455,532, and are recorded as revenues and expenditures in the General Fund before being reported as contributions in the pension trust fund.

Members of the Plan who are certified firefighters and police officers make regular contributions to the Plan at a rate equal to 10.4% of their respective annual earnings until completion of 26 2/3 years of continuous service. Effective October 1, 2015, members that were hired after May 1, 2010 are required to contribute 7.0% of their annual earnings instead of 10.4%. Member contributions for the Fiscal Year ended September 30, 2016 amounted to \$2,730,394.

On October 17, 2003 the City deposited a portion of the proceeds of its Taxable Communications Service Tax Revenue Bonds, Series 2003A (the "Series 2003 Bonds") in the amount of \$36,720,000 to the CPFFPO as a lump sum contribution. The Series 2003 Bonds were issued primarily to finance the enhanced benefits for firefighter members of the CPFFPO. Benefits included, but were not limited to, a minimum of 2% of cost of living adjustment for firefighter members, and up to 1,000 hours of unused leave can be included as part of the earnings used to calculate pension benefits.

On April 1, 2004 the City deposited a portion of the proceeds of the Series 2004 Bonds in the amount of \$26,200,000 to the CPFFPO as a lump sum contribution. The Series 2004 Bonds were issued primarily to finance the enhanced benefits for police officer members of the CPFFPO, as well as to maintain the City's contribution at the same percentage level of payroll prior to the enhanced benefits. These benefits were similar to the firefighter members, and included, but were not limited to, a 1.5% cost of living adjustment, and up to 1,000 hours of unused sick leave can be included as part of earnings used to calculate pension benefits.

*Changes in Net Pension Liability and Related Ratios.* The change in net pension liability and other related ratios of the CPFFO for the Fiscal Years 2016 and 2015 are as follows:

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**CITY OF PEMBROKE PINES, FLORIDA**  
**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	<b><u>9/30/2016</u></b>	<b><u>9/30/2015</u></b>
	9/30/2015	9/30/2014
Reporting period as of:		
Measurement date as of:		
Total pension liability:		
Service cost	\$ 10,619,978	\$ 10,631,405
Interest	53,285,378	50,687,264
Changes of benefit terms:		
Difference between expected and actual experience	765,470	-
Other	(3,834,368)	(679,355)
Assumption changes	-	-
Benefit payments, including refunds of member contributions	(27,110,856)	(25,391,326)
Net change in total pension liability	33,725,602	35,247,988
Total pension liability/(asset) – beginning	<u>671,557,750</u>	<u>636,309,762</u>
Total pension liability/(asset) – ending	<u>\$705,283,352</u>	<u>\$671,557,750</u>
Plan fiduciary net position:		
Contributions – employer	\$ 23,719,361	\$ 23,585,326
Contributions – state	2,470,921	2,629,081
Contributions – member	3,065,485	2,994,992
Net investment income	9,650,600	44,126,987
Benefit payments, including refunds of member contributions	(27,070,511)	(25,391,326)
Administrative expense	(597,262)	(606,484)
Other	72,859	44,649
Net change in plan fiduciary net position	11,311,453	47,383,225
Plan fiduciary net position – beginning	<u>483,895,286</u>	<u>436,512,061</u>
Plan fiduciary net position – ending	<u>\$495,206,739</u>	<u>\$483,895,286</u>
<b>Net pension liability/(asset)</b>	<b>\$210,076,613</b>	<b>\$187,662,464</b>
Plan fiduciary net position as a percentage of the total pension liability/(asset)	70.21%	72.06%
Covered-employee payroll	\$ 28,313,818	\$ 27,588,952
Net pension liability/(asset) as a percentage of covered-employee payroll	741.96%	680.21%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

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**CITY OF PEMBROKE PINES, FLORIDA**  
**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30**

	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Actuarially determined contribution	\$14,254,450	\$17,795,174	\$21,935,003	\$24,538,413	\$23,289,867	\$23,882,116	\$25,213,704	\$26,214,407	\$26,190,282	\$26,354,499
Contributions in relation to the actuarially determined contribution	14,254,450	17,795,174	21,935,003	24,538,413	23,289,867	23,882,116	25,213,704	26,214,407	26,190,282	26,354,499
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$26,040,640	\$26,610,708	\$26,616,124	\$27,528,175	\$27,129,273	\$26,857,833	\$27,011,016	\$27,588,952	\$28,313,818	\$27,677,991
Contributions as a percentage of covered-employee payroll	54.74%	66.87%	82.41%	89.14%	85.85%	88.92%	93.35%	95.02%	92.50%	95.22%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Cost
Amortization method	Level percent, closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	3.75% - 12.00%
Investment rate of return	8.00%
Retirement age	Experience-based rates specific to eligibility condition
Cost of living increases:	
Firefighters	0.0%, 1.5%, 2.0%, or 3.0%
Police	0.0%, 1.5%, 2.0%, 2.5% or 3.0%
Future employee contributions	Assume employee contribution continue at 10.4%
Future employer contributions	The City is expected to contribute amounts necessary on an actuarial basis to fund the Plan's expenses, normal cost, and to amortize the unfunded actuarial accrued liability
Mortality	Healthy members: RP 2000 combined mortality table with blue collar adjustment, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA Disabled members: RP 2000 disabled mortality table, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA

<b>Age</b>	<b>First 5 Years</b>	<b>5+ years</b>	<b>First 5 Years</b>	<b>5+ years</b>
20	2.70%	3.13%	5.25%	5.24%
25	2.70%	2.28%	5.25%	3.44%
30	2.70%	1.65%	5.25%	2.38%
35	2.70%	0.97%	5.25%	1.44%
40	2.70%	0.55%	5.25%	1.01%
45	2.70%	0.25%	5.25%	0.55%
50	2.70%	0.04%	5.25%	0.31%
55	2.70%	0.02%	5.25%	0.18%
60	2.70%	0.01%	5.25%	0.05%
62 & over	0.00%	0.00%	0.00%	0.00%

Disability rates      The 1985 Disability Study – Class 2, with separate rate for males and females. 80% of disabilities are assumed to be service incurred - 20% non-service incurred.  
50% of deaths are assumed to be service incurred – 50% non-service incurred. There are no children eligible for benefits.  
Marital assumptions      95% of participants are married. Spouses are assumed to be the same age as members.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

Florida Retirement System (FRS) – Charter School Employees. On August 16, 2006, the Commission adopted Resolution No. 3105 which mandated that all Pembroke Pines Charter Schools' full-time employees hired after August 7, 2006 and all part-time employees regardless of the date of hire will join the Florida Retirement System ("FRS") a cost sharing, multiple-employer, public employee retirement system administered by the State. Beginning in 2002, the FRS became one system with two primary plans, a defined benefit pension plan (the "FRS Pension Plan") and a defined contribution plan known as the Public Employee Optional Retirement Program (the "FRS Investment Plan"). Individuals who were members of the existing ICMA-RC Defined Contribution Plan were given a one-time irrevocable election whether or not to participate in the FRS Pension Plan.

*The FRS information contained herein has been obtained from the FRS Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Reports available at [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports) and the Florida Comprehensive Annual Financial Reports available at <http://www.myfloridacfo.com/Division/AA/Reports/>. No representation is made by the City as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.*

The Florida Department of Management Services, Division of Retirement administers the FRS Pension Plan and the Florida State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Administration costs of the FRS Pension Plan are funded through investment earnings of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The SBA administers the FRS Investment Plan, a defined contribution plan available to eligible FRS members as an alternative to the FRS Pension Plan. Retirement benefits are based upon the value of the member's account upon retirement. Regardless of membership class, FRS Investment Plan contributions vest after one year of service. A member vests immediately in all employee contributions paid to the FRS Investment Plan. If a member elects to transfer amounts from the FRS Pension Plan to that member's FRS Investment Plan account, the member must meet the six-year vesting requirement for any such transferred funds and associated earnings. The FRS Investment Plan is funded by employer contributions that are based on salary. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Administration costs of the FRS Investment Plan are funded through a 0.03% employer contribution and forfeited benefits. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

Since July 1, 2001, the FRS Pension Plan has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the various plan requirements applicable to each class of membership. Regardless of class, a

member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age.

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Effective July 1, 2011, all members of FRS were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the FRS. Additionally, the bill eliminated the cost of living adjustment for all FRS employees for service earned on or after July 1, 2011, although the bill does contemplate reinstatement of the adjustment in 2016 under certain circumstances.

Additional legislative changes that only apply to employees who initially enroll on or after July 1, 2011, include: (1) the average final compensation upon which retirement benefits are calculated are based on the eight highest (formerly five highest) Fiscal Years of compensation prior to retirement; (2) the FRS DROP (as defined herein) is maintained but the interest accrual rate is reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six).

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "FRS DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the FRS DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the FRS DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of FRS DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2016, the FRS Trust Fund projected \$2,322,967,354 in accumulated benefits for 34,160 participants in the FRS DROP.

The Retiree Health Insurance Subsidy (the "HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. Beginning July 1, 2002, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS is funded by required contributions from FRS participating employers as set by the legislature. Employer contributions are a percentage of gross compensation for all active FRS members.

For the Fiscal Year ended June 30, 2016, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years and any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves at June 30, 2016, was \$141,780,920,515. Such funds are reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The Charter Schools' required contribution rate is established, and may be amended, by State statute. For the Fiscal Year ended June 30, 2016, the contribution rate decreased to 7.26% from 7.37% of covered payroll. The Charter Schools are required to contribute both for full-time and part-time members of the FRS Pension Plan. As of June 30, 2016, there were 488 members in this FRS Pension Plan. The required employee contribution of 3% amounted to \$533,107 in Fiscal Year 2016.

The chart below shows the annual required contribution by the City to the FRS and the percentage of such contribution to the annual required contribution for the past three Fiscal Years:

#### **Schedule of City Contributions to FRS**

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Total Employer Contributions</b>	<b>Percentage Contributed</b>	<b>Contribution Rates Regular Class</b>
2016	\$1,362,328	\$1,362,328	100%	7.26%
2015	1,374,878	1,374,878	100%	7.37%
2014	1,321,708	1,321,708	100%	6.95%

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

The contribution rate includes the post-employment health insurance supplement of 1.66% and the administrative/educational fee of 0.04%. As of the FRS Pension Plan Fiscal Year ending June 30, 2015, the Charter Schools reported a liability of \$11,577,970 for their proportionate share of the net pension liability. See Note 14 to the City of Pembroke Pines Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2016 for more details.

*Charter School and Early Development Center Employees.* Effective July 1, 2000, the City established a defined contribution plan for employees of the Charter Schools and Early Development Centers (the Charter Schools' Plan) created in accordance with Internal Revenue Service Code Section 401(a) and Ordinance 1345 and amended by Ordinance 1401 dated April 3, 2002. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into his new employer's pension plan providing said plan permits rollovers.

At September 30, 2016, there were 37 members of the Charter School Plan. Effective January 1, 2002, the Charter Schools' Plan members may make voluntary after-tax contributions of up to 25% of compensation during the Fiscal Year. Such contributions are 100% vested at all times. The City's required contribution was 6.95% of the Charter Schools' Plan member's gross salary and 5.0% for the Early Development Centers' Plan members. For the 2016 Fiscal Year, the City contributed \$110,288 to the Charter Schools' Plan, and the members contributed \$18,335. Provisions of the Charter Schools' Plan may be amended by the Commission. The Charter Schools' Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries. Therefore, the net assets of the Charter Schools' Plan are not included in the City's financial statements.

As described above, effective October 1, 2006, all new hires of the City's Charter Schools are required to join the defined benefit plan of the FRS. Existing members of the Charter Schools' Plan were given the option to continue with their defined contribution plan or to select the FRS. In Fiscal Year 2006, the City increased its contribution to the defined contribution plan from 5.0% to 10.77% of the Charter Schools members' gross wages, in keeping with the contribution required by the FRS.

The City's Early Development Center employees remain in the Charter Schools' Plan with the City continuing to contribute 5.0% of covered payroll.

General Actuarial Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about demographic, population, investment discount rates, future employment and mortality. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress for present multi-year trend information shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information, including actuarial assumptions and investments allocations are described in the City's audited financial statements, attached as APPENDIX C to the Official Statement.

## **Other Post-Employment Benefit Plans**

The City provides health insurance, prescription drug coverage and life insurance benefits to its active and retired employees (the "OPEB Plans"). Like most governments the City historically funded the OPEB Plan on a pay-as-you-go basis as a current operating expense, and reflected the expense on its financial statements in the Fiscal Year in which payments are made. In Fiscal Year 2008, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" ("GASB 45"). Under GASB 45, local governments who provide other post-employment benefits ("OPEB"), which include retiree health insurance and life insurance benefits, are required to show information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time.

Plan Description. The retiree health and life insurance program is a single-employer defined benefit plan, which provides medical and life insurance benefits to eligible retirees and their beneficiaries. The health plan is self-insured and administered by United Medical Resources on behalf of the City. The life insurance plan is fully insured through Sun Life Financial. The Commission has

authority to establish and amend benefits related to the City's retiree health and life insurance programs. On December 7, 2007, the City enacted Ordinance No. 1598 creating the Other Post-Employment Benefits Trust Fund.

The City created a retiree health and life insurance program as adopted and amended by the Commission by Ordinance No. 990, enacted by the Commission on April 15, 1992; Ordinance No. 1015, enacted by the Commission on November 4, 1992; Ordinance No. 1024, enacted by the Commission on February 17, 1993; Ordinance No. 1144, enacted by the Commission on December 6, 1995; Ordinance No. 1371, enacted by the Commission on April 4, 2001; Ordinance No. 1443, enacted by the Commission on June 18, 2003; Ordinance No. 1480, enacted by the Commission on March 17, 2004; Ordinance No. 1554, enacted by the Commission on August 16, 2006; Ordinance No. 1598, enacted by the Commission on December 3, 2007; Ordinance No. 1670, enacted by the Commission on August 4, 2010; Ordinance No. 1702, enacted by the Commission on September 20, 2011; and Ordinance No. 1779, enacted by the Commission on June 18, 2014.

The City is required under Section 112.0801, Florida Statutes, to offer retired City employees the option of continuing to participate in the City's group health insurance plan with identical provisions to that offered its active employees. The City is also required by Section 112.0801, Florida Statutes, to charge active and retired employees the same premium. Because the true cost of health insurance provided to retired employees is generally significantly higher than that for active employees, the City, as required by State law, is providing an indirect subsidy to the retired employees, which is referred to as the "implicit rate subsidy" under GASB 45.

Coverage of health insurance is provided to all regular full-time permanent general employees, certified firefighter and police officer employees and their spouses, if hired before October 1, 1991, who have reached normal retirement age and completed service as prescribed by the City pension plan that covers the employee. Coverage for employees hired after October 1, 1991 is limited to employee (single) coverage only. Effective July 1, 2010, general employees, who are members of the collective bargaining unit, that retire after July 1, 2010 may continue to participate in the City's health insurance plan but will be required to pay the active/blended rate. Additionally, effective July 1, 2010, members hired prior to May 1, 2005 will receive a health insurance subsidy of five dollars per month for each year of service, as long as they have completed at least ten years of eligible service and retire from the City at age 55 or above.

Firefighter members hired on or after October 1, 1991 but prior to April 1, 2006 may elect to participate in the City's retiree health insurance plan, and the City will pay for the coverage of the employee only. Firefighters hired after April 1, 2006 are required to pay 100% of the active/blended rate for their retirement coverage.

Police offer members hired on or after October 1, 1991 but prior to October 1, 2006, may elect to participate in the City's retiree health insurance plan, and the City will pay for the coverage of the employee only. Police officers hired after October 1, 2006 are required to pay 100% of the active/blended rate for their retirement coverage.

Primary insurance coverage is extended until the employee qualifies for Medicare benefits (at 65 years of age). At that time, Medicare becomes the primary coverage.

Eligible retirees receive health care coverage through one of two medical plans, an EPO and a PPO plan. Effective July 1, 2010, general employees are required to contribute \$100 per month for their

health insurance coverage in addition to the amounts contributed for dependent, spousal or family coverage. Police officers hired after May 1, 2010 are required to contribute an additional \$80 per month for EPO and \$100 per month for PPO health insurance coverage. Effective October 1, 2014, the City extended its health care coverage to all eligible retirees' domestic partners.

Contributions are required for both retiree and dependent health insurance coverage. Currently, retirees are not required to pay contributions for life insurance benefits.

Contribution rates are determined based on the following factors: hire date, retirement date, and employee group. Based on these factors, retirees pay either the full rates, reduced rates or nothing for the medical and prescription drug benefit. The contribution requirements of the plan members are established and may be amended by the Commission. The amount contributed is expected to equal or exceed the annual required contribution as determined by the annual actuarial valuation. Administrative costs are financed through investment earnings where available.

**Life Insurance.** A life insurance benefit is provided to police officers, firefighters, general and utility employees. Employees from the charter schools are excluded from this benefit. The life insurance benefit available to retirees is equal to 100% of final salary at retirement, up to a maximum of \$100,000. The benefit amount is reduced by 50% at age 65. General and utility employees hired after February 1, 2010 and police officers hired after May 1, 2010 are no longer eligible to participate in the retiree life insurance program and their life insurance policy will terminate when they separate from the City.

**Annual OPEB Cost and Net OPEB Obligation.** For the Fiscal Year ended September 30, 2016, the City's annual OPEB cost for the Plan was \$6,147,000. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the Fiscal Year ended September 30, 2016 were as follows:

Actuarial determined contribution	\$ 6,211,000
Interest on net OPEB obligation	(269,000)
Adjustment to annual required contribution	205,000
Annual OPEB cost	6,147,000
Contributions made	(15,192,960)
Change in net OPEB obligation/(asset)	(9,045,960)
Net OPEB obligation/(asset), beginning of year	(3,361,983)
Net OPEB obligation/(asset), end of year	\$ (12,407,943)

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

#### Trend Information

Fiscal Year Ended	Annual OPEB Cost (AOC)	Contribution	Percentage of AOC Contributed	Net OPEB Obligation/(Asset)
09/30/2016	\$6,147,000	\$15,192,960	247%	\$(12,407,943)
09/30/2015	8,057,000	10,010,983	124%	\$(3,361,983)
09/30/2014	7,948,207	9,352,000	118%	(1,408,000)

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

Funded Status and Funding Progress. The funded status of the OPEB Plan as of the following actuarial valuation dates are as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
10/1/2015	\$55,637,262	\$129,497,000	\$73,859,738	43.0%	\$71,845,080	102.8%
10/1/2014	\$49,627,611	\$140,006,000	\$90,378,389	35.4%	\$69,752,505	129.6%
10/1/2013	43,560,000	132,893,000	89,333,000	32.8%	67,720,879	131.9%

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projection of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation, and the historical pattern of sharing of benefit costs between the employer and the plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility on actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the actuarial valuation is as follows:

### Retiree Health and Life Insurance Program

Valuation Date	10/1/2015
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level percent, open
Remaining amortization period	30 years
Asset valuation method	Fair Market value
Actuarial assumptions:	
Inflation rate	3.0%
Health CPI	3.0%
Investment rate of return <sup>(1)</sup>	8.0%
Projected salary increases	3.0%
Healthcare cost trend rate*	9.0% 5.0% 7.5%
Post-retirement benefits increases	N/A
	initial ultimate current

<sup>(1)</sup> Valuation results are developed assuming a discount rate of 8% determined based on the long-term yield on the investments used to finance the payment of benefits.

\* The healthcare cost trend rate grades down every year by 0.5% until an ultimate rate of 5% is reached.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida For the Fiscal Year Ended September 30, 2016.

Additional information, including actuarial assumptions and investment allocations are described in the City's audited financial statements, attached as APPENDIX C to this Official Statement.

## **Extension of Employee Benefits**

On June 3, 2014 the Commission enacted ordinances extending employee benefits for its active employee healthcare plan, pension plan (CPFFPO and GEPP) and retiree healthcare plan (OPEB Plan) benefits to include domestic partners of City employees (same-sex and opposite sex) and same-sex spouses of City employees. In a report dated March 2014, prepared by Nyhart Actuary & Employee Benefits the estimated annual costs of extending benefits to such groups was \$1,159,000, \$186,000 and \$55,000, respectively. The changes do not affect the FRS plan.

## **Employee Relations**

Currently approximately 89% of the City's full-time employees are subject to collective bargaining agreements. Full-time general employees, representing approximately 60% of the City's general employees (257 employees) are members of the National Federation of Public and Private Employees union (the "NFPPE"). The collective bargaining agreement with NFPPE expired September 30, 2016. Currently, approximately 95% of full-time police officers (217 employees) are members of the Broward County Police Benevolent Association, Inc. (the "Police Union"). The collective bargaining agreement with the Police Union expired September 30, 2016. Currently, approximately 96% of full-time certified fire department employees (205 employees) are members of the Professional Firefighters of Pembroke Pines, IAFF Local 2292 (the "Fire Union"). The collective bargaining agreement with the Fire Union expired September 30, 2016. Currently, 100% of the full-time certified teachers (352 teachers) of the Pembroke Pines charter schools are members of the Broward County Teachers Union (the "BCTU"). The collective bargaining agreement with the BCTU expires June 30, 2018. The City is in the negotiations process at this time with NFPPE, the Police Union and Fire Union. The City expects to enter into new collective bargaining agreements without any material adverse effect to the financial condition of the City. Under State law public employees and employee organizations are prohibited from conducting a strike or instigating a strike against a public employer.

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## BROWARD COUNTY, FLORIDA

### **Profile of the Government**

Broward County, Florida (the "County") was incorporated in 1915 and is located along the southeastern coast of the State. With a developable area of 431 square miles and a population of approximately 1.9 million people, the County is one of the largest counties in the country. The County is governed by its amended Charter, originally adopted in 1974, and functions as a home rule government under the Florida Constitution and the general laws of the State.

The Board of County Commissioners ("Board") is the legislative and policy-making body of the County. Each of the nine Commissioners is elected from a separate district. Elections are held every two years for staggered four year terms. Annually, the Board elects a Mayor who serves as its presiding officer. The Board appoints the County Administrator to act as the County's chief executive officer. The Administrator implements policies of the Board, provides organizational leadership, and directs business and administrative procedures. In addition, there are four elected Constitutional Officers: the Clerk of the Circuit and County Courts, the Property Appraiser, the Sheriff, and the Supervisor of Elections. Circuit Court and County Court judges are also elected.

The County and its independently elected Constitutional Officers provide a broad range of services. These services include law enforcement, fire rescue protection, maintenance of streets, highways, bridges, traffic signals, transportation, environmental protection, urban planning, economic development, human services, parks, libraries, a convention center, property assessments, and tax collections. The County also operates enterprise activities including two airports, a seaport and the water and sewer systems.

### **Economy**

The County enjoys a diverse economic base thanks to a vibrant tourism industry, an active construction industry, highly efficient and productive airport and seaport facilities, and other dynamic industry sectors.

The County's unemployment rate at September 30, 2016 was 4.6% as compared with the rate of 4.9% at September 30, 2015. In comparison, the unemployment rates for the State and the United States were 5.0% and 4.8%, respectively.

Tourism and the related service industries are an important economic factor in the County, employing approximately 175,000 people. The combination of a favorable climate (an average year-round temperature of 77 degrees Fahrenheit), together with diverse recreational opportunities, including theaters, parks, pristine public beaches, yacht basins, fishing, golf, tennis, thoroughbred racing, jai alai, and water recreational facilities, have made the County a major tourist center. In 2016, the County welcomed 13.6 million visitors who spent approximately \$11.6 billion. Hotel tax collections increased 6.2% in Fiscal Year 2016 to \$61.9 million.

The County is maturing as an urban area, and little undeveloped property remains available. Redevelopment will be a primary focus of the County in the years ahead, but future population growth and new development may depend on national economic recovery trends and employment opportunities.

The net assessed value of real and personal property increased in Fiscal Year 2016 by approximately 7%. This is the fourth consecutive year the County has seen an increase in net assessed

value. This is a positive sign for the County's economy and is hopefully the beginning of incremental growth over the next several years. It will take some time to reach the peak net assessed value levels reached in Fiscal Year 2008, however, there are signs that the real estate market appears to be recovering strongly. In Fiscal Year 2016, the combined millage rate was unchanged. Homestead properties had a slight increase in their County taxes and for other taxpayers, the market value change in their properties coupled with the reduced millage rate determined the amount of any property tax increase.

### **Demographic and Economic Statistics**

The following table sets forth certain demographic and economic statistics of the County during the last ten Fiscal Years.

#### **BROWARD COUNTY, FLORIDA DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended September 30</b>	<b>Population<sup>(1)</sup></b>	<b>Total Personal Income<sup>(1)</sup> (Dollars in Thousands)</b>	<b>Per Capita Personal Income</b>	<b>School Enrollment<sup>(2)</sup></b>	<b>Residential Births<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(1)</sup></b>
2007	1,741,657	72,829,950	41,816	258,905	23,075	4.0
2008	1,739,708	72,138,045	41,466	255,738	22,523	6.3
2009	1,738,093	67,660,182	38,928	255,203	21,511	9.6
2010	1,748,066	70,231,274	40,177	256,872	21,016	10.2
2011	1,753,162	73,868,561	42,134	258,803	22,766	9.0
2012	1,771,099	76,222,564	43,037	260,796	23,020	7.7
2013	1,784,715	76,873,297	43,073	262,563	23,288	6.5
2014	1,803,903	80,905,552	44,850	265,401	23,391	5.8
2015	1,827,367	85,167,498	46,607	268,836	23,760	4.9
2016	1,854,513	(4)	(4)	271,105	24,067	4.6

(1) Broward County Planning and Redevelopment Division.

(2) School Board of Broward County.

(3) Florida Department of Health.

(4) Information unavailable for 2016.

Source: Comprehensive Annual Financial Report for Broward County, Florida for the Fiscal Year ended September 30, 2016.

### **Employment**

The following chart shows the labor force and unemployment statistics for Broward County for the years 2012 through 2016.

#### **CIVILIAN LABOR FORCE SUMMARY BROWARD COUNTY, FLORIDA 2012-2016**

<b>Calendar Year</b>	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
2012	964,061	886,907	77,154	8.0%
2013	974,815	908,509	66,306	6.8%
2014	987,743	929,270	58,473	5.9%
2015	987,057	936,801	50,256	5.1%
2016	1,004,123	957,882	46,241	4.6%

Source: Florida Department of Economic Opportunity.

The following table sets forth the principal employers in Broward County.

**BROWARD COUNTY, FLORIDA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2016			2007		
	Employees	Rank	Percent of Total County	Employees	Rank	Percentage of Total County
Broward County School Board	32,600	1	3.19%	36,853	1	3.68%
Broward County Government	11,679	2	1.14%	13,330	2	1.33%
Memorial Health Care System	11,500	3	1.12%	7,938	3	0.79%
Broward Health	8,234	4	0.81%	7,485	4	0.75%
Nova Southeastern University	7,610	5	0.74%			
American Express	3,500	6	0.34%	4,200	5	0.42%
AutoNation	3,381	7	0.33%			
Ultimate Software	2,550	8	0.25%			
City of Fort Lauderdale	2,479	9	0.24%	2,497	9	0.25%
Interbond Corp of America dba BrandsMart U.S.A.	2,400	10	0.24%			
Motorola				3,500	6	0.35%
Pediatric Medical Group				2,826	7	0.28%
BCF Financial Corp/Bank Atlantic				2,547	8	0.25%
Ed Morse Automotive Group				2,200	10	0.22%
Total	<u>85,933</u>		<u>8.40%</u>	<u>83,376</u>		<u>8.33%</u>

Source: Comprehensive Annual Financial Report for Broward County, Florida for the Fiscal Year ended September 30, 2016.

**Real Estate and Tax Levy**

To a great extent, the recovery in the jobs sector is related to the outlook for the State's housing market. After several years of deflated real estate prices in South Florida, real estate prices have begun to rise as the inventory of available homes has been greatly reduced. Fiscal Year 2015 saw an improving economy with rebounding property values and increases in construction, both commercial and residential. The following table shows the quantity and valuation of housing permits within the County.

**BUILDING PERMIT ACTIVITY  
BROWARD COUNTY, FLORIDA  
2011-2015  
(Valuations in 000's)**

<b><u>Calendar Year</u></b>	<b><u>Single Family</u></b>	<b><u>Multi-Family</u></b>	<b><u>Total Valuations</u></b>
2011	1,446	998	\$279,497
2012	1,023	2,533	\$429,074
2013	1,434	3,036	\$555,688
2014	1,181	1,281	\$404,301
2015	1,494	3,958	\$807,552

Source: Bureau of Economic and Business Research.

**APPENDIX B**  
**THE BOND RESOLUTION**

**APPENDIX C**

**AUDITED BASIC FINANCIAL STATEMENTS OF**  
**THE CITY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**APPENDIX D**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Pembroke Pines, Florida (the "Issuer") in connection with the issuance of its \$ \_\_\_\_\_ Pembroke Pines, Florida Capital Improvement Revenue Refunding Bonds, Series 2017 (the "2017 Bonds"). The 2017 Bonds are being issued pursuant to Resolution No. 2070 adopted by the City Commission of the City (the "Commission") on January 15, 1992, as amended and supplemented, and as supplemented by Resolution No. \_\_\_\_\_ adopted by the Commission on April 19, 2017, as supplemented by Resolution No. \_\_\_\_\_ adopted by the Commission on April 19, 2017 (the "Resolution"). Subject to the provisions set forth below, the Issuer covenants and agrees as follows:

**1. PURPOSE OF DISCLOSURE CERTIFICATE.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the underwriter of the 2017 Bonds in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 (the "Rule").

**2. DEFINITIONS.** Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Resolution or in the Rule.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

**3. ANNUAL INFORMATION.** In accordance with the provisions of the Rule, the Issuer shall provide or cause to be provided, to the Electronic Municipal Market Access System operated by the Municipal Securities Rulemaking Board (the "MSRB"), or such other system as permitted under the Rule (the "EMMA System"), if any, on or before June 30 of each year, commencing June 30, 2018 (the "Annual Filing Date"), the following information with respect to the prior fiscal year (A) an update of the annual financial information and operating data of the Issuer consistent with the type of financial information and data included in the Official Statement, dated \_\_\_\_\_, 2017, prepared for the 2017 Bonds (the "Official Statement") and included in the table entitled "Historical Debt Service Coverage" in the section captioned "ELECTRIC FRANCHISE REVENUES" and (B) annual audited financial statements prepared pursuant to generally accepted accounting principles recommended from time to time by the Governmental Accounting Standards Board and in accordance with Florida law. If audited financial statements are not available at the time of required filings as set forth above, unaudited financial statements shall be filed pending the availability of audited financial statements and the audited financial statements shall be filed as soon as available. (The information required to be disclosed in this Section 3 shall be referred to herein as the "Annual Disclosure Filing").

The Issuer reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

If the Issuer has engaged a Dissemination Agent as provided in Section 9 hereof, the Issuer shall deliver the Annual Disclosure Filing in electronic form to the Dissemination Agent not later than 10:00 a.m. Eastern time on the Annual Filing Date, provided, however, failure to deliver on such day and time to the Dissemination Agent shall not be an event of default hereunder. The Annual Disclosure Filing may be submitted as a single document or as separate documents comprising a single package delivered simultaneously and may be provided as set forth in Section 8 hereof. The Dissemination Agent shall file such Annual Disclosure Filing with the EMMA System as provided under this Disclosure Certificate.

**4. SPECIFIED EVENTS.** The Issuer agrees to provide or cause to be provided to the EMMA System, in a timely manner not in excess of ten (10) business days after the occurrence of the event (a "Specified Event"), notice of:

- (1) principal and interest payment delinquencies on the 2017 Bonds;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2017 Bonds, or other material events affecting the tax status of the 2017 Bonds;
- (7) modifications to rights of the holders of the 2017 Bonds, if material;
- (8) 2017 Bond calls, if material (other than scheduled mandatory redemption), and tender offers;
- (9) 2017 Bond defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2017 Bonds, if material;
- (11) rating changes in the ratings assigned to the 2017 Bonds;
- (12) an Event of Bankruptcy or similar event of an Obligated Person;

- (13) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

If the Issuer has engaged a Dissemination Agent as provided in Section 9 hereof and the Issuer elects to have the Dissemination Agent file a notice of Specified Event, the Issuer shall deliver such notice in electronic form to the Dissemination Agent by no later than 10:00 a.m. Eastern time of the tenth (10<sup>th</sup>) business day after the occurrence of the event, provided, however, failure to deliver on such day and time to the Dissemination Agent shall not be an event of default hereunder.

#### **5. NOTICE OF FAILURE TO PROVIDE ANNUAL DISCLOSURE**

**FILING.** The Issuer agrees to provide or cause to be provided, in a timely manner, to the EMMA System, notice of a failure by the Issuer to provide the Annual Disclosure Filing described in Section 3 above on or prior to the date set forth therein. If the Issuer has engaged a Dissemination Agent as provided in Section 9 hereof and the Dissemination Agent has not received the Annual Disclosure Filing on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day preceding such non-business day), as provided in Section 3 hereof, a failure to file event shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the EMMA System without reference to the anticipated filing date for the Annual Disclosure Filing. Upon the Dissemination Agent being notified by the Issuer that any portion of the Annual Disclosure Filing has not been provided by the Issuer to the Dissemination Agent by the Annual Filing Date, a failure to file event shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the EMMA System that the Annual Disclosure filing filed by the Issuer is incomplete.

**6. REPOSITORIES.** As of the date of issuance of the 2017 Bonds, the Issuer shall provide the information described in Sections 3, 4 and 5 above, to the extent required, to the EMMA System in an electronic format prescribed by the MSRB at the following Internet address: <http://emma.msrb.org> or such other address or system as designated by the MSRB in compliance with the Rule.

**7. REMEDIES; NO EVENT OF DEFAULT.** The Issuer agrees that its undertaking pursuant to the Rule set forth above is intended to be for the benefit of the holders and beneficial owners of the 2017 Bonds and shall be enforceable by any such holder or beneficial owner; provided that the sole and exclusive remedy for a breach of the Issuer of its obligations hereunder shall be limited to a right to obtain specific performance of the Issuer's obligations hereunder and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the 2017 Bonds under the Resolution. The covenants contained herein are solely for the benefit of the holders and beneficial owners of the 2017 Bonds and shall not create any rights in any other parties.

**8. SEPARATE BOND REPORT NOT REQUIRED; INCORPORATION BY REFERENCE; FORMAT OF FILING.** The requirements of this Disclosure Certificate do not necessitate the preparation of any separate report addressing only the 2017 Bonds. These requirements may be met by the filing of a combined bond report or the Issuer's Comprehensive Annual Financial Report; provided, such report includes all of the required information and is available by June 30. Additionally, the Issuer may incorporate any information provided in any prior filing with the EMMA System or other information filed with the SEC or included in any final official statement of the Issuer; provided, such final official statement is filed with the EMMA System. Any voluntary inclusion by the Issuer of information in its Annual Disclosure Filing of supplemental information that is not required hereunder shall not expand the obligations of the Issuer hereunder and the Issuer shall have no obligation to update such supplemental information or include it in any subsequent report.

Any report or filing with the EMMA System pursuant to this Disclosure Certificate must be accompanied by such identifying information as is prescribed by the MSRB. Such information may include, but not be limited to: (a) the category of information being provided; (b) the period covered by any annual financial information, financial statement or other financial information or operation data; (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (d) the name of any Obligated Person other than the Issuer; (e) the name and date of the document being submitted; and (f) contact information for the submitter of such filing.

**9. DISSEMINATION AGENTS.** The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent upon thirty days' written notice, with or without appointing a successor dissemination agent. The Issuer hereby appoints Digital Assurance Certification, LLC ("DAC") as dissemination agent (the "Dissemination Agent") under this Disclosure Certificate. DAC may resign as Dissemination Agent at any time by providing thirty days' written notice to the Issuer. Upon termination of DAC's services as Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer or any successor dissemination agent shall assume all responsibilities under this Disclosure Certificate.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and such other agreements as are entered into between the Dissemination Agent and the City and that are not inconsistent with the terms hereof. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review, verify or confirm the completeness of any information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, any Bondholder, the underwriter of the 2017 Bonds, or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Specified Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Issuer has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

Notwithstanding anything to the contrary herein, the failure of the Issuer to provide any information to the Dissemination Agent by the day and/or times required hereunder shall not be an event of default or default under this Disclosure Certificate.

**10. TERMINATION.** The Issuer's obligations under this Disclosure Certificate shall cease (A) upon the legal defeasance, prior redemption, or payment in full of all of the 2017 Bonds, or (B) when the Issuer no longer remains an Obligated Person with respect to the 2017 Bonds within the meaning of the Rule, or (C) upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

**11. AMENDMENTS.** The Issuer reserves the right to amend the provisions of this Disclosure Certificate as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted by the Issuer. Any such amendment shall be made only in a manner consistent with the Rule and any amendments and interpretations thereof by the SEC. Additionally, compliance with any provision of this Disclosure Certificate may be waived. Any such amendment or waiver will not be effective unless this Disclosure Certificate (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the 2017 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Issuer shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the Issuer that is nationally recognized in the area of Federal Securities laws that the amendment or waiver would not materially impair the interests of holders or beneficial owners of the 2017 Bonds, or (ii) the written consent to the amendment or waiver of the holders of at least a majority of the principal amount of the 2017 Bonds then outstanding. Any Annual Disclosure Filing containing any amended operating data or financial information shall explain, in narrative form, the reasons for any such amendment and the impact of the change on the type of operating data or financial information being provided. Additionally, in the year in which any change in accounting principles is made, the Issuer shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Dissemination Agent shall have no duty to determine or liability for failing to determine whether any amendment or waiver pursuant to this Section 11 is consistent with guidance provided by the SEC with regard to permitted amendments, or the manner of effecting such amendments, under the Rule.

**12. OBLIGATED PERSONS.** If any person other than the Issuer becomes an Obligated Person (as defined in the Rule) relating to the 2017 Bonds, the Issuer shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**13. GOVERNING LAW.** The laws of the State of Florida shall govern the construction of this Continuing Disclosure Certificate.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2017.

ATTEST:

CITY OF PEMBROKE PINES, FLORIDA

\_\_\_\_\_  
City Clerk

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

Approved as to form  
and legality:

\_\_\_\_\_  
City Attorney

#47453513\_v6