Meeting Date: August 3, 2016

From (Dept): Finance

Signature: _____
Department Director

Approved for Agenda: _____
City Manager

Official Use Only

Reviewed by City Attorney: _____

Council Action: _____

Date: _____

SUBJECT:

Request For Approval: RESOLUTION #RES2016-16- AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER AND SEWER REVENUE NOTE, SERIES 2011, OF THE CITY; PROVIDING FOR THE ISSUANCE OF A $5,500,000 WATER AND SEWER REFUNDING REVENUE NOTE, SERIES 2016, OF THE CITY

SUMMARY EXPLANATION & BACKGROUND: This resolution is necessary to authorize the refinancing of the Rainbow Springs acquisition through BB&T, which provided the original financing in December 2011. The resolution contains the terms of the refinancing negotiated between City Council and BB&T. It is anticipated that a closing will take place on August 12, 2016

FISCAL INFORMATION: 10 year term at 2.54% interest per annum

PROCUREMENT METHOD:

PURCHASE REQUISITION NUMBER:

RECOMMENDED ACTION: Authorize Mayor to sign Resolution #RES2016-16

Initiated by: JS

#RES2016-16

A RESOLUTION OF THE CITY OF DUNNELLON, FLORIDA, AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER AND SEWER REVENUE NOTE, SERIES 2011, OF THE CITY; PROVIDING FOR THE ISSUANCE OF A $5,500,000 WATER AND SEWER REFUNDING REVENUE NOTE, SERIES 2016, OF THE CITY TO BE APPLIED TO FINANCE THE COST THEREOF; PROVIDING FOR THE PAYMENT OF SUCH NOTE FROM THE NET REVENUES OF THE WATER AND SEWER SYSTEM OF THE CITY AND CERTAIN GRANT FUNDS; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DUNNELLON, FLORIDA:

ARTICLE I

AUTHORITY, DEFINITIONS AND FINDINGS

SECTION 1.01 AUTHORITY. This Resolution is adopted pursuant to the provisions of Chapter 166, Part II, Florida Statutes, and other applicable provisions of law, the Original Resolution and the Refunded Series 2011 Note Resolution.

SECTION 1.02 DEFINITIONS. Unless the context otherwise requires, the terms defined in this section shall have the meanings specified in this section. Terms not otherwise defined in this Section shall have the meanings specified in the Original Resolution and, if applicable, the Refunded Series 2011 Note Resolution. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Bank" shall mean Branch Banking and Trust Company, which is the holder of the Refunded Series 2011 Note.

"Holder of the Series 2016 Note," "Series 2016 Noteholder," "Registered Owner" or any similar term shall mean any person who shall be the owner of the Series 2016 Note as shown on the registration books of the City maintained by the Series 2016 Note Registrar.

"Original Resolution" shall mean Resolution No. 2010-22 of the Council.

"Outstanding Parity Bonds" shall mean the outstanding Water and Sewer Revenue Bond, Series 2010A, and the outstanding Water and Sewer Refunding Revenue Bond, Series 2013, of the City.

"Refunded Series 2011 Note" shall mean the Water and Sewer Revenue Note, Series 2011, of the City.

"Refunded Series 2011 Note Resolution" shall mean Resolution No. 2011-27 of the Council.

"Series 2016 Note" shall mean the Water and Sewer Refunding Revenue Note, Series 2016, herein authorized to be issued.

"Series 2016 Note Registrar" shall mean the City Clerk of the City.

SECTION 1.03 FINDINGS. It is hereby ascertained, determined and declared that:

A. The City and the Bank have agreed to modify certain provisions of the Refunded Series 2011 Note, but to keep the remaining terms the same. This agreement will be implemented by the issuance of the Series 2016 Note in exchange for surrender and cancellation of the Refunded Series 2011 Note in accordance with this Resolution.

B. The Bank has waived all prepayment formalities and penalties for the Refunded Series 2011 Note, provided the Series 2016 Note is issued and delivered to the Bank and the Bank is paid all accrued and unpaid interest on the Refunded Series 2011 Note on the date of issuance of the Series 2016 Note. The Bank will acknowledge that the Refunded Series 2011 Note will be prepaid through the issuance and delivery of the Series 2016 Note to the Bank.

C. The estimated Pledged Revenues will be sufficient to pay all principal of and interest on the Series 2016 Note and the Outstanding Parity Bonds, as the same become due, and to make all required and applicable sinking fund, reserve or other payments required by this Resolution, the Refunded Series 2011 Note Resolution and the Original Resolution.

D. The City will receive, prior to the sale of the Series 2016 Note, disclosure and truth-in-bonding statements as required by Section 218.385, Florida Statutes.

E. Because of the favorable agreement between the City and the Bank regarding the exchange of the Refunded Series 2011 Note for the Series 2016 Note, it is in the best interest of the City to approve a negotiated sale of the Series 2016 Note to the Bank upon the terms, conditions and limitations set forth herein.

F. The Series 2016 Note will be deemed an "obligation" of a "municipal utility" within the meaning of Section 215.84(8), Florida Statutes, so no interest rate limit contained in Section 215.84, Florida Statutes, is applicable to the Series 2016 Note.

G. The Series 2016 Note will be deemed or designated a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code

SECTION 1.04 RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2016 Note authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution, applicable provisions of the Refunded Series 2011 Note Resolution, and the Original Resolution, shall be deemed to be and shall constitute a contract between the City and such Series 2016 Noteholder.

ARTICLE II

AUTHORIZATION OF REFUNDING AND ISSUANCE OF NOTE; DESCRIPTION, DETAILS AND FORM OF NOTE

SECTION 2.01 AUTHORIZATION OF REFUNDING. There is hereby authorized the refunding of the Refunded Series 2011 Note, as described in this Resolution.

SECTION 2.02 AUTHORIZATION OF NOTE. Subject and pursuant to the provisions of this Resolution, an obligation of the City to be known as a "Water and Sewer Refunding Revenue Note, Series 2016," herein the "Series 2016 Note," is hereby authorized to be issued in the principal amount of $5,500,000.

SECTION 2.03 DESCRIPTION OF NOTE. The Series 2016 Note shall be issued in the form of a single, fully registered Series 2016 Note; shall be dated August 12, 2016, and shall have the same features and attributes as in the Refunded Series 2011 Note Resolution and the Refunded Series 2011 Note, except the Series 2016 Note shall bear interest at the rate per annum, mature, be payable and subject to prepayment as set forth in the Series 2016 Note, which shall be substantially in the form set forth in Section 2.05 below.

SECTION 2.04 EXECUTION OF NOTE. The Series 2016 Note shall be executed in the name of the City by its Mayor and attested and countersigned by its City Clerk, either manually or with their facsimile signatures, and the corporate seal of the City or a facsimile thereof shall be affixed thereto or reproduced thereon. The Certificate of Authentication of the Series 2016 Note Registrar shall appear on the Series 2016 Note, and the Series 2016 Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless such certificate shall have been duly executed on such Series 2016 Note. The authorized signature for the Series 2016 Note Registrar shall be either manual or in facsimile; provided, however, that at least one of the above signatures, including that of the authorized signature for the Series 2016 Note Registrar, appearing on the Series 2016 Note shall at all times be a manual signature. In case any one or more of the officers who shall have signed or sealed the Series 2016 Note shall cease to be such officer of the City before the Series 2016 Note so signed and sealed shall have been actually sold and delivered, the Series 2016 Note may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed the Series 2016 Note had not ceased to hold such office. The Series 2016 Note may be signed and sealed on behalf of the City by such person as at the actual time of the execution of the Series 2016 Note shall hold the proper office, although at the date of the Series 2016 Note, such person may not have held such office or may not have been so authorized.

SECTION 2.05 NOTE FORM. The text of the Series 2016 Note, together with the Certificate of Authentication of the Series 2016 Note Registrar, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this Resolution:

This Water and Sewer Refunding Revenue Note, Series 2016, is delivered to the Registered Owner in exchange for and cancellation of the outstanding Water and Sewer Revenue Note, Series 2011, of the City, and by acceptance of this Water and Sewer Refunding Revenue Note, Series 2016, the Registered Owner acknowledges and agrees to the same.

$5,500,000

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF MARION
CITY OF DUNNELLON
WATER AND SEWER REFUNDING REVENUE NOTE, SERIES 2016

KNOW ALL MEN BY THESE PRESENTS, that the City of Dunnellon, Florida (the "City"), for value received hereby promises to pay to Branch Banking and Trust Company, or registered assigns (the "Registered Owner"), solely from the special funds described below, the principal sum specified above, on December 1 in the years and in the principal installments as follows:

Year	Amount	Year	Amount
2016	$440,000	2021	$570,000
2017	460,000	2022	600,000
2018	490,000	2023	620,000
2019	520,000	2024	630,000
2020	540,000	2025	630,000

and to pay, solely from such special funds, interest (calculated on a 30/360-day year basis) on the balance of such principal sum remaining unpaid, at the rate of 2.54% per annum (subject to adjustment as provided in Resolution No. 2011-27 of the City Council of the City), payable on December 1, 2016, and semiannually thereafter on each June 1 and December 1 of each year, until paid in full, by check or draft mailed to the Registered Owner at his address as it appears on the registration books at 5:00 p.m. (eastern time) on the Record Date (as defined in the Resolution, described and defined below), or at the option of the City, by wire transfer to the Registered Owner in accordance with wire instructions furnished by the Registered Owner to the City at least one business day before the payment date, or other mutually acceptable means. The principal of and interest on this Series 2016 Note are payable in lawful money of the United States of America. Upon final payment of principal and interest, this Series 2016 Note shall be surrendered to the City.

This Series 2016 Note is issued to refinance the cost of the acquisition and/or construction of certain additions, extensions and improvements to the combined water and sewer system of the City, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, other applicable provisions of law and

Resolution Nos. 2010-22, 2011-27 and RES2016-__of the City Council of the City adopted on December 16, 2010, December 28, 2011, and August 8, 2016, respectively (collectively, the "Resolution"); and is subject to all the terms and conditions of the Resolution.

This Series 2016 Note and the interest thereon are payable solely from and secured by a prior lien upon and pledge of the net revenues derived by the City from the operation of the System and the Grant Funds, each as defined in the Resolution, on a parity with the lien thereon in favor of the holders of the outstanding Water and Sewer Revenue Bond, Series 2010A, and Water and Sewer Refunding Revenue Bond, Series 2013, of the City.

It is expressly agreed by the holder of this Series 2016 Note that such holder shall never have the right to require or compel the levy of ad valorem taxes for the payment of the principal of and interest on this Series 2016 Note or for the making of any sinking fund or other payment specified in the Resolution. This Series 2016 Note and the indebtedness evidenced thereby shall not constitute a lien upon any other property of or in the City, but shall constitute a lien only upon the net revenues of the System and Grant Funds, in the manner and to the extent provided in the Resolution.

This Series 2016 Note may be transferred only upon the books of the City kept by the Series 2016 Note Registrar (as defined in the Resolution) upon surrender thereof at the principal office of the Series 2016 Note Registrar with an assignment duly executed by the Registered Owner or its duly authorized attorney, but only in the manner, subject to the limitations and upon payment of a sum sufficient to cover any tax, fee or governmental charge, if any, that may be imposed in connection with any such transfer, as provided in the Resolution. Upon any such transfer, there shall be executed in the name of the transferee, and the Series 2016 Note Registrar shall deliver, a new registered note in the same principal amount, series, maturity and interest rate as this Series 2016 Note.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in connection with the issuance of this Series 2016 Note exist, have happened and have been performed in regular and due form and time as required by the Statutes and Constitution of the State of Florida applicable thereto; and that the issuance of this Series 2016 Note does not violate any constitutional or statutory limitation.

The outstanding principal payment installments of this Series 2016 Note may be prepaid prior to their respective payment dates, in whole but not in part, on any scheduled payment date, at the option of the City, at the price of par and accrued interest to the date of prepayment, without premium.

Notice of such optional prepayment shall, at least 5 business days prior to the prepayment date, be hand-delivered, telecopied (evidenced by a written transmission report) or e-mailed (evidenced by a written return receipt) by the Series 2016 Note Registrar to the Registered Owner of this Series 2016 Note at its address as it appears of record on the books of the Series 2016 Note Registrar as of 15 days prior to the date fixed for prepayment. Interest shall cease to accrue on the principal amount of this Series 2016 Note duly called for prepayment on the prepayment date, if payment thereof has been duly provided. Under such circumstances the privilege of transfer of this Series 2016 Note shall be suspended.

This Series 2016 Note is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Laws of the State of Florida.

This Series 2016 Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the certificate of authentication hereon shall have been executed by the Series 2016 Note Registrar.

IN WITNESS WHEREOF, the City of Dunnellon, Florida, has issued this Series 2016 Note and has caused the same to be executed by its Mayor, and countersigned and attested by its City Clerk, and its corporate seal to be impressed, imprinted or otherwise reproduced hereon, all as of August 12, 2016.

CITY OF DUNNELLON, FLORIDA

(SEAL)

By:_____
NATHAN WHITT, Mayor

ATTESTED AND COUNTERSIGNED:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION OF NOTE REGISTRAR

This Series 2016 Note represents the issue described in the Resolution.

CITY CLERK
As Series 2016 Note Registrar

_____
Dawn M. Bowne

Date of Authentication: August 12, 2016

The following abbreviations, when used in the inscription on the face of this Series 2016 Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM –as tenants in common	JT TEN – as joint tenants with right of survivorship and not as tenants in common
TEN ENT –as tenants by the entireties	Additional abbreviations may also be used though not in this list.

UNIF GIF/TRANS MIN ACT - _____
(Cust.)

Custodian for _____
(Minor)

under Uniform Gifts/Transfers to Minors Act of _____
(State)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____

_____

_____ (PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE) this Series 2016 Note and does hereby irrevocably constitute and appoint _____ as his agent to transfer this Series 2016 Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the Series 2016 Note in every particular, without alteration or enlargement or change whatever.

Signature guaranteed:

_____

Signature guarantee by guarantor institution participating in Securities Transfer Agents Medallion Program, or in other guarantee program acceptable to Series 2016 Note Registrar

ARTICLE III

SALE OF NOTE

SECTION 3.01 SALE OF NOTE. Subject to receipt of disclosure and truth-in-bonding statements, as required by Section 218.385, Florida Statutes, the Series 2016 Note in the principal amount of $5,500,000 is hereby awarded and sold to the Bank at the price of par through (a) simultaneous exchange of it for the Refunded Series 2011 Note surrendered by the Bank on the date of issuance of the Series 2016 Note, (b) delivery by the Bank of sale proceeds equal to $30,000, the amount allocated for costs of issuance of the Series 2016 Note and (c) payment by the City of accrued and unpaid interest on the Refunded Series 2011 Note on the date of issuance of the Series 2016 Note.

ARTICLE IV

OTHER RESOLUTIONS

SECTION 4.01 APPLICATION OF OTHER RESOLUTIONS. The Series 2016 Note shall for all purposes be considered to be an Additional Parity Bond issued under the authority of the Original Resolution and shall be entitled to all the protection, security, rights and privileges enjoyed by the Outstanding Parity Bonds. All provisions of the Refunded Series 2011 Note Resolution not inconsistent with the provisions of this Resolution shall apply to the Series 2016 Note as if incorporated herein. In the case of any inconsistency, the provisions of this Resolution shall control.

Neither the Series 2016 Note nor the interest thereon shall be or constitute a general indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from and secured by a prior lien upon and a pledge of the Pledged Revenues on a parity with the lien thereon in favor of the holders of the Outstanding Parity Bonds. The Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the City or taxation in any form of any property therein for payment thereof, or be entitled to payment of such principal and interest from any other funds of the City, except from the Pledged Revenues.

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.01 MODIFICATION OR AMENDMENT. No adverse material modification or amendment of this Resolution or of any ordinance or resolution amendatory hereof or supplemental hereto may be made without the consent in writing of the Holder of the Series 2016 Note.

SECTION 5.02 SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2016 Note.

SECTION 5.03 DEFEASANCE. If, at any time, the City shall have paid, or shall have made provision for the payment of, the principal and interest with respect to the Series 2016 Note, then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the Series 2016 Noteholder shall be no longer in effect. For purposes of the preceding sentence, deposit of sufficient cash and/or principal and interest of Federal Securities in irrevocable trust with a banking institution or trust company, for the sole benefit of the Series 2016 Noteholder, to make timely payment of the principal and interest on the outstanding Series 2016 Note, shall be considered "provision for payment."

SECTION 5.04 INTERESTED PARTIES. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Series 2016 Note Registrar or any other paying agent and the Holder, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements contained in this Resolution, by and on behalf of the City, shall be for the sole and exclusive benefit of the City, the Series 2016 Note Registrar or any other paying agent and the Holder.

SECTION 5.05 UNCLAIMED MONEY. Notwithstanding any provisions of this Resolution, and if the paying agent shall be a banking institution, any money held by the paying agent for the payment of the principal or redemption or prepayment price of, or interest on the Series 2016 Note and remaining unclaimed for one year (or such shorter period as shall prevent the escheat of such money to the State of Florida) after the applicable date or dates when such principal, redemption or prepayment price or interest has become due and payable (whether at maturity, call for redemption or prepayment or otherwise), if such money were so held at such date or dates, or one year (or such shorter period as shall prevent the escheat of such money to the State of Florida) after the date or dates of deposit of such money if deposited after such date or dates, shall be repaid to the City free from the provisions of this Resolution, and all liability of the paying agent with respect to such money shall thereupon cease; provided, however, that before the repayment of such money to the City as aforesaid, the paying agent first mail a notice, in such form as may be deemed appropriate by the paying agent,

with respect to the Series 2016 Note so payable and not presented, or unclaimed interest thereon, and with respect to the provisions relating to the repayment to the City of the money held for the payment thereof.

SECTION 5.06 NECESSARY ACTION. The officers of the City are hereby designated agents of the City in connection with the issuance of the Series 2016 Note, and are authorized and empowered, individually or collectively, to take all action and steps and to execute and deliver any and all instruments, documents or contracts on behalf of the City which are required by this Resolution and/or are necessary and desirable in connection with the execution and delivery of the Series 2016 Note, and which are not inconsistent with this Resolution and any other action relating to the Series 2016 Note.

SECTION 5.07 REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 5.08 EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

PASSED by the City Council of the City of Dunnellon, Florida, this 8th day of August, 2016.

(SEAL)

CITY COUNCIL OF THE CITY OF DUNNELLON, FLORIDA

ATTEST:

By: _____
NATHAN WHITT, Mayor

_____
City Clerk

APPROVED AS TO FORM AND CONTENT:

_____
City Attorney