

**GULF BREEZE CITY COUNCIL
EXECUTIVE SESSION AGENDA**

**DECEMBER 11, 2013
WEDNESDAY, 6:30 P.M.
COUNCIL CHAMBERS**

ACTION AGENDA ITEMS:

- A. Discussion and Action Regarding Third Annual Holiday Decoration Awards
- B. Discussion and Action Regarding Completion of Eagle Project
- C. Discussion and Action Regarding City Water and Sewer Rate Increase
Resolution 44-13 and 45-13
- D. Discussion and Action Regarding Additional Capital Trust Agency Bond Programs:
Living Ventures Consortium Group One – Resolution 37-13; Living Ventures
Consortium Group Two – Resolution 38-13; LVI RD Melbourne – Resolution 39-13;
LVI RD New Smyrna Beach – Resolution 40-13; Rimrock Devlin, LLC – Resolution 41-
13, and HC-Jensen Beach, LLC – Resolution 42-13
- E. Discussion and Action Regarding Purchase of Two New Police Vehicles
- F. Discussion and Action Regarding Repair of Bahama Bay Lift Station
- G. Discussion and Action Regarding Replacement of Dead Trees along St. Francis Drive
- H. Discussion and Action Regarding Adjustment to the Police Officers Retirement Plan 2012-
2013
- I. Discussion and Action Regarding Selection of Auditors for 2014
- J. Information Items
- K. Public Forum

If any person decides to appeal any decisions made with respect to any matter considered at this meeting or public hearing, such person may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and any evidence upon which the appeal is to be based. The public is invited to comment on matters before the City Council upon seeking and receiving recognition from the Chair.

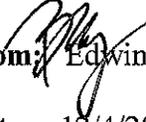


City of Gulf Breeze

OFFICE OF THE CITY MANAGER

Memorandum

To: Mayor and City Council

From:  Edwin A. Eddy, City Manager

Date: 12/4/2013

Subject: Third Annual Holiday Decoration Awards

The City's Beautification Committee recognizes several homeowners for house and yard holiday decorations. The Beautification Committee will meet on Sunday, December 7th and make their selections. The Committee will present the awards at the December 16th Council meeting.

RECOMMENDATION:

THAT THE CITY COUNCIL RECOGNIZE THE BEAUTIFICATION COMMITTEE ON DECEMBER 16TH TO ALLOW THE COMMITTEE TO DISTRIBUTE THE 3rd ANNUAL HOLIDAY DECORATION AWARDS.



City of Gulf Breeze

MEMORANDUM

To : Mayor and City Council
From :  Edwin A. Eddy, City Manager
Date : December 6, 2013
Subject: **Completion of Eagle Project**

Eagle Scout Candidate Connor Harris appeared before the City Council to describe and seek approval for his Eagle project. Mr. Harris proposed to install benches and waste and dog bag receptacles along the new sidewalk from City Hall to the boat ramp road. City Council approved the project which was completed in November.

Connor will appear at the December 16, 2013, City Council meeting.



City of Gulf Breeze

MEMORANDUM

TO: Edwin A. Eddy, City Manager

FROM: Thomas E. Lambert, Assistant Director of Public Services

DATE: December 5, 2012

RE: Rate Increase Hearing

Attached are the resolutions and recommended rate increases for the City Water & Sewer fund as well as the South Santa Rosa Utility System fund.

The recommendations are for two years and include a plan to move the Water & Sewer fund to revenue sufficiency. The City has for the past few years borrowed from reserves to cover operating and capital expenses.

The South Santa Rosa Utility System Board recommended an increase to the base fee for sewer only. This increase will move towards the goal of the sewer system supporting itself instead of depending on the reserves generated by the water customers.

The notice has been completed on all cycle bills in accordance with the Florida Statutes. The increase will be effective with the bills produced after December 20, 2013.

RECOMMENDATION: City Council adopt Resolutions 44-13, and 45-13 for the City Water & Sewer fund and the SSRUS fund rate increases and during the public hearing to be held on December 16, 2013.

CITY RATE HISTORY COMPARISON (ALL DATA BASED ON 3/4" METER)

	2009	2010	2011	2012	2013	2014	2015
Water Volumetric	2.57	2.57	2.65	2.70	2.75	2.90	3.05
Sewer Volumetric	3.64	3.64	3.68	3.68	3.90	4.10	4.30
Water Base Fee	9.14	9.14	9.41	9.41	10.41	11.41	12.00
Sewer Base Fee	10.13	11.25	11.59	13.09	14.60	16.00	17.00

**THE EFFECT OF THE PROPOSED RATE INCREASE ON CITY
WATER & SEWER CUSTOMER**

Gallons Used	2013	FY2014 Proposed	2014 % Incr	FY2015 Proposed	% Incr
1000	\$31.66	\$34.41	8.69%	\$36.35	5.64%
3000	\$44.96	\$48.41	7.67%	\$51.05	5.45%
4000	\$51.61	\$55.41	7.36%	\$58.40	5.40%
5000	\$58.26	\$62.41	7.12%	\$65.75	5.35%
6000	\$64.91	\$69.41	6.93%	\$73.10	5.32%
7000	\$71.56	\$76.41	6.78%	\$80.45	5.29%
10000	\$91.51	\$97.41	6.45%	\$102.50	5.23%
Income Generated	\$	2,047,786.21		\$	2,150,065.63
Reserves	\$	(74,072.79)		\$	(14,890.55)

**SOUTH SANTA ROSA UTILITY SYSTEM RATE HISTORY COMPARISON (ALL
DATA BASED ON 3/4" METER)**

	2009	2010	2011	2012	2013	2014	2015
Water Volumetric	2.57	2.70	2.70	2.75	2.75	2.90	3.05
Sewer Volumetric	3.71	3.90	4.02	4.02	4.02	4.22	4.42
Water Base Fee	11.84	12.90	12.90	13.90	13.90	13.90	13.90
Sewer Base Fee	11.58	13.70	14.11	15.61	16.11	17.46	17.46

**THE EFFECT OF THE PROPOSED RATE INCREASE ON SSRUS
WATER & SEWER CUSTOMER**

Gallons Used	2013	FY2014 Proposed	2014 % Incr	FY2015 Proposed	% Incr
1000	\$36.78	\$38.36	4.30%	\$38.63	0.70%
3000	\$50.32	\$52.36	4.05%	\$53.17	1.55%
4000	\$57.09	\$59.36	3.98%	\$60.44	1.82%
5000	\$63.86	\$66.36	3.91%	\$67.71	2.03%
6000	\$70.63	\$73.36	3.87%	\$74.98	2.21%
7000	\$77.40	\$80.36	3.82%	\$82.25	2.35%
10000	\$97.71	\$101.36	3.74%	\$104.06	2.66%
Income Generated	\$	4,718,738.09		\$	4,807,628.36
Reserves	\$	317,938.09		\$	313,492.36

RESOLUTION 44-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA, INCREASING WATER AND SEWER RATES FOR UTILITY CUSTOMERS IN THE CITY OF GULF BREEZE.

WHEREAS, the City of Gulf Breeze provides water and wastewater service to the residents within the city limits of the City of Gulf Breeze and must rely upon water and sewer rates to pay for the costs to operate the system and provide for adequate reserves; and,

WHEREAS, the City Council has determined that operating costs, including but not limited to personnel costs and the purchase of energy, have increased; and,

WHEREAS, the City Council has determined that the current operating revenues cannot support the current level of service, even with the cost cutting measures already taken; and

WHEREAS, the City Council held a Public Hearing on Monday, December 16, 2013 on this matter.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA AS FOLLOWS:

SECTION 1: The water and sewer charges for City of Gulf Breeze customers are hereby increased as listed in Exhibit 'A'. Said increase to be implemented commencing with bills produced after December 20, 2013.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, SANTA ROSA COUNTY, FLORIDA on this _____ day of _____, 2013.

Mayor

ATTEST

City Clerk

**EXHIBIT 'A' Res. 44-13
CITY WATER AND SEWER
PROPOSED RATE INCREASES**

VOLUMETRIC RATES PER THOUSAND GALLONS

	Current	Increase	2014	Increase	2015
Water	\$2.75	\$0.15	\$2.90	\$0.15	\$3.05
Sewer	\$3.90	\$0.20	\$4.10	\$0.20	\$4.30

Residential - Water Base Fee

Meter Size	2013 Base Fee	Increased By	2014 New Base Fee	Increased By	2015 New Base Fee
3/4"	\$10.41	\$1.00	\$11.41	\$0.59	\$12.00
1"	\$18.79	\$1.33	\$20.13	\$0.79	\$20.91
1 1/2"	\$47.67	\$2.00	\$49.67	\$1.18	\$50.85
2"	\$77.06	\$2.67	\$79.72	\$1.57	\$81.30
3"	\$155.33	\$4.00	\$159.33	\$2.36	\$161.69
4"	\$233.61	\$5.33	\$238.94	\$3.15	\$242.09
6"	\$462.67	\$8.00	\$470.67	\$4.72	\$475.39

Residential - Sewer Base Fee

Meter Size	2013 Base Fee	Increased By	2014 New Base Fee	Increased By	2015 New Base Fee
3/4"	\$14.60	\$1.40	\$16.00	\$1.00	\$17.00
1"	\$26.28	\$1.87	\$28.15	\$1.33	\$29.48
1 1/2"	\$61.76	\$2.80	\$64.56	\$2.00	\$66.56
2"	\$98.35	\$3.73	\$102.09	\$2.67	\$104.75
3"	\$195.03	\$5.60	\$200.63	\$4.00	\$204.63
4"	\$289.28	\$7.47	\$296.75	\$5.33	\$302.08
6"	\$561.41	\$11.20	\$572.61	\$8.00	\$580.61

Commercial - Water Base Fee

Meter Size	2013 New Base Fee	Increased By	2014 New Base Fee	Increased By	2015 New Base Fee
3/4"	\$10.41	\$1.00	\$11.41	\$0.59	\$12.00
1"	\$18.79	\$1.33	\$20.13	\$0.79	\$20.91
1 1/2"	\$47.67	\$2.00	\$49.67	\$1.18	\$50.85
2"	\$77.06	\$2.67	\$79.72	\$1.57	\$81.30
3"	\$155.33	\$4.00	\$159.33	\$2.36	\$161.69
4"	\$233.61	\$5.33	\$238.94	\$3.15	\$242.09
6"	\$462.67	\$8.00	\$470.67	\$4.72	\$475.39

Commercial - Sewer Base Fee

Meter Size	2013 New Base Fee	Increased By	2014 New Base Fee	Increased By	2015 New Base Fee
3/4"	\$14.60	\$1.40	\$16.00	\$1.00	\$17.00
1"	\$26.28	\$1.87	\$28.15	\$1.33	\$29.48
1 1/2"	\$61.76	\$2.80	\$64.56	\$2.00	\$66.56
2"	\$98.35	\$3.73	\$102.09	\$2.67	\$104.75
3"	\$195.03	\$5.60	\$200.63	\$4.00	\$204.63
4"	\$289.28	\$7.47	\$296.75	\$5.33	\$302.08
6"	\$561.41	\$11.20	\$572.61	\$8.00	\$580.61

RESOLUTION 45-13

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE,
FLORIDA, INCREASING SEWER RATES FOR UTILITY CUSTOMERS IN
THE SOUTH SANTA ROSA UTILITY SYSTEM.**

WHEREAS, the City of Gulf Breeze provides water and wastewater service to the residents within the South Santa Rosa Utility System and must rely upon water and sewer rates to pay for the costs to operate the system and provide for adequate reserves; and,

WHEREAS, the City Council has determined that operating costs, including but not limited to personnel costs and the, purchase of energy, have increased; and,

WHEREAS, the City Council has been advised by the South Santa Rosa Utility Board that the current base charges for wastewater should be increased; and

WHEREAS, The Florida Rural Water Association has recommended through the rate study conducted in 2012 that the utility no longer include usage in its base fee.

WHEREAS, the City Council held a Public Hearing on Monday, December 16, 2013 on this matter.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF GULF BREEZE, FLORIDA AS FOLLOWS:**

SECTION 1: The sewer and reclaimed charges for the South Santa Rosa Utility System are hereby increased as listed in Exhibit 'A' along with removing the 3,000 gallons of monthly water and sewer usage included in the commercial base fee. Said changes to be implemented commencing with bills produced after December 20, 2013.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF
GULF BREEZE, SANTA ROSA COUNTY, FLORIDA** on this _____ day of
_____, 2013.

Mayor

ATTEST

City Clerk

EXHIBIT 'A' Res. 45-13

PROPOSED WATER AND SEWER RATES

SOUTH SANTA ROSA UTILITY SYSTEM

VOLUMETRIC RATES PER THOUSAND GALLONS

	Current	Increase	2014
Water	\$2.75	\$0.15	\$2.90
Sewer	\$4.02	\$0.20	\$4.22

Increase	2015
\$0.15	\$3.05
\$0.20	\$4.42

Residential - Water Base Fee

Meter Size	2013 Base Fee	Increased By	2014 Base Fee
3/4"	\$13.90	\$0.00	\$13.90
1"	\$25.27	\$0.00	\$25.27
1 1/2"	\$64.62	\$0.00	\$64.62
2"	\$104.67	\$0.00	\$104.67
3"	\$211.52	\$0.00	\$211.52
4"	\$318.37	\$0.00	\$318.37
6"	\$631.48	\$0.00	\$631.48

Increased By	2015 New Base Fee
\$0.00	\$13.90
\$0.00	\$25.27
\$0.00	\$64.62
\$0.00	\$104.67
\$0.00	\$211.52
\$0.00	\$318.37
\$0.00	\$631.48

Residential - Sewer Base Fee

Meter Size	2013 Base Fee	Increased By	2014 Base Fee
3/4"	\$16.11	\$1.35	\$17.46
1"	\$29.91	\$1.80	\$31.71
1 1/2"	\$72.52	\$2.70	\$75.22
2"	\$116.93	\$3.60	\$120.53
3"	\$235.25	\$5.40	\$240.65
4"	\$353.47	\$7.20	\$360.67
6"	\$697.17	\$10.80	\$707.97

Increased By	2015 New Base Fee
\$0.00	\$17.46
\$0.00	\$31.71
\$0.00	\$75.22
\$0.00	\$120.53
\$0.00	\$240.65
\$0.00	\$360.67
\$0.00	\$707.97

Commercial - Water Base Fee

Meter Size	2013 Base Fee	Increased By	2014 Base Fee
3/4"	\$13.90	\$0.00	\$13.90
1"	\$25.27	\$0.00	\$25.27
1 1/2"	\$64.62	\$0.00	\$64.62
2"	\$104.67	\$0.00	\$104.67
3"	\$211.52	\$0.00	\$211.52
4"	\$318.37	\$0.00	\$318.37
6"	\$631.48	\$0.00	\$631.48

Increased By	2015 New Base Fee
\$0.00	\$13.90
\$0.00	\$25.27
\$0.00	\$64.62
\$0.00	\$104.67
\$0.00	\$211.52
\$0.00	\$318.37
\$0.00	\$631.48

Commercial - Sewer Base Fee

Meter Size	2013 Base Fee	Increased By	2014 Base Fee
3/4"	\$16.11	\$1.35	\$17.46
1"	\$29.91	\$1.80	\$31.71
1 1/2"	\$72.52	\$2.70	\$75.22
2"	\$116.93	\$3.60	\$120.53
3"	\$235.25	\$5.40	\$240.65
4"	\$353.47	\$7.20	\$360.67
6"	\$697.17	\$10.80	\$707.97

Increased By	2015 New Base Fee
\$0.00	\$17.46
\$0.00	\$31.71
\$0.00	\$75.22
\$0.00	\$120.53
\$0.00	\$240.65
\$0.00	\$360.67
\$0.00	\$707.97

Reclaimed Rates

	2013 Base Fee	Increased By	2014 Base Fee
	\$6.00	\$0.00	\$6.00



City of Gulf Breeze

OFFICE OF THE CITY MANAGER

MEMORANDUM

To : Mayor and City Council
From :  Edwin A. Eddy, City Manager
Date : December 6, 2013
Subject: Additional Capital Trust Agency Bond Programs

As reported at the November 25, 2013, Executive Session, the Capital Trust Agency has provided inducement for several projects which are under review at the present time. The projects are each in the application stage for allocations of private activity financing from the State of Florida.

At this point, CTA staff is involved in conducting TEFRA Hearings in the project locations around the State and evaluating the feasibility of each project. The CTA Board will have to act on a final Resolution for each project.

The City Council should consider a Resolution for each project on December 16, 2013. Each Resolution, if adopted, approves a plan of finance for each project, an amendment to the Interlocal Agreement with the Town of Century for each project as required and authorizes CTA to issue bonds.

More information about each project is provided below. (Except for the Rimrock and Jensen Beach projects, this information has been excerpted from the City Attorney's letter to the Century Town Council.)

Living Ventures Consortium Group One
(Resolution 37-13; Amendment No. 49 to Interlocal Agreement)

CTA requests your approval of a bond issuance to facilitate financing the acquisition, construction, installation and equipping by Living Ventures Consortium Group One, LLC, (referred to in this segment as the "developer," a related entity to LVI) of four senior living facilities to be located in Cape Coral, Florida, Ft. Myers, Florida, Mesa, Arizona, and Pendleton, Indiana.

The Projects. The developer intends to build four new senior living facilities, to-wit:

- (1) Living Ventures of Cape Harbor, 5703 Cape Harbor Drive, Cape Coral, Florida, 33912;
- (2) Living Ventures of Pine Island, 3000 Northeast Pine Island Road North, Ft. Myers, Florida, 33903;
- (3) Living Ventures of Mesa, 10056 East Baseline Road, Mesa, Arizona, 85209; and
- (4) Living Ventures of Pendleton, 1300 Huntzinger Boulevard, Pendleton, Indiana, 46064.

At the juncture, it is anticipated that all four facilities will be similar with each having 120 units, 72 of which are for assisted living care and the other 48 for memory care. It is also anticipated that each of the facilities will be managed by LVM.

The Bonds. The expected project cost for each location will be approximately \$31,000,000.00 with approximately \$25,000,000.00 to come from tax-exempt and taxable bond proceeds. Thus, the anticipated costs for all four projects combined totals approximately \$124,000,000.00, with approximately \$100,000,000.00 anticipated to come from total bond proceeds. The difference between the anticipated costs and the bond proceeds is equity that is expected to be contributed by the developer. Nevertheless, the developer and CTA request that you approve the authorization of approximately \$140,000,000.00 of CTA bonds and loaning the proceeds thereof to the developer for the purposes described above.

The bonds would be issued for "private activity" purposes. Further, the developer is a for-profit entity. Accordingly, this financing is contingent upon the developer receiving private activity bond allocation from the State of Florida.

Living Ventures Consortium Group Two

(Resolution 38-13; Amendment No. 51 to Interlocal Agreement)

CTA requests your approval of a bond issuance to facilitate the financing acquisition, construction, installation and equipping by Living Ventures Consortium Group Two, LLC, (referred to in this segment as the "developer," a related entity to LVI) of two senior living facilities to be located in Cape Coral, Florida, and Ft. Myers, Florida.

The Projects. The developer intends to build two new senior living facilities, to-wit:

- (1) Living Ventures of Cove Parkway, 1701 Four Mile Cove Parkway, Cape Coral, Florida, 33990; and
- (2) Living Ventures of Summerlin, 20161 Summerlin Road, Ft. Myers, Florida, 33908.

At the juncture, it is anticipated that both facilities will be similar, with each having 120 units, 72 of which are for assisted living care and the other 48 for memory care. It is also anticipated that each of the facilities will be managed by LVM.

The Bonds. The expected project cost for each location is approximately \$31,000,000.00 with approximately \$25,000,000.00 to come from tax-exempt and taxable bond proceeds. Thus, the anticipated costs for both projects combined totals approximately \$62,000,000.00, with approximately \$50,000,000.00 anticipated to come from total bond proceeds. The difference between the anticipated costs and the bond proceeds is equity that is expected to be contributed by the developer. Nevertheless, the developer and CTA request that you approve the authorization of approximately \$70,000,000.00 of CTA bonds and loaning the proceeds thereof to the developer for the purposes described above.

The bonds would be issued for "private activity" purposes. Further, the developer is a for-profit entity. Accordingly, this financing is contingent upon the developer receiving private activity bond allocation from the State of Florida.

LVI RD Melbourne

(Resolution 39-13; Amendment No. 44 to Interlocal Agreement)

CTA requests your approval of a bond issuance to facilitate financing the acquisition, construction, development, installation and equipping by LVI RD Melbourne, LLC, ("LVI Melbourne," a subsidiary of LVI) of a senior living facility to be known as Brevard Senior Living Center to be located in Melbourne, Florida.

The Project. The developer intends to build a new senior living facility to be located at 7350 Lake Andrew Drive, Melbourne, Florida, 32940. The facility will be constructed on a 10.14 acre campus and comprised of 120 units, 72 of which will be assisted living units and 48 of which will be memory care units. It is anticipated that the facility will be managed initially by LVM.

The Bonds. The proposed financing contemplates the issuance of approximately \$23,515,000.00 of CTA tax exempt bonds and loaning the proceeds thereof to the developer for the purposes described above. Nevertheless, the developer and CTA have requested that you approve the authorization of approximately \$35,000,000.00 of CTA bonds. The bonds would be issued for "private activity" purposes and, further, the developer is a for-profit entity. Accordingly, this financing is contingent upon the developer receiving private activity bond allocation from the State of Florida.

LVI RD New Smyrna Beach

(Resolution 40-13; Amendment No. 46 to Interlocal Agreement)

CTA requests your approval of a bond issuance to facilitate the acquisition, construction, development, installation and equipping by LVI RD New Smyrna Beach, LLC, (the "LVI New

Smyrna Beach," a subsidiary of LVI) of a senior living facility to be known as New Smyrna Beach Senior Living Center to be located in Melbourne, Florida.

The Project. The developer intends to build a new senior living facility to be located at 190 South Wild Orange Drive, New Smyrna Beach, Florida, 32168. The facility will be comprised of 120 units, 72 of which will be assisted living units and 48 of which will be memory care units. It is anticipated that the facility will be managed initially by LVM.

The Bonds. The proposed financing contemplates the issuance of approximately \$23,515,000.00 of CTA tax exempt bonds and loaning the proceeds thereof to the developer for the purposes described above. Nevertheless, the developer and CTA have requested that you approve the authorization of approximately \$35,000,000.00 of CTA bonds. The bonds would be issued for "private activity" purposes and, further, the developer is a for-profit entity. Accordingly, this financing is contingent upon the developer receiving private activity bond allocation from the State of Florida.

Rimrock Devlin, LLC

(Resolution 41-13; Amendment No. 48 to Interlocal Agreement)

CTA requests your approval of a bond issuance to facilitate financing the acquisition, construction, development, installation and equipping by Rimrock Devlin, LLC, (referred to in this segment as the "developer") of three senior living facilities to be located in Lake City, Florida, St. Augustine, Florida, and Jacksonville, Florida.

The Project. The developer intends to build three new senior living facilities, to wit:

- (1) LivingVentures of Lake City, 218 Gleason Drive, Lake City, Florida, 32055;
- (2) LivingVentures of Saint Augustine, 405 Golfway Drive, Saint Augustine, Florida, 32095; and
- (3) LivingVentures of Jacksonville, 3412 University Boulevard, Jacksonville, Florida, 32211.

At this juncture, it is anticipated that all three facilities will be similar with each having 120 units, 72 of which are for assisted living care and the other 58 for memory care. It is anticipated that each of the facilities will be managed by LVM.

The Bonds. The proposed financing contemplates the issuance of approximately \$135,000,000 of CTA tax exempt bonds and loaning the proceeds thereof to the developer for the purposes described above. Nevertheless, the developer and CTA have requested that you approve the authorization of approximately \$165,000,000.00 of CTA bonds. The bonds would be issued for "private activity" purposes and, further, the developer is a for-profit entity. Accordingly, this financing is contingent upon the developer receiving private activity bond allocation from the State of Florida.

Jensen Beach

(Resolution 42-13; Amendment No. 54 to Interlocal Agreement)

CTA requests your approval of a bond issuance to facilitate financing the acquisition, construction, development, installation and equipping by One HC-Jensen Beach, LLC (Phase I Borrower) and Two HC-Jensen Beach, LLC, (Phase II Borrower) of a two phase senior living facility to be located in Jensen Beach, Florida.

The Project. The borrowers intend to build two facilities both to be located at 1537 N.E. Cedar Street, Jensen Beach, Florida 32957, to wit:

- (1) A two story approximately 117 unit senior living facility and assisted living facility;
and
- (2) A three story approximately 200 unit senior living and assisted living.

It is anticipated that both facilities will be managed by LVM.

The Bonds. It is difficult to discern from the financing application the expected project cost for the two phases discussed above. Nevertheless, the borrowers and CTA have requested that you approve the authorization of approximately \$68,000,000.00 of CTA bonds. The bonds would be issued for "private activity" purposes and, further, the borrowers are for-profit entities. Accordingly, this financing is contingent upon the borrowers receiving private activity bond allocation from the State of Florida.

RECOMMENDATION:

THAT THE FOLLOWING RESOLUTIONS BE PLACED ON THE AGENDA FOR THE DECEMBER 16, 2013, CITY COUNCIL MEETING FOR ADOPTION:

- 1. RESOLUTION 37-13 (LIVING VENTURE GROUP ONE, LLC);**
- 2. RESOLUTION 38-13 (LIVING VENTURE GROUP TWO);**
- 3. RESOLUTION 39-13 (LVI RD MELBOURNE);**
- 4. RESOLUTION 40-13 (LVI RD NEW SMYRNA BEACH);**
- 5. RESOLUTION 41-13 (RIMROCK DEVLIN, LLC); AND**
- 6. RESOLUTION 42-13 (JENSON BEACH).**

RESOLUTION 37-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA, APPROVING A PLAN OF FINANCE FOR THE COSTS OF THE ACQUISITION, CONSTRUCTION, DEVELOPMENT, IMPROVEMENT, INSTALLATION AND EQUIPPING OF SENIOR LIVING FACILITIES LOCATED IN THE STATES OF FLORIDA, ARIZONA AND INDIANA; APPROVING THE ISSUANCE OF APPROXIMATELY \$140,000,000 CAPITAL TRUST AGENCY REVENUE BONDS FOR THE PURPOSE OF FINANCING A LOAN PROGRAM TO ASSIST IN FINANCING SUCH FACILITIES; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the "City Council") of Gulf Breeze, Florida (the "City"), a municipal corporation of the State of Florida, has heretofore adopted Resolution No. 14-99 dated as of July 19, 1999 (the "Original Resolution"), and entered into an Interlocal Agreement between the City and the Town of Century, Florida, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 48 (including Amendments No. 14-A, 23-A, 24-A and 37-A) (collectively, the "Enabling Agreement"), approving the creation of the Capital Trust Agency (the "Agency"), a legal entity and a public agency of the State of Florida, organized and existing under the provisions of Chapter 163, Part I, and Chapter 159, Part II, Florida Statutes, Ordinance No. 05-97 of the City, as amended, and its Articles of Incorporation, as amended and other applicable provisions of law (collectively, the "Act"), to enable public, private and not-for-profit organizations to obtain public assistance in financing or refinancing certain beneficial projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, pursuant to the Act and in accordance with the provisions of the Original Resolution, the Agency did on October 30, 2013, take official action by adopting its preliminary resolution (the "Agency Resolution") indicating its intent to authorize the financing of the hereinafter described project, and the issuance from time to time of revenue bonds (the "Bonds") by the Agency for a loan program for the purpose, among other things, of acquiring, constructing, developing, improving, installing and equipping an approximately four (4) senior living facilities to be located in Cape Coral, Florida, Ft. Myers, Florida, Mesa, Arizona and Pendleton, Indiana, (collectively, the "Senior Living Facilities"), as described in the attached Schedule "I"; and

WHEREAS, the City has been advised that the Agency desires to issue the Bonds in an aggregate principal amount of approximately \$140,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), to finance the Senior Living Facilities on behalf of LivingVentures Consortium Group One LLC, a Florida limited liability company, or one or more of its affiliates, whose principal place of business is 9681 Gladiolus Drive, Suite 211, Ft. Myers, Florida 33908 (as applicable, the "Borrower") to fund a program herein described (the "Plan of Finance"); and

WHEREAS, the proposed Senior Living Facilities are appropriate to the needs and circumstances of the community in which they are located and will serve a public purpose by (i) providing gainful employment and making a significant contribution to the economic growth of the local community, (ii) promoting commerce within the State of Florida, (iii) providing safe, decent and accessible living facilities for the senior living community, and (iv) advancing the economic prosperity and the general welfare of the State of Florida and its people; and

WHEREAS, in order to improve health care, it is necessary and in the public interest to facilitate the financing of the Senior Living Facilities and to facilitate and encourage the planning and development of such Senior Living Facilities without regard to the boundaries between counties, municipalities, special districts, and other local governmental bodies or agencies in order to more effectively and efficiently serve the interests of the greatest number of people in the widest area practicable; and

WHEREAS, the public purposes to be achieved by such Senior Living Facilities and the financing or refinancing thereof in compliance with the criteria and requirements of Chapter 159, Part II, Florida Statutes, as amended, implement the governmental purposes under the Florida Constitution of providing for the health, safety, and welfare of the people of the State of Florida; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires public approval of certain revenue bonds by an applicable elected representative or governmental unit on behalf of which such bonds are to be issued, following a public hearing; and

WHEREAS, (i) notice of such public hearing was given in the form required by the Code by publication at least fourteen (14) days prior to such public hearing in the *Pensacola News Journal* on November 26, 2013 and (ii) the Bonds and the Plan of Finance have been submitted to such public hearing held on behalf of the City Council on December 11, 2013; and

WHEREAS, the City Manager has conducted the public hearing on behalf of the City Council and provided reasonable opportunity for all interested persons to express their views, both orally and in writing, and diligently and conscientiously considered all comments and concerns expressed by such individuals, if any; and

WHEREAS, the City Council desires to approve the Bonds and the issuance and sale thereof pursuant to the Plan of Finance and to grant all approvals required or contemplated by Section 147(f) of the Code, to express its approval of the action taken by the Agency and its officials pursuant to the Agency Resolution, and to grant all other approvals required by the Enabling Agreement, as amended, and the Original Resolution in connection with the issuance and sale of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. PUBLIC HEARING NOTICE AND REPORT APPROVED.

The City Council hereby approves the form of and the manner of publication of the Notice of Public Hearing (the "Notice") published on November 26, 2013 in the *Pensacola News Journal*, a newspaper of general circulation in the jurisdiction of the City. The City Council hereby approves the report of the public hearing conducted by the City Manager, a copy of which is attached as Exhibit "A" hereto. Such Notice and other means and methods utilized by the City to give notice of purpose, time and date of the public hearing provided reasonable notice sufficient to inform residents of the City of the proposed Bonds.

SECTION 2. BONDS AND PLAN OF FINANCE APPROVED.

For purposes of the Act, the City hereby approves the Plan of Finance described herein, and the issuance of the Bonds described in the Notice. The Agency and its officers, employees, agents and attorneys are hereby authorized from time to time to take all action, to execute and deliver such authorizations, approvals, certificates and documents, and to enter into, on behalf of the Agency, all interlocal agreements, repurchase agreements, bond credit or insurance agreements, reimbursement agreements, and other agreements, approvals or instruments deemed necessary or convenient to effect, implement, maintain and continue the Plan of Finance, the financing or refinancing of the Senior Living Facilities through the issuance from time to time of the Bonds and the purposes for which the Bonds are to be issued. No obligation of the Agency under any such agreement shall constitute an obligation of the City except to the extent the same may be expressly approved by the City. The Bonds shall be limited and special obligations of the Agency, and shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of the City.

SECTION 3. AMENDMENT NO. 49 TO THE ENABLING AGREEMENT RATIFIED.

Pursuant to the Enabling Agreement, there is hereby approved the execution and delivery of Amendment No. 49 to the Enabling Agreement (the "Amendment") to effect the approvals set forth in Section 1 and Section 2 hereof. Such Amendment shall be in substantially the form attached hereto as Exhibit "B," and the Mayor is authorized to execute and deliver the same on behalf of the City Council, with such changes not inconsistent herewith as the Mayor shall approve, her execution thereof to conclusively establish such approval.

SECTION 4. TEFRA APPROVAL.

After diligent and conscientious consideration of the views expressed by the persons appearing at the public hearing, the City Council hereby approves the Agency's Plan of Finance, and the issuance by the Agency of approximately \$140,000,000 aggregate principal amount of revenue bonds for all purposes under Section 147(f) of the Code, for all purposes of the Enabling Agreement, as amended, and for all purposes of the Original Resolution.

SECTION 5. REPEALING CLAUSE.

All resolutions or parts thereof of the City in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

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SECTION 6. EFFECTIVE DATE.

This resolution shall take effect immediately upon its adoption this 16th day of December, 2013.

**GULF BREEZE, FLORIDA
CITY COUNCIL**

(SEAL)

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer, City Clerk

EXHIBIT "A"
REPORT OF CITY MANAGER

[Follows]

EXHIBIT "B"

**FORM OF AMENDMENT NO. 49
TO ENABLING AGREEMENT**

AMENDMENT NO. 49 TO INTERLOCAL AGREEMENT

This **AMENDMENT NO. 49 TO INTERLOCAL AGREEMENT** (this "Amendment No. 49") is made and entered into as of the 16th day of December, 2013, by and among the **CITY OF GULF BREEZE, FLORIDA**, a municipal corporation of the State of Florida ("Gulf Breeze") and the **TOWN OF CENTURY, FLORIDA**, a municipal corporation of the State of Florida ("Century"). Gulf Breeze and Century may collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto have by Interlocal Agreement, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 48 (collectively, the "Enabling Agreement"), heretofore provided for the creation of the Capital Trust Agency (the "Agency"), to enable public, private and not-for-profit organizations to obtain public assistance in financing certain projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, LivingVentures Consortium Group One LLC, a Florida limited liability company, or one or more of its affiliates (as applicable, the "Borrower"), has represented to the Agency that, acting for itself or through its affiliates, it plans to develop, own, and operate four (4) senior living facilities in Cape Coral, Florida, Ft. Myers, Florida, Mesa, Arizona and Pendleton, Indiana; and

WHEREAS, on October 30, 2013, the Agency approved a request by the Borrower that the Agency issue its revenue bonds in a principal amount of approximately \$140,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), in one or more series from time to time (collectively, the "Bonds") and loan the net proceeds thereof to the Borrower, for the purpose, among other things, of financing the acquisition, construction, installation and equipping of four (4) senior living facilities to be known as "LivingVentures of Cape Harbour," "LivingVentures of Pine Island," "LivingVentures of Mesa," and "LivingVentures of Pendleton." and to be located in Cape Coral, Florida, Ft. Myers, Florida, Mesa, Arizona and Pendleton, Indiana, respectively, (collectively, the "Senior Living Facilities"), as described in the attached Schedule "I," and

WHEREAS, the Agency will issue its Bonds on a case-by-case basis after review by the Agency, to provide financing and refinancing from time to time for individual projects or groups of projects, or eligible financing programs, based upon the credit pledged therefor from one or more of the projects, the Borrower, a sponsor, a credit enhancement facility, if any, or from the revenues of any such programs; and

WHEREAS, Section 7 of the Enabling Agreement requires that as a condition precedent to the Agency issuing the Bonds, the Agency must obtain the prior written approval, evidenced by resolution, from the governing bodies of Century and Gulf Breeze approving such issuance and approving an amendment to the Enabling Agreement specifically authorizing such issuance. Such approval evidenced by appropriate resolutions has been obtained, authorizing the execution and delivery of this Amendment No. 49 to the Enabling Agreement with respect to the financing herein described; and

WHEREAS, the Parties desire to amend the Enabling Agreement to permit and authorize the Agency to issue the Bonds herein described and loan the proceeds to the Borrower in order to provide financing for the Senior Living Facilities;

NOW, THEREFORE, the Parties hereby agree as follows:

SECTION 1. ENABLING AGREEMENT AMENDED FOR PROJECT.

This Amendment No. 49 is entered into pursuant to Section 7 of the Enabling Agreement for the purpose of authorizing the Agency to issue the Bonds and to finance projects of the type and character of the Senior Living Facilities.

SECTION 2. BONDS, PROGRAM, PLAN OF FINANCE APPROVED.

The Parties do hereby approve and authorize the Bonds, and the issuance of such Bonds from time to time, in one or more series, in an aggregate principal amount of approximately \$140,000,000 (the exact amount to be determined by an appropriate official of the Agency to be sufficient to enable the financing or refinancing of the Senior Living Facilities). Each installment or issue of such Bonds shall be designated by series, in such manner as the Agency shall determine, so as to separately identify each such installment or issue. The Agency and its officers, employees, agents and attorneys are hereby authorized to enter into, on behalf of the Agency, from time to time, interlocal agreements, cash management agreements, interest rate swap or hedge transactions, investment agreements, repurchase agreements, bond credit or insurance agreements, escrow agreements, reimbursement agreements, security documents and other agreements, approvals or instruments deemed necessary or convenient to effect or implement the financing or refinancing of the Senior Living Facilities through the issuance of the Bonds, and the purposes and programs for which the Bonds are to be issued and to conform to the purposes stated in the Articles of Incorporation of the Agency to the authorizations herein contained. No obligation of the Agency under any such agreement or instrument shall constitute an obligation of Century or Gulf Breeze. The Bonds shall be limited and special obligations of the Agency, payable from the revenues or receipts of such programs or projects, payments made by the Borrower, a sponsor, or other sources relating to the purpose for which they are issued, all in the indentures for the Bonds. The Bonds shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of Century or Gulf Breeze.

SECTION 3. ADMINISTRATIVE FEES AND EXPENSES FOR THE TOWN OF CENTURY.

Upon the issuance of each series or installment of Bonds, Century shall be paid by either the Agency or Gulf Breeze, solely from amounts received from the Borrower, the sum specified on Schedule "II" attached hereto.

SECTION 4. ENABLING AGREEMENT CONTINUED.

The Enabling Agreement, as amended hereby, is hereby ratified, confirmed and approved and shall otherwise continue in full force and effect. Nothing in this Amendment No. 49 shall be deemed to adversely affect the authorizations in the Enabling Agreement as it existed prior to the effective date of this Amendment No. 49, or to adversely affect the interests of the holders of any Bonds issued or to be issued pursuant to such authorizations. Except as and only to the extent specifically amended hereby, such Enabling Agreement is hereby incorporated by reference.

SECTION 5. INDEMNITY.

To the extent permitted by law, the Agency and Gulf Breeze shall indemnify, defend and hold harmless Century against any and all claims, losses, liabilities or damages to property or any injury or death of any person or persons occurring in connection with the issuance of the Bonds pursuant hereto, or in connection with the acquisition or operation of any project, or for any liability any way growing out of or resulting from the Enabling Agreement, as amended, this Amendment No. 49, the financing agreements and/or bond indentures executed in connection with the Bonds, including, without limitation, all costs and expenses of Century, including reasonable attorney's fees, incurred in the performance of any activities of Century in connection with the foregoing or the enforcement of any agreement of the Agency herein contained. Any such obligation of Gulf Breeze or the Agency shall be payable solely from the amounts available to them for such purposes under the Bond financing or any other plan of finance heretofore or hereafter undertaken by the Agency, and shall not constitute a general obligation or a pledge of the faith and credit of Gulf Breeze or the Agency, or an obligation to pay the same from any sources other than such amounts available to them for such purposes under the Bond financing.

SECTION 6. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 severable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereto.

SECTION 7. COUNTERPARTS.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8. EFFECTIVE DATE; AMENDMENTS.

This Amendment shall take effect when duly executed by the Parties and filed in accordance with the law. This Amendment may be amended only by written instrument signed by authorized representatives of Century and Gulf Breeze; provided, however, that no such amendment which would adversely affect the rights of the holders or owners of any then outstanding Bonds of the Agency or of any other member shall take effect until such time as all necessary consents or approvals with respect to such Bonds shall have been obtained, in the case of the rights of bondholders, or the consents and approvals of the affected members, in the case of the rights of members.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 49 to the Enabling Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GULF BREEZE, FLORIDA

[SEAL]

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer
City Clerk

TOWN OF CENTURY, FLORIDA

[SEAL]

By: _____
Freddie W. McCall, Sr., Mayor

ATTEST:

By: _____
Leslie Gonzalez, Town Clerk

SCHEDULE "I" TO EXHIBIT "B"

The Senior Living Facilities consist of:

1. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Cape Harbour,” to be located at 5703 Cape Harbour Drive, Cape Coral, Lee County, Florida 33912, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.
2. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Pine Island,” to be located at 3000 NE Pine Island Road, N., Ft. Myers, Lee County, Florida 33903, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.
3. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Mesa,” to be located at 10056 East Baseline Road, Mesa, Maricopa County, Arizona 85209, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.
4. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Pendleton,” to be located at 1300 Huntzinger Boulevard, Pendleton, Fall Creek Township, Madison County, Indiana 46064, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

SCHEDULE "II" TO EXHIBIT "B"
PAYMENT TO TOWN OF CENTURY

\$350.00 per million principal amount of each issue, upon issuance thereof, but not less than \$2,500.00.

SCHEDULE "I"

The Senior Living Facilities consist of:

2. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Cape Harbour,” to be located at 5703 Cape Harbour Drive, Cape Coral, Lee County, Florida 33912, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.
2. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Pine Island,” to be located at 3000 NE Pine Island Road, N., Ft. Myers, Lee County, Florida 33903, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.
3. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Mesa,” to be located at 10056 East Baseline Road, Mesa, Maricopa County, Arizona 85209, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.
4. The acquisition, construction, development, furnishing and equipping of a 120 – unit senior living facility comprised of approximately 72 assisted living units and 48 memory care support units for the elderly intended to be known as “LivingVentures of Pendleton,” to be located at 1300 Huntzinger Boulevard, Pendleton, Fall Creek Township, Madison County, Indiana 46064, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

Schedule I-1

RESOLUTION 38-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA, APPROVING A PLAN OF FINANCE FOR THE COSTS OF THE ACQUISITION, CONSTRUCTION, DEVELOPMENT, IMPROVEMENT, INSTALLATION AND EQUIPPING OF SENIOR LIVING FACILITIES LOCATED IN THE STATE OF FLORIDA; APPROVING THE ISSUANCE OF APPROXIMATELY \$70,000,000 CAPITAL TRUST AGENCY REVENUE BONDS FOR THE PURPOSE OF FINANCING A LOAN PROGRAM TO ASSIST IN FINANCING SUCH FACILITIES; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the "City Council") of Gulf Breeze, Florida (the "City"), a municipal corporation of the State of Florida, has heretofore adopted Resolution No. 14-99 dated as of July 19, 1999 (the "Original Resolution"), and entered into an Interlocal Agreement between the City and the Town of Century, Florida, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 50 (including Amendments No. 14-A, 23-A, 24-A and 37-A) (collectively, the "Enabling Agreement"), approving the creation of the Capital Trust Agency (the "Agency"), a legal entity and a public agency of the State of Florida, organized and existing under the provisions of Chapter 163, Part I, and Chapter 159, Part II, Florida Statutes, Ordinance No. 05-97 of the City, as amended, and its Articles of Incorporation, as amended and other applicable provisions of law (collectively, the "Act"), to enable public, private and not-for-profit organizations to obtain public assistance in financing or refinancing certain beneficial projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, pursuant to the Act and in accordance with the provisions of the Original Resolution, the Agency did on October 30, 2013, take official action by adopting its preliminary resolution (the "Agency Resolution") indicating its intent to authorize the financing of the hereinafter described project, and the issuance from time to time of revenue bonds (the "Bonds") by the Agency for a loan program for the purpose, among other things, of acquiring, constructing, developing, improving, installing and equipping of two (2) senior living facilities to be located in Cape Coral, Florida and, Ft. Myers, Florida (collectively, the "Senior Living Facilities"), as described in the attached Schedule "I"; and

WHEREAS, the City has been advised that the Agency desires to issue the Bonds in an aggregate principal amount of approximately \$70,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), to finance the Senior Living Facilities on behalf of LivingVentures Consortium Group Two LLC, a Florida limited liability company, or one or more of its affiliates, whose principal place of business is 9681 Gladiolus Drive, Suite 211, Ft. Myers, Florida 33908 (as applicable, the "Borrower") to fund a program herein described (the "Plan of Finance"); and

WHEREAS, the proposed Senior Living Facilities are appropriate to the needs and circumstances of the community in which they are located and will serve a public purpose by (i) providing gainful employment and making a significant contribution to the economic growth of the local community, (ii) promoting commerce within the State of Florida, (iii) providing safe, decent and accessible living facilities for the senior living community, and (iv) advancing the economic prosperity and the general welfare of the State of Florida and its people; and

WHEREAS, in order to improve health care, it is necessary and in the public interest to facilitate the financing of the Senior Living Facilities and to facilitate and encourage the planning and development of such Senior Living Facilities without regard to the boundaries between counties, municipalities, special districts, and other local governmental bodies or agencies in order to more effectively and efficiently serve the interests of the greatest number of people in the widest area practicable; and

WHEREAS, the public purposes to be achieved by such Senior Living Facilities and the financing or refinancing thereof in compliance with the criteria and requirements of Chapter 159, Part II, Florida Statutes, as amended, implement the governmental purposes under the Florida Constitution of providing for the health, safety, and welfare of the people of the State of Florida; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires public approval of certain revenue bonds by an applicable elected representative or governmental unit on behalf of which such bonds are to be issued, following a public hearing; and

WHEREAS, (i) notice of such public hearing was given in the form required by the Code by publication at least fourteen (14) days prior to such public hearing in the *Pensacola News Journal* on November 26, 2013 and (ii) the Bonds and the Plan of Finance have been submitted to such public hearing held on behalf of the City Council on December 11, 2013; and

WHEREAS, the City Manager has conducted the public hearing on behalf of the City Council and provided reasonable opportunity for all interested persons to express their views, both orally and in writing, and diligently and conscientiously considered all comments and concerns expressed by such individuals, if any; and

WHEREAS, the City Council desires to approve the Bonds and the issuance and sale thereof pursuant to the Plan of Finance and to grant all approvals required or contemplated by Section 147(f) of the Code, to express its approval of the action taken by the Agency and its officials pursuant to the Agency Resolution, and to grant all other approvals required by the Enabling Agreement, as amended, and the Original Resolution in connection with the issuance and sale of the Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. PUBLIC HEARING NOTICE AND REPORT APPROVED.

The City Council hereby approves the form of and the manner of publication of the Notice of Public Hearing (the "Notice") published on November 26, 2013 in the *Pensacola News Journal*, a newspaper of general circulation in the jurisdiction of the City. The City Council hereby approves the report of the public hearing conducted by the City Manager, a copy of which is attached as Exhibit "A" hereto. Such Notice and other means and methods utilized by the City to give notice of purpose, time and date of the public hearing provided reasonable notice sufficient to inform residents of the City of the proposed Bonds.

SECTION 2. BONDS AND PLAN OF FINANCE APPROVED.

For purposes of the Act, the City hereby approves the Plan of Finance described herein, and the issuance of the Bonds described in the Notice. The Agency and its officers, employees, agents and attorneys are hereby authorized from time to time to take all action, to execute and deliver such authorizations, approvals, certificates and documents, and to enter into, on behalf of the Agency, all interlocal agreements, repurchase agreements, bond credit or insurance agreements, reimbursement agreements, and other agreements, approvals or instruments deemed necessary or convenient to effect, implement, maintain and continue the Plan of Finance, the financing or refinancing of the Senior Living Facilities through the issuance from time to time of the Bonds and the purposes for which the Bonds are to be issued. No obligation of the Agency under any such agreement shall constitute an obligation of the City except to the extent the same may be expressly approved by the City. The Bonds shall be limited and special obligations of the Agency, and shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of the City.

SECTION 3. AMENDMENT NO. 51 TO THE ENABLING AGREEMENT RATIFIED.

Pursuant to the Enabling Agreement, there is hereby approved the execution and delivery of Amendment No. 51 to the Enabling Agreement (the "Amendment") to effect the approvals set forth in Section 1 and Section 2 hereof. Such Amendment shall be in substantially the form attached hereto as Exhibit "B," and the Mayor is authorized to execute and deliver the same on behalf of the City Council, with such changes not inconsistent herewith as the Mayor shall approve, her execution thereof to conclusively establish such approval.

SECTION 4. TEFRA APPROVAL.

After diligent and conscientious consideration of the views expressed by the persons appearing at the public hearing, the City Council hereby approves the Agency's Plan of Finance, and the issuance by the Agency of approximately \$70,000,000 aggregate principal amount of revenue bonds for all purposes under Section 147(f) of the Code, for all purposes of the Enabling Agreement, as amended, and for all purposes of the Original Resolution.

SECTION 5. REPEALING CLAUSE.

All resolutions or parts thereof of the City in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

[REMAINDER OF THIS PAGE INTENTIONALL LEFT BLANK]

SECTION 6. EFFECTIVE DATE.

This resolution shall take effect immediately upon its adoption this 16th day of December, 2013.

**GULF BREEZE, FLORIDA
CITY COUNCIL**

(SEAL)

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer, City Clerk

EXHIBIT "A"
REPORT OF CITY MANAGER

[Follows]

EXHIBIT "B"

**FORM OF AMENDMENT NO. 51
TO ENABLING AGREEMENT**

AMENDMENT NO. 51 TO INTERLOCAL AGREEMENT

This **AMENDMENT NO. 51 TO INTERLOCAL AGREEMENT** (this "Amendment No. 51") is made and entered into as of the 16th day of December, 2013, by and among the **CITY OF GULF BREEZE, FLORIDA**, a municipal corporation of the State of Florida ("Gulf Breeze") and the **TOWN OF CENTURY, FLORIDA**, a municipal corporation of the State of Florida ("Century"). Gulf Breeze and Century may collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto have by Interlocal Agreement, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 50 (collectively, the "Enabling Agreement"), heretofore provided for the creation of the Capital Trust Agency (the "Agency"), to enable public, private and not-for-profit organizations to obtain public assistance in financing certain projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, LivingVentures Consortium Group Two LLC, a Florida limited liability company, or one or more of its affiliates (as applicable, the "Borrower"), has represented to the Agency that, acting for itself or through its affiliates, it plans to develop, own, and operate two (2) senior living facilities in Cape Coral, Florida and Ft. Myers, Florida; and

WHEREAS, on October 30, 2013, the Agency approved a request by the Borrower that the Agency issue its revenue bonds in a principal amount of approximately \$70,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), in one or more series from time to time (collectively, the "Bonds") and loan the net proceeds thereof to the Borrower, for the purpose, among other things, of financing the acquisition, construction, installation and equipping of two (2) senior living facilities to be known as "LivingVentures of Cove Parkway" and "LivingVentures of Summerlin" and to be located in Cape Coral, Florida and Ft. Myers, Florida, respectively, (collectively, the "Senior Living Facilities"), as described in the attached Schedule "I"; and

WHEREAS, the Agency will issue its Bonds on a case-by-case basis after review by the Agency, to provide financing and refinancing from time to time for individual projects or groups of projects, or eligible financing programs, based upon the credit pledged therefor from one or more of the projects, the Borrower, a sponsor, a credit enhancement facility, if any, or from the revenues of any such programs; and

WHEREAS, Section 7 of the Enabling Agreement requires that as a condition precedent to the Agency issuing the Bonds, the Agency must obtain the prior written approval, evidenced by resolution, from the governing bodies of Century and Gulf Breeze approving such issuance and approving an amendment to the Enabling Agreement specifically authorizing such issuance. Such approval evidenced

by appropriate resolutions has been obtained, authorizing the execution and delivery of this Amendment No. 51 to the Enabling Agreement with respect to the financing herein described; and

WHEREAS, the Parties desire to amend the Enabling Agreement to permit and authorize the Agency to issue the Bonds herein described and loan the proceeds to the Borrower in order to provide financing for the Senior Living Facilities;

NOW, THEREFORE, the Parties hereby agree as follows:

SECTION 1. ENABLING AGREEMENT AMENDED FOR PROJECT.

This Amendment No. 51 is entered into pursuant to Section 7 of the Enabling Agreement for the purpose of authorizing the Agency to issue the Bonds and to finance projects of the type and character of the Senior Living Facilities.

SECTION 2. BONDS, PROGRAM, PLAN OF FINANCE APPROVED.

The Parties do hereby approve and authorize the Bonds, and the issuance of such Bonds from time to time, in one or more series, in an aggregate principal amount of approximately \$70,000,000 (the exact amount to be determined by an appropriate official of the Agency to be sufficient to enable the financing or refinancing of the Senior Living Facilities). Each installment or issue of such Bonds shall be designated by series, in such manner as the Agency shall determine, so as to separately identify each such installment or issue. The Agency and its officers, employees, agents and attorneys are hereby authorized to enter into, on behalf of the Agency, from time to time, interlocal agreements, cash management agreements, interest rate swap or hedge transactions, investment agreements, repurchase agreements, bond credit or insurance agreements, escrow agreements, reimbursement agreements, security documents and other agreements, approvals or instruments deemed necessary or convenient to effect or implement the financing or refinancing of the Senior Living Facilities through the issuance of the Bonds, and the purposes and programs for which the Bonds are to be issued and to conform the purposes stated in the Articles of Incorporation of the Agency to the authorizations herein contained. No obligation of the Agency under any such agreement or instrument shall constitute an obligation of Century or Gulf Breeze. The Bonds shall be limited and special obligations of the Agency, payable from the revenues or receipts of such programs or projects, payments by the Borrower, a sponsor, or other sources relating to the purpose for which they are issued, all in the indentures for the Bonds. The Bonds shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of Century or Gulf Breeze.

SECTION 3. ADMINISTRATIVE FEES AND EXPENSES FOR THE TOWN OF CENTURY.

Upon the issuance of each series or installment of Bonds, Century shall be paid by either the Agency or Gulf Breeze, solely from amounts received from the Borrower, the sum specified on Schedule "II" attached hereto.

SECTION 4. ENABLING AGREEMENT CONTINUED.

The Enabling Agreement, as amended hereby, is hereby ratified, confirmed and approved and shall otherwise continue in full force and effect. Nothing in this Amendment No. 51 shall be deemed to adversely affect the authorizations in the Enabling Agreement as it existed prior to the effective date of this Amendment No. 51, or to adversely affect the interests of the holders of any Bonds issued or to be issued pursuant to such authorizations. Except as and only to the extent specifically amended hereby, such Enabling Agreement is hereby incorporated by reference.

SECTION 5. INDEMNITY.

To the extent permitted by law, the Agency and Gulf Breeze shall indemnify, defend and hold harmless Century against any and all claims, losses, liabilities or damages to property or any injury or death of any person or persons occurring in connection with the issuance of the Bonds pursuant hereto, or in connection with the acquisition or operation of any project, or for any liability any way growing out of or resulting from the Enabling Agreement, as amended, this Amendment No. 51, the financing agreements and/or bond indentures executed in connection with the Bonds, including, without limitation, all costs and expenses of Century, including reasonable attorney's fees, incurred in the performance of any activities of Century in connection with the foregoing or the enforcement of any agreement of the Agency herein contained. Any such obligation of Gulf Breeze or the Agency shall be payable solely from the amounts available to them for such purposes under the Bond financing or any other plan of finance heretofore or hereafter undertaken by the Agency, and shall not constitute a general obligation or a pledge of the faith and credit of Gulf Breeze or the Agency, or an obligation to pay the same from any sources other than such amounts available to them for such purposes under the Bond financing.

SECTION 6. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 severable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereto.

SECTION 7. COUNTERPARTS.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8. EFFECTIVE DATE; AMENDMENTS.

This Amendment shall take effect when duly executed by the Parties and filed in accordance with the law. This Amendment may be amended only by written instrument signed by authorized representatives of Century and Gulf Breeze; provided, however, that no such amendment which would adversely affect the rights of the holders or owners of any then outstanding Bonds of the Agency or of

any other member shall take effect until such time as all necessary consents or approvals with respect to such Bonds shall have been obtained, in the case of the rights of bondholders, or the consents and approvals of the affected members, in the case of the rights of members.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 51 to the Enabling Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GULF BREEZE, FLORIDA

[SEAL]

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer
City Clerk

TOWN OF CENTURY, FLORIDA

[SEAL]

By: _____
Freddie W. McCall, Sr., Mayor

ATTEST:

By: _____
Leslie Gonzalez, Town Clerk

SCHEDULE "I" TO EXHIBIT "B"

The Senior Living Facilities consists of:

1. the acquisition, construction, development, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Cove Parkway" and to be located at 1701 Four Mile Cove Parkway, Cape Coral, Lee County, Florida 33990, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

2. the acquisition, construction, development, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Summerlin" and to be located at 20161 Summerlin Road, Ft. Myers, Lee County, Florida 33908, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

SCHEDULE "II" TO EXHIBIT "B"
PAYMENT TO TOWN OF CENTURY

\$350.00 per million principal amount of each issue, upon issuance thereof, but not less than \$2,500.00.

SCHEDULE "T"

The Senior Living Facilities consists of:

3. the acquisition, construction, development, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Cove Parkway" and to be located at 1701 Four Mile Cove Parkway, Cape Coral, Lee County, Florida 33990, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

4. the acquisition, construction, development, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and approximately 58 memory support units for the elderly to be known as the "LivingVentures of Summerlin" and to be located at 20161 Summerlin Road, Ft. Myers, Lee County, Florida 33908, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

Schedule I-1

RESOLUTION 39-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA, APPROVING A PLAN OF FINANCE FOR THE COSTS OF THE ACQUISITION, CONSTRUCTION, DEVELOPMENT, INSTALLATION AND EQUIPPING OF A SENIOR LIVING FACILITY LOCATED IN THE STATE OF FLORIDA; APPROVING THE ISSUANCE OF APPROXIMATELY \$35,000,000 CAPITAL TRUST AGENCY REVENUE BONDS FOR THE PURPOSE OF FINANCING A LOAN PROGRAM TO ASSIST IN FINANCING SUCH FACILITY; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the "City Council") of Gulf Breeze, Florida (the "City"), a municipal corporation of the State of Florida, has heretofore adopted Resolution No. 14-99 dated as of July 19, 1999 (the "Original Resolution"), and entered into an Interlocal Agreement between the City and the Town of Century, Florida, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 43 (collectively, the "Enabling Agreement"), approving the creation of the Capital Trust Agency (the "Agency"), a legal entity and a public agency of the State of Florida, organized and existing under the provisions of Chapter 163, Part I, and Chapter 159, Part II, Florida Statutes, Ordinance No. 05-97 of the City, as amended, and its Articles of Incorporation, as amended and other applicable provisions of law (collectively, the "Act"), to enable public, private and not-for-profit organizations to obtain public assistance in financing or refinancing certain beneficial projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, pursuant to the Act and in accordance with the provisions of the Original Resolution, the Agency did on October 30, 2013, take official action by adopting its preliminary resolution (the "Agency Resolution") indicating its intent to authorize the financing of the hereinafter described project, and the issuance from time to time of revenue bonds (the "Bonds") by the Agency for a loan program for the purpose, among other things, of acquiring, constructing, developing, installing and equipping an approximately 120-unit senior living facility to be known as "Brevard Senior Living Facility," to be located at 7350 Lake Andrew Drive, Melbourne, Brevard County, Florida 32940 (the "Senior Living Facility"), as described in the attached Schedule "I"; and

WHEREAS, the City has been advised that the Agency desires to issue the Bonds in an aggregate principal amount of approximately \$35,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), to finance the Senior Living Facility on behalf of LVI RD Melbourne, LLC, a Florida limited liability company, or one or more of its affiliates, whose principal place of business is 9681 Gladiolus Drive, Suite 211, Fort Myers, Florida 33908 (as applicable, the "Borrower") to fund a program herein described (the "Plan of Finance"); and

WHEREAS, the proposed Senior Living Facility is appropriate to the needs and circumstances of the community in which it is located and will serve a public purpose by (i) providing gainful employment and making a significant contribution to the economic growth of

the local community, (ii) promoting commerce within the State of Florida, (iii) providing safe, decent and accessible living facilities for the senior living community, and (iv) advancing the economic prosperity and the general welfare of the State of Florida and its people; and

WHEREAS, in order to improve health care, it is necessary and in the public interest to facilitate the financing of the Senior Living Facility and to facilitate and encourage the planning and development of such Senior Living Facility without regard to the boundaries between counties, municipalities, special districts, and other local governmental bodies or agencies in order to more effectively and efficiently serve the interests of the greatest number of people in the widest area practicable; and

WHEREAS, the public purposes to be achieved by such Senior Living Facility and the financing or refinancing thereof in compliance with the criteria and requirements of Chapter 159, Part II, Florida Statutes, as amended, implement the governmental purposes under the Florida Constitution of providing for the health, safety, and welfare of the people of the State of Florida; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires public approval of certain revenue bonds by an applicable elected representative or governmental unit on behalf of which such bonds are to be issued, following a public hearing; and

WHEREAS, (i) notice of such public hearing was given in the form required by the Code by publication at least fourteen (14) days prior to such public hearing in the *Pensacola News Journal* on November 26, 2013 and (ii) the Bonds and the Plan of Finance have been submitted to such public hearing held on behalf of the City Council of the City on December 11, 2013; and

WHEREAS, the City Manager has conducted the public hearing on behalf of the City Council and provided reasonable opportunity for all interested persons to express their views, both orally and in writing, and diligently and conscientiously considered all comments and concerns expressed by such individuals, if any; and

WHEREAS, the City Council desires to approve the Bonds and the issuance and sale thereof pursuant to the Plan of Finance and to grant all approvals required or contemplated by Section 147(f) of the Code, to express its approval of the action taken by the Agency and its officials pursuant to the Agency Resolution, and to grant all other approvals required by the Enabling Agreement, as amended, and the Original Resolution in connection with the issuance and sale of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. PUBLIC HEARING NOTICE AND REPORT APPROVED.

The City Council hereby approves the form of and the manner of publication of the Notice of Public Hearing (the "Notice") published on November 26, 2013 in the *Pensacola News Journal*,

a newspaper of general circulation in the jurisdiction of the City. The City Council hereby approves the report of the public hearing conducted by the City Manager, a copy of which is attached as Exhibit "A" hereto. Such Notice and other means and methods utilized by the City to give notice of purpose, time and date of the public hearing provided reasonable notice sufficient to inform residents of the City of the proposed Bonds.

SECTION 2. BONDS AND PLAN OF FINANCE APPROVED.

For purposes of the Act, the City hereby approves the Plan of Finance described herein, and the issuance of the Bonds described in the Notice. The Agency and its officers, employees, agents and attorneys are hereby authorized from time to time to take all action, to execute and deliver such authorizations, approvals, certificates and documents, and to enter into, on behalf of the Agency, all interlocal agreements, repurchase agreements, bond credit or insurance agreements, reimbursement agreements, and other agreements, approvals or instruments deemed necessary or convenient to effect, implement, maintain and continue the Plan of Finance, the financing or refinancing of the Senior Living Facility through the issuance from time to time of the Bonds and the purposes for which the Bonds are to be issued. No obligation of the Agency under any such agreement shall constitute an obligation of the City except to the extent the same may be expressly approved by the City. The Bonds shall be limited and special obligations of the Agency, and shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of the City.

SECTION 3. AMENDMENT NO. 44 TO THE ENABLING AGREEMENT RATIFIED.

Pursuant to the Enabling Agreement, there is hereby approved the execution and delivery of Amendment No. 44 to the Enabling Agreement (the "Amendment") to effect the approvals set forth in Section 1 and Section 2 hereof. Such Amendment shall be in substantially the form attached hereto as Exhibit "B," and the Mayor is authorized to execute and deliver the same on behalf of the City Council, with such changes not inconsistent herewith as the Mayor shall approve, her execution thereof to conclusively establish such approval.

SECTION 4. TEFRA APPROVAL.

After diligent and conscientious consideration of the views expressed by the persons appearing at the public hearing, the City Council hereby approves the Agency's Plan of Finance, and the issuance by the Agency of approximately \$35,000,000 aggregate principal amount of revenue bonds for all purposes under Section 147(f) of the Code, for all purposes of the Enabling Agreement, as amended, and for all purposes of the Original Resolution.

SECTION 5. REPEALING CLAUSE.

All resolutions or parts thereof of the City in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

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SECTION 6. EFFECTIVE DATE.

This resolution shall take effect immediately upon its adoption this 16th day of December, 2013.

**GULF BREEZE, FLORIDA
CITY COUNCIL**

(SEAL)

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer, City Clerk

EXHIBIT "A"
REPORT OF CITY MANAGER

[Follows]

EXHIBIT "B"

**FORM OF AMENDMENT NO. 44
TO ENABLING AGREEMENT**

AMENDMENT NO. 44 TO INTERLOCAL AGREEMENT

This **AMENDMENT NO. 44 TO INTERLOCAL AGREEMENT** (this "Amendment No. 44") is made and entered into as of the 16th day of December, 2013, by and among the **CITY OF GULF BREEZE, FLORIDA**, a municipal corporation of the State of Florida ("Gulf Breeze") and the **TOWN OF CENTURY, FLORIDA**, a municipal corporation of the State of Florida ("Century"). Gulf Breeze and Century may collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto have by Interlocal Agreement, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 43 (collectively, the "Enabling Agreement"), heretofore provided for the creation of the Capital Trust Agency (the "Agency"), to enable public, private and not-for-profit organizations to obtain public assistance in financing certain projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, LVI RD Melbourne, LLC, a Florida limited liability company, or one or more of its affiliates (as applicable, the "Borrower"), has represented to the Agency that, acting for itself or through its affiliates, it plans to develop, own, and operate a senior living facility in Melbourne, Florida; and

WHEREAS, on October 30, 2013, the Agency approved a request by the Borrower that the Agency issue its revenue bonds in a principal amount of approximately \$35,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), in one or more series from time to time (collectively, the "Bonds") and loan the net proceeds thereof to the Borrower, for the purpose, among other things, of financing the acquisition, construction, development, installation and equipping of an approximately 120-unit senior living facility to be known as "Brevard Senior Living Facility" and to be located in Melbourne, Brevard County, Florida 32940 (the "Senior Living Facility"), as described in the attached Schedule "I"; and

WHEREAS, the Agency will issue its Bonds on a case-by-case basis after review by the Agency, to provide financing and refinancing from time to time for individual projects or groups of projects, or eligible financing programs, based upon the credit pledged therefor from one or more of the projects, the Borrower, a sponsor, a credit enhancement facility, if any, or from the revenues of any such programs; and

WHEREAS, Section 7 of the Enabling Agreement requires that as a condition precedent to the Agency issuing the Bonds, the Agency must obtain the prior written approval, evidenced by resolution, from the governing bodies of Century and Gulf Breeze approving such issuance and approving an amendment to the Enabling Agreement specifically authorizing such issuance. Such approval evidenced by appropriate resolutions has been obtained, authorizing the execution and delivery of this Amendment No. 44 to the Enabling Agreement with respect to the financing herein described; and

WHEREAS, the Parties desire to amend the Enabling Agreement to permit and authorize the Agency to issue the Bonds herein described and loan the proceeds to the Borrower in order to provide financing for the Senior Living Facility;

NOW, THEREFORE, the Parties hereby agree as follows:

SECTION 1. ENABLING AGREEMENT AMENDED FOR PROJECT.

This Amendment No. 44 is entered into pursuant to Section 7 of the Enabling Agreement for the purpose of authorizing the Agency to issue the Bonds and to finance projects of the type and character of the Senior Living Facility.

SECTION 2. BONDS, PROGRAM, PLAN OF FINANCE APPROVED.

The Parties do hereby approve and authorize the Bonds, and the issuance of such Bonds from time to time, in one or more series, in an aggregate principal amount of approximately \$35,000,000 (the exact amount to be determined by an appropriate official of the Agency to be sufficient to enable the financing or refinancing of the Senior Living Facility). Each installment or issue of such Bonds shall be designated by series, in such manner as the Agency shall determine, so as to separately identify each such installment or issue. The Agency and its officers, employees, agents and attorneys are hereby authorized to enter into, on behalf of the Agency, from time to time, interlocal agreements, cash management agreements, interest rate swap or hedge transactions, investment agreements, repurchase agreements, bond credit or insurance agreements, escrow agreements, reimbursement agreements, security documents and other agreements, approvals or instruments deemed necessary or convenient to effect or implement the financing or refinancing of the Senior Living Facility through the issuance of the Bonds, and the purposes and programs for which the Bonds are to be issued and to conform to the purposes stated in the Articles of Incorporation of the Agency to the authorizations herein contained. No obligation of the Agency under any such agreement or instrument shall constitute an obligation of Century or Gulf Breeze. The Bonds shall be limited and special obligations of the Agency, payable from the revenues or receipts of such programs or projects, payments made by the Borrower, a sponsor, or other sources relating to the purpose for which they are issued, all in the indentures for the Bonds. The Bonds shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of Century or Gulf Breeze.

SECTION 3. ADMINISTRATIVE FEES AND EXPENSES FOR THE TOWN OF CENTURY.

Upon the issuance of each series or installment of Bonds, Century shall be paid by either the Agency or Gulf Breeze, solely from amounts received from the Borrower, the sum specified on Schedule "II" attached hereto.

SECTION 4. ENABLING AGREEMENT CONTINUED.

The Enabling Agreement, as amended hereby, is hereby ratified, confirmed and approved and shall otherwise continue in full force and effect. Nothing in this Amendment No. 44 shall be deemed to adversely affect the authorizations in the Enabling Agreement as it existed prior to the effective date of this Amendment No. 44, or to adversely affect the interests of the holders of any Bonds issued or to be issued pursuant to such authorizations. Except as and only to the extent specifically amended hereby, such Enabling Agreement is hereby incorporated by reference.

SECTION 5. INDEMNITY.

To the extent permitted by law, the Agency and Gulf Breeze shall indemnify, defend and hold harmless Century against any and all claims, losses, liabilities or damages to property or any injury or death of any person or persons occurring in connection with the issuance of the Bonds pursuant hereto, or in connection with the acquisition or operation of any project, or for any liability any way growing out of or resulting from the Enabling Agreement, as amended, this Amendment No. 44, the financing agreements and/or bond indentures executed in connection with the Bonds, including, without limitation, all costs and expenses of Century, including reasonable attorney's fees, incurred in the performance of any activities of Century in connection with the foregoing or the enforcement of any agreement of the Agency herein contained. Any such obligation of Gulf Breeze or the Agency shall be payable solely from the amounts available to them for such purposes under the Bond financing or any other plan of finance heretofore or hereafter undertaken by the Agency, and shall not constitute a general obligation or a pledge of the faith and credit of Gulf Breeze or the Agency, or an obligation to pay the same from any sources other than such amounts available to them for such purposes under the Bond financing.

SECTION 6. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 severable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereto.

SECTION 7. COUNTERPARTS.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8. EFFECTIVE DATE; AMENDMENTS.

This Amendment shall take effect when duly executed by the Parties and filed in accordance with the law. This Amendment may be amended only by written instrument signed by authorized representatives of Century and Gulf Breeze; provided, however, that no such amendment which would adversely affect the rights of the holders or owners of any then outstanding Bonds of the Agency or of any other member shall take effect until such time as all necessary consents or approvals with respect to such

Bonds shall have been obtained, in the case of the rights of bondholders, or the consents and approvals of the affected members, in the case of the rights of members.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No. 44 to the Enabling Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GULF BREEZE, FLORIDA

[SEAL]

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer
City Clerk

TOWN OF CENTURY, FLORIDA

[SEAL]

By: _____
Freddie W. McCall, Sr., Mayor

ATTEST:

By: _____
Leslie Gonzalez, Town Clerk

SCHEDULE "I" TO EXHIBIT "B"

The Senior Living Facility consists of the acquisition, construction, development, installation, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 48 memory support units for the elderly to be known as the "Brevard Senior Living Center," to be located at 7350 Lake Andrew Drive, Melbourne, Brevard County, Florida 32940, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

SCHEDULE "II" TO EXHIBIT "B"
PAYMENT TO TOWN OF CENTURY

\$350.00 per million principal amount of each issue, upon issuance thereof, but not less than \$2,500.00.

SCHEDULE "I"

The Senior Living Facility consists of the acquisition, construction, development, installation, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 48 memory support units for the elderly to be known as the "Brevard Senior Living Center," to be located at 7350 Lake Andrew Drive, Melbourne, Brevard County, Florida 32940, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

Schedule I

RESOLUTION 40-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA, APPROVING A PLAN OF FINANCE FOR THE COSTS OF THE ACQUISITION, CONSTRUCTION, DEVELOPMENT, INSTALLATION AND EQUIPPING OF A SENIOR LIVING FACILITY LOCATED IN THE STATE OF FLORIDA; APPROVING THE ISSUANCE OF APPROXIMATELY \$35,000,000 CAPITAL TRUST AGENCY REVENUE BONDS FOR THE PURPOSE OF FINANCING A LOAN PROGRAM TO ASSIST IN FINANCING SUCH FACILITY; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the “City Council”) of Gulf Breeze, Florida (the “City”), a municipal corporation of the State of Florida, has heretofore adopted Resolution No. 14-99 dated as of July 19, 1999 (the “Original Resolution”), and entered into an Interlocal Agreement between the City and the Town of Century, Florida, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 45 (collectively, the “Enabling Agreement”), approving the creation of the Capital Trust Agency (the “Agency”), a legal entity and a public agency of the State of Florida, organized and existing under the provisions of Chapter 163, Part I, and Chapter 159, Part II, Florida Statutes, Ordinance No. 05-97 of the City, as amended, and its Articles of Incorporation, as amended and other applicable provisions of law (collectively, the “Act”), to enable public, private and not-for-profit organizations to obtain public assistance in financing or refinancing certain beneficial projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, pursuant to the Act and in accordance with the provisions of the Original Resolution, the Agency did on October 30, 2013, take official action by adopting its preliminary resolution (the “Agency Resolution”) indicating its intent to authorize the financing of the hereinafter described project, and the issuance from time to time of revenue bonds (the “Bonds”) by the Agency for a loan program for the purpose, among other things, of acquiring, constructing, developing, installing and equipping an approximately 120-unit senior living facility to be known as “New Smyrna Senior Living Facility,” to be located at 190 South Wild Orange Drive, New Smyrna Beach, Volusia County, Florida 32168 (the “Senior Living Facility”), as described in the attached Schedule “I”; and

WHEREAS, the City has been advised that the Agency desires to issue the Bonds in an aggregate principal amount of approximately \$35,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), to finance the Senior Living Facility on behalf of LVI RD New Smyrna Beach, LLC, a Florida limited liability company, or one or more of its affiliates, whose principal place of business is 9681 Gladiolus Drive, Suite 211, Fort Myers, Florida 33908 (as applicable, the “Borrower”) to fund a program herein described (the “Plan of Finance”); and

WHEREAS, the proposed Senior Living Facility is appropriate to the needs and circumstances of the community in which it is located and will serve a public purpose by (i) providing gainful employment and making a significant contribution to the economic growth of

the local community, (ii) promoting commerce within the State of Florida, (iii) providing safe, decent and accessible living facilities for the senior living community, and (iv) advancing the economic prosperity and the general welfare of the State of Florida and its people; and

WHEREAS, in order to improve health care, it is necessary and in the public interest to facilitate the financing of the Senior Living Facility and to facilitate and encourage the planning and development of such Senior Living Facility without regard to the boundaries between counties, municipalities, special districts, and other local governmental bodies or agencies in order to more effectively and efficiently serve the interests of the greatest number of people in the widest area practicable; and

WHEREAS, the public purposes to be achieved by such Senior Living Facility and the financing or refinancing thereof in compliance with the criteria and requirements of Chapter 159, Part II, Florida Statutes, as amended, implement the governmental purposes under the Florida Constitution of providing for the health, safety, and welfare of the people of the State of Florida; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires public approval of certain revenue bonds by an applicable elected representative or governmental unit on behalf of which such bonds are to be issued, following a public hearing; and

WHEREAS, (i) notice of such public hearing was given in the form required by the Code by publication at least fourteen (14) days prior to such public hearing in the *Pensacola News Journal* on November 26, 2013 and (ii) the Bonds and the Plan of Finance have been submitted to such public hearing held on behalf of the City Council of the City on December 11 2013; and

WHEREAS, the City Manager has conducted the public hearing on behalf of the City Council and provided reasonable opportunity for all interested persons to express their views, both orally and in writing, and diligently and conscientiously considered all comments and concerns expressed by such individuals, if any; and

WHEREAS, the City Council desires to approve the Bonds and the issuance and sale thereof pursuant to the Plan of Finance and to grant all approvals required or contemplated by Section 147(f) of the Code, to express its approval of the action taken by the Agency and its officials pursuant to the Agency Resolution, and to grant all other approvals required by the Enabling Agreement, as amended, and the Original Resolution in connection with the issuance and sale of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. PUBLIC HEARING NOTICE AND REPORT APPROVED.

The City Council hereby approves the form of and the manner of publication of the Notice of Public Hearing (the "Notice") published on November 26, 2013 in the *Pensacola News Journal*,

a newspaper of general circulation in the jurisdiction of the City. The City Council hereby approves the report of the public hearing conducted by the City Manager, a copy of which is attached as Exhibit "A" hereto. Such Notice and other means and methods utilized by the City to give notice of purpose, time and date of the public hearing provided reasonable notice sufficient to inform residents of the City of the proposed Bonds.

SECTION 2. BONDS AND PLAN OF FINANCE APPROVED.

For purposes of the Act, the City hereby approves the Plan of Finance described herein, and the issuance of the Bonds described in the Notice. The Agency and its officers, employees, agents and attorneys are hereby authorized from time to time to take all action, to execute and deliver such authorizations, approvals, certificates and documents, and to enter into, on behalf of the Agency, all interlocal agreements, repurchase agreements, bond credit or insurance agreements, reimbursement agreements, and other agreements, approvals or instruments deemed necessary or convenient to effect, implement, maintain and continue the Plan of Finance, the financing or refinancing of the Senior Living Facility through the issuance from time to time of the Bonds and the purposes for which the Bonds are to be issued. No obligation of the Agency under any such agreement shall constitute an obligation of the City except to the extent the same may be expressly approved by the City. The Bonds shall be limited and special obligations of the Agency, and shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of the City.

SECTION 3. AMENDMENT NO. 46 TO THE ENABLING AGREEMENT RATIFIED.

Pursuant to the Enabling Agreement, there is hereby approved the execution and delivery of Amendment No. 46 to the Enabling Agreement (the "Amendment") to effect the approvals set forth in Section 1 and Section 2 hereof. Such Amendment shall be in substantially the form attached hereto as Exhibit "B," and the Mayor is authorized to execute and deliver the same on behalf of the City Council, with such changes not inconsistent herewith as the Mayor shall approve, her execution thereof to conclusively establish such approval.

SECTION 4. TEFRA APPROVAL.

After diligent and conscientious consideration of the views expressed by the persons appearing at the public hearing, the City Council hereby approves the Agency's Plan of Finance, and the issuance by the Agency of approximately \$35,000,000 aggregate principal amount of revenue bonds for all purposes under Section 147(f) of the Code, for all purposes of the Enabling Agreement, as amended, and for all purposes of the Original Resolution.

SECTION 5. REPEALING CLAUSE.

All resolutions or parts thereof of the City in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

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SECTION 6. EFFECTIVE DATE.

This resolution shall take effect immediately upon its adoption this 16th day of December, 2013.

**GULF BREEZE, FLORIDA
CITY COUNCIL**

(SEAL)

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer, City Clerk

EXHIBIT "A"

REPORT OF CITY MANAGER

[Follows]

EXHIBIT "B"

**FORM OF AMENDMENT NO. 46
TO ENABLING AGREEMENT**

AMENDMENT NO. 46 TO INTERLOCAL AGREEMENT

This **AMENDMENT NO. 46 TO INTERLOCAL AGREEMENT** (this "Amendment No. 46") is made and entered into as of the 16th day of December, 2013, by and among the **CITY OF GULF BREEZE, FLORIDA**, a municipal corporation of the State of Florida ("Gulf Breeze") and the **TOWN OF CENTURY, FLORIDA**, a municipal corporation of the State of Florida ("Century"). Gulf Breeze and Century may collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto have by Interlocal Agreement, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 45 (collectively, the "Enabling Agreement"), heretofore provided for the creation of the Capital Trust Agency (the "Agency"), to enable public, private and not-for-profit organizations to obtain public assistance in financing certain projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, LVI RD New Smyrna Beach, LLC, a Florida limited liability company, or one or more of its affiliates (as applicable, the "Borrower"), has represented to the Agency that, acting for itself or through its affiliates, it plans to develop, own, and operate a senior living facility in New Smyrna Beach, Florida; and

WHEREAS, on October 30, 2013, the Agency approved a request by the Borrower that the Agency issue its revenue bonds in a principal amount of approximately \$35,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), in one or more series from time to time (collectively, the "Bonds") and loan the net proceeds thereof to the Borrower, for the purpose, among other things, of financing the acquisition, construction, development, installation and equipping of an approximately 120-unit senior living facility to be known as "New Smyrna Senior Living Facility" and to be located in New Smyrna Beach, Volusia County, Florida 32168 (the "Senior Living Facility"), as described in the attached Schedule "I"; and

WHEREAS, the Agency will issue its Bonds on a case-by-case basis after review by the Agency, to provide financing and refinancing from time to time for individual projects or groups of projects, or eligible financing programs, based upon the credit pledged therefor from one or more of the projects, the Borrower, a sponsor, a credit enhancement facility, if any, or from the revenues of any such programs; and

WHEREAS, Section 7 of the Enabling Agreement requires that as a condition precedent to the Agency issuing the Bonds, the Agency must obtain the prior written approval, evidenced by resolution, from the governing bodies of Century and Gulf Breeze approving such issuance and approving an amendment to the Enabling Agreement specifically authorizing such issuance. Such approval evidenced by appropriate resolutions has been obtained, authorizing the execution and delivery of this Amendment No. 46 to the Enabling Agreement with respect to the financing herein described; and

WHEREAS, the Parties desire to amend the Enabling Agreement to permit and authorize the Agency to issue the Bonds herein described and loan the proceeds to the Borrower in order to provide financing for the Senior Living Facility;

NOW, THEREFORE, the Parties hereby agree as follows:

SECTION 1. ENABLING AGREEMENT AMENDED FOR PROJECT.

This Amendment No. 46 is entered into pursuant to Section 7 of the Enabling Agreement for the purpose of authorizing the Agency to issue the Bonds and to finance projects of the type and character of the Senior Living Facility.

SECTION 2. BONDS, PROGRAM, PLAN OF FINANCE APPROVED.

The Parties do hereby approve and authorize the Bonds, and the issuance of such Bonds from time to time, in one or more series, in an aggregate principal amount of approximately \$35,000,000 (the exact amount to be determined by an appropriate official of the Agency to be sufficient to enable the financing or refinancing of the Senior Living Facility). Each installment or issue of such Bonds shall be designated by series, in such manner as the Agency shall determine, so as to separately identify each such installment or issue. The Agency and its officers, employees, agents and attorneys are hereby authorized to enter into, on behalf of the Agency, from time to time, interlocal agreements, cash management agreements, interest rate swap or hedge transactions, investment agreements, repurchase agreements, bond credit or insurance agreements, escrow agreements, reimbursement agreements, security documents and other agreements, approvals or instruments deemed necessary or convenient to effect or implement the financing or refinancing of the Senior Living Facility through the issuance of the Bonds, and the purposes and programs for which the Bonds are to be issued and to conform to the purposes stated in the Articles of Incorporation of the Agency to the authorizations herein contained. No obligation of the Agency under any such agreement or instrument shall constitute an obligation of Century or Gulf Breeze. The Bonds shall be limited and special obligations of the Agency, payable from the revenues or receipts of such programs or projects, payments made by the Borrower, a sponsor, or other sources relating to the purpose for which they are issued, all in the indentures for the Bonds. The Bonds shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of Century or Gulf Breeze.

SECTION 3. ADMINISTRATIVE FEES AND EXPENSES FOR THE TOWN OF CENTURY.

Upon the issuance of each series or installment of Bonds, Century shall be paid by either the Agency or Gulf Breeze, solely from amounts received from the Borrower, the sum specified on Schedule "II" attached hereto.

SECTION 4. ENABLING AGREEMENT CONTINUED.

The Enabling Agreement, as amended hereby, is hereby ratified, confirmed and approved and shall otherwise continue in full force and effect. Nothing in this Amendment No. 46 shall be deemed to adversely affect the authorizations in the Enabling Agreement as it existed prior to the effective date of

this Amendment No. 46, or to adversely affect the interests of the holders of any Bonds issued or to be issued pursuant to such authorizations. Except as and only to the extent specifically amended hereby, such Enabling Agreement is hereby incorporated by reference.

SECTION 5. INDEMNITY.

To the extent permitted by law, the Agency and Gulf Breeze shall indemnify, defend and hold harmless Century against any and all claims, losses, liabilities or damages to property or any injury or death of any person or persons occurring in connection with the issuance of the Bonds pursuant hereto, or in connection with the acquisition or operation of any project, or for any liability any way growing out of or resulting from the Enabling Agreement, as amended, this Amendment No. 46, the financing agreements and/or bond indentures executed in connection with the Bonds, including, without limitation, all costs and expenses of Century, including reasonable attorney's fees, incurred in the performance of any activities of Century in connection with the foregoing or the enforcement of any agreement of the Agency herein contained. Any such obligation of Gulf Breeze or the Agency shall be payable solely from the amounts available to them for such purposes under the Bond financing or any other plan of finance heretofore or hereafter undertaken by the Agency, and shall not constitute a general obligation or a pledge of the faith and credit of Gulf Breeze or the Agency, or an obligation to pay the same from any sources other than such amounts available to them for such purposes under the Bond financing.

SECTION 6. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 severable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereto.

SECTION 7. COUNTERPARTS.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8. EFFECTIVE DATE; AMENDMENTS.

This Amendment shall take effect when duly executed by the Parties and filed in accordance with the law. This Amendment may be amended only by written instrument signed by authorized representatives of Century and Gulf Breeze; provided, however, that no such amendment which would adversely affect the rights of the holders or owners of any then outstanding Bonds of the Agency or of any other member shall take effect until such time as all necessary consents or approvals with respect to such Bonds shall have been obtained, in the case of the rights of bondholders, or the consents and approvals of the affected members, in the case of the rights of members.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 46 to the Enabling Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GULF BREEZE, FLORIDA

[SEAL]

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer
City Clerk

TOWN OF CENTURY, FLORIDA

[SEAL]

By: _____
Freddie W. McCall, Sr., Mayor

ATTEST:

By: _____
Leslie Gonzalez, Town Clerk

SCHEDULE "I" TO EXHIBIT "B"

The Senior Living Facility consists of the acquisition, construction, development, installation, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 48 memory support units for the elderly to be known as the "New Smyrna Senior Living Center," to be located at 190 South Wild Orange Drive, New Smyrna Beach, Volusia County, Florida 32168, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

SCHEDULE "II" TO EXHIBIT "B"
PAYMENT TO TOWN OF CENTURY

\$350.00 per million principal amount of each issue, upon issuance thereof, but not less than \$2,500.00.

SCHEDULE "I"

The Senior Living Facility consists of the acquisition, construction, development, installation, furnishing and equipping of an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 48 memory support units for the elderly to be known as the "New Smyrna Senior Living Center," to be located at 190 South Wild Orange Drive, New Smyrna Beach, Volusia County, Florida 32168, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

Schedule I

RESOLUTION 41-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA, APPROVING A PLAN OF FINANCE FOR THE COSTS OF THE ACQUISITION, CONSTRUCTION, DEVELOPMENT, IMPROVEMENT, INSTALLATION AND EQUIPPING OF SENIOR LIVING FACILITIES LOCATED IN THE STATE OF FLORIDA; APPROVING THE ISSUANCE OF APPROXIMATELY \$165,000,000 CAPITAL TRUST AGENCY REVENUE BONDS FOR THE PURPOSE OF FINANCING A LOAN PROGRAM TO ASSIST IN FINANCING SUCH FACILITIES; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the “City Council”) of Gulf Breeze, Florida (the “City”), a municipal corporation of the State of Florida, has heretofore adopted Resolution No. 14-99 dated as of July 19, 1999 (the “Original Resolution”), and entered into an Interlocal Agreement between the City and the Town of Century, Florida, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 47 (collectively, the “Enabling Agreement”), approving the creation of the Capital Trust Agency (the “Agency”), a legal entity and a public agency of the State of Florida, organized and existing under the provisions of Chapter 163, Part I, and Chapter 159, Part II, Florida Statutes, Ordinance No. 05-97 of the City, as amended, and its Articles of Incorporation, as amended and other applicable provisions of law (collectively, the “Act”), to enable public, private and not-for-profit organizations to obtain public assistance in financing or refinancing certain beneficial projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, pursuant to the Act and in accordance with the provisions of the Original Resolution, the Agency did on November 21, 2013, take official action by adopting its preliminary resolution (the “Agency Resolution”) indicating its intent to authorize the financing of the hereinafter described project, and the issuance from time to time of revenue bonds (the “Bonds”) by the Agency for a loan program for the purpose, among other things, of financing the acquisition, construction, development, installation and equipping of three (3) senior living facilities to be located in the City of Lake City, Florida, Saint Augustine, Florida, and Jacksonville, Florida (collectively, the “Senior Living Facilities”), as described in the attached Schedule “I”; and

WHEREAS, the City has been advised that the Agency desires to issue the Bonds in an aggregate principal amount of approximately \$165,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), to finance the Senior Living Facilities on behalf of Rimrock Devlin LLC, a Florida limited liability company, or one or more of its affiliates (as applicable, the “Borrower”), whose principal place of business is 343 N.W. Cole Terrace, Suite 201, Lake City, Florida 32055 to fund a program herein described (the “Plan of Finance”); and

WHEREAS, the proposed Senior Living Facilities are appropriate to the needs and circumstances of the community in which they are located and will serve a public purpose by (i) providing gainful employment and making a significant contribution to the economic growth of the local community, (ii) promoting commerce within the State of Florida, (iii) providing safe, decent and accessible living facilities for the senior living community, and (iv) advancing the economic prosperity and the general welfare of the State of Florida and its people; and

WHEREAS, in order to improve health care, it is necessary and in the public interest to facilitate the financing of the Senior Living Facilities and to facilitate and encourage the planning and development of such Senior Living Facilities without regard to the boundaries between counties, municipalities, special districts, and other local governmental bodies or agencies in order to more effectively and efficiently serve the interests of the greatest number of people in the widest area practicable; and

WHEREAS, the public purposes to be achieved by such Senior Living Facilities and the financing or refinancing thereof in compliance with the criteria and requirements of Chapter 159, Part II, Florida Statutes, as amended, implement the governmental purposes under the Florida Constitution of providing for the health, safety, and welfare of the people of the State of Florida; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires public approval of certain revenue bonds by an applicable elected representative or governmental unit on behalf of which such bonds are to be issued, following a public hearing; and

WHEREAS, (i) notice of such public hearing was given in the form required by the Code by publication at least fourteen (14) days prior to such public hearing in the *Pensacola News Journal* on November 26, 2013 and (ii) the Bonds and the Plan of Finance have been submitted to such public hearing held on behalf of the City Council on December 11, 2013; and

WHEREAS, the City Manager has conducted the public hearing on behalf of the City Council and provided reasonable opportunity for all interested persons to express their views, both orally and in writing, and diligently and conscientiously considered all comments and concerns expressed by such individuals, if any; and

WHEREAS, the City Council desires to approve the Bonds and the issuance and sale thereof pursuant to the Plan of Finance and to grant all approvals required or contemplated by Section 147(f) of the Code, to express its approval of the action taken by the Agency and its officials pursuant to the Agency Resolution, and to grant all other approvals required by the Enabling Agreement, as amended, and the Original Resolution in connection with the issuance and sale of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. PUBLIC HEARING NOTICE AND REPORT APPROVED.

The City Council hereby approves the form of and the manner of publication of the Notice of Public Hearing (the "Notice") published on November 26, 2013 in the *Pensacola News Journal*, a newspaper of general circulation in the jurisdiction of the City. The City Council hereby approves the report of the public hearing conducted by the City Manager, a copy of which is attached as Exhibit "A" hereto. Such Notice and other means and methods utilized by the City to give notice of purpose, time and date of the public hearing provided reasonable notice sufficient to inform residents of the City of the proposed Bonds.

SECTION 2. BONDS AND PLAN OF FINANCE APPROVED.

For purposes of the Act, the City hereby approves the Plan of Finance described herein, and the issuance of the Bonds described in the Notice. The Agency and its officers, employees, agents and attorneys are hereby authorized from time to time to take all action, to execute and deliver such authorizations, approvals, certificates and documents, and to enter into, on behalf of the Agency, all interlocal agreements, repurchase agreements, bond credit or insurance agreements, reimbursement agreements, and other agreements, approvals or instruments deemed necessary or convenient to effect, implement, maintain and continue the Plan of Finance, the financing or refinancing of the Senior Living Facilities through the issuance from time to time of the Bonds and the purposes for which the Bonds are to be issued. No obligation of the Agency under any such agreement shall constitute an obligation of the City except to the extent the same may be expressly approved by the City. The Bonds shall be limited and special obligations of the Agency, and shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of the City.

SECTION 3. AMENDMENT NO. 48 TO THE ENABLING AGREEMENT RATIFIED.

Pursuant to the Enabling Agreement, there is hereby approved the execution and delivery of Amendment No. 48 to the Enabling Agreement (the "Amendment") to effect the approvals set forth in Section 1 and Section 2 hereof. Such Amendment shall be in substantially the form attached hereto as Exhibit "B," and the Mayor is authorized to execute and deliver the same on behalf of the City Council, with such changes not inconsistent herewith as the Mayor shall approve, her execution thereof to conclusively establish such approval.

SECTION 4. TEFRA APPROVAL.

After diligent and conscientious consideration of the views expressed by the persons appearing at the public hearing, the City Council hereby approves the Agency's Plan of Finance, and the issuance by the Agency of approximately \$165,000,000 aggregate principal amount of revenue bonds for all purposes under Section 147(f) of the Code, for all purposes of the Enabling Agreement, as amended, and for all purposes of the Original Resolution.

SECTION 5. REPEALING CLAUSE.

All resolutions or parts thereof of the City in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

SECTION 6. EFFECTIVE DATE.

This resolution shall take effect immediately upon its adoption this 16th day of December, 2013.

**GULF BREEZE, FLORIDA
CITY COUNCIL**

(SEAL)

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer, City Clerk

EXHIBIT "A"
REPORT OF CITY MANAGER

[Follows]

EXHIBIT "B"

**AMENDMENT NO. 48
OF THE ENABLING AGREEMENT**

AMENDMENT NO 48 TO INTERLOCAL AGREEMENT

This **AMENDMENT NO 48 TO INTERLOCAL AGREEMENT** (this "Amendment No 48") is made and entered into as of the 16th day of December, 2013, by and among the **CITY OF GULF BREEZE, FLORIDA**, a municipal corporation of the State of Florida ("Gulf Breeze") and the **TOWN OF CENTURY, FLORIDA**, a municipal corporation of the State of Florida ("Century"). Gulf Breeze and Century may collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto have by Interlocal Agreement, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 47 (collectively, the "Enabling Agreement"), heretofore provided for the creation of the Capital Trust Agency (the "Agency"), to enable public, private and not-for-profit organizations to obtain public assistance in financing certain projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, Rimrock Devlin LLC, a Florida limited liability company, or one or more of its affiliates (as applicable, the "Borrower"), has represented that the Borrower, acting for itself or through its affiliates, plans to develop, own and operate senior living facilities in Lake City, Florida, St. Augustine, Florida, and Jacksonville, Florida (collectively, the "Senior Living Facilities"); and

WHEREAS, on November 21, 2013, the Agency approved a request by the Borrowers that the Agency issue its revenue bonds in a principal amount of approximately \$165,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), in one or more series from time to time (collectively, the "Bonds") and loan a portion of the net proceeds thereof to the Borrower to provide funds for the purpose, among other things, of financing the acquisition, construction, installation and equipping of three (3) senior living facilities to be known as the "Living Ventures of Lake City," the "Living Ventures of Saint Augustine," and the "Living Ventures of Jacksonville," to be located in Lake City, Saint Augustine and Jacksonville, Florida, respectively, as described in the attached Schedule "I"; and

WHEREAS, the Agency will issue its Bonds on a case-by-case basis after review by the Agency, to provide financing and refinancing from time to time for individual projects or groups of projects, or eligible financing programs, based upon the credit pledged therefor from one or more of the projects, the Borrower, a sponsor, a credit enhancement facility, if any, or from the revenues of any such programs; and

WHEREAS, Section 7 of the Enabling Agreement requires that as a condition precedent to the Agency issuing the Bonds, the Agency must obtain the prior written approval, evidenced by resolution, from the governing bodies of Century and Gulf Breeze approving such issuance and approving an

amendment to the Enabling Agreement specifically authorizing such issuance. Such approval evidenced by appropriate resolutions has been obtained, authorizing the execution and delivery of this Amendment No 48 to the Enabling Agreement with respect to the financing herein described; and

WHEREAS, the Parties desire to amend the Enabling Agreement to permit and authorize the Agency to issue the Bonds herein described and loan the proceeds to the Borrower in order to provide financing for the Senior Living Facilities;

NOW, THEREFORE, the Parties hereby agree as follows:

SECTION 1. ENABLING AGREEMENT AMENDED FOR PROJECT.

This Amendment No 48 is entered into pursuant to Section 7 of the Enabling Agreement for the purpose of authorizing the Agency to issue the Bonds and to finance projects of the type and character of the Senior Living Facilities.

SECTION 2. BONDS, PROGRAM, PLAN OF FINANCE APPROVED.

The Parties do hereby approve and authorize the Bonds, and the issuance of such Bonds from time to time, in one or more series, in an aggregate principal amount of approximately \$165,000,000 (the exact amount to be determined by an appropriate official of the Agency to be sufficient to enable the financing or refinancing of the Senior Living Facilities). Each installment or issue of such Bonds shall be designated by series, in such manner as the Agency shall determine, so as to separately identify each such installment or issue. The Agency and its officers, employees, agents and attorneys are hereby authorized to enter into, on behalf of the Agency, from time to time, interlocal agreements, cash management agreements, interest rate swap or hedge transactions, investment agreements, repurchase agreements, bond credit or insurance agreements, escrow agreements, reimbursement agreements, security documents and other agreements, approvals or instruments deemed necessary or convenient to effect or implement the financing or refinancing of the Senior Living Facilities through the issuance of the Bonds, and the purposes and programs for which the Bonds are to be issued and to conform the purposes stated in the Articles of Incorporation of the Agency to the authorizations herein contained. No obligation of the Agency under any such agreement or instrument shall constitute an obligation of Century or Gulf Breeze. The Bonds shall be limited and special obligations of the Agency, payable from the revenues or receipts of such programs or projects, payments by the Borrower, a sponsor, or other sources relating to the purpose for which they are issued, all in the indentures for the Bonds. The Bonds shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of Century or Gulf Breeze.

SECTION 3. ADMINISTRATIVE FEES AND EXPENSES FOR THE TOWN OF CENTURY.

Upon the issuance of each series or installment of Bonds, Century shall be paid by either the Agency or Gulf Breeze, solely from amounts received from the Borrower, the sum specified on Schedule "II" attached hereto.

SECTION 4. ENABLING AGREEMENT CONTINUED.

The Enabling Agreement, as amended hereby, is hereby ratified, confirmed and approved and shall otherwise continue in full force and effect. Nothing in this Amendment No. 48 shall be deemed to adversely affect the authorizations in the Enabling Agreement as it existed prior to the effective date of this Amendment No. 48, or to adversely affect the interests of the holders of any Bonds issued or to be issued pursuant to such authorizations. Except as and only to the extent specifically amended hereby, such Enabling Agreement is hereby incorporated by reference.

SECTION 5. INDEMNITY.

To the extent permitted by law, the Agency and Gulf Breeze shall indemnify, defend and hold harmless Century against any and all claims, losses, liabilities or damages to property or any injury or death of any person or persons occurring in connection with the issuance of the Bonds pursuant hereto, or in connection with the acquisition or operation of any project, or for any liability any way growing out of or resulting from the Enabling Agreement, as amended, this Amendment No. 48, the financing agreements and/or bond indentures executed in connection with the Bonds, including, without limitation, all costs and expenses of Century, including reasonable attorney's fees, incurred in the performance of any activities of Century in connection with the foregoing or the enforcement of any agreement of the Agency herein contained. Any such obligation of Gulf Breeze or the Agency shall be payable solely from the amounts available to them for such purposes under the Bond financing or any other plan of finance heretofore or hereafter undertaken by the Agency, and shall not constitute a general obligation or a pledge of the faith and credit of Gulf Breeze or the Agency, or an obligation to pay the same from any sources other than such amounts available to them for such purposes under the Bond financing.

SECTION 6. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 severable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereto.

SECTION 7. COUNTERPARTS.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8. EFFECTIVE DATE; AMENDMENTS.

This Amendment shall take effect when duly executed by the Parties and filed in accordance with the law. This Amendment may be amended only by written instrument signed by authorized representatives of Century and Gulf Breeze; provided, however, that no such amendment which would adversely affect the rights of the holders or owners of any then outstanding Bonds of the Agency or of

any other member shall take effect until such time as all necessary consents or approvals with respect to such Bonds shall have been obtained, in the case of the rights of bondholders, or the consents and approvals of the affected members, in the case of the rights of members.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Amendment No 48 to the Enabling Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GULF BREEZE, FLORIDA

[SEAL]

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer
City Clerk

TOWN OF CENTURY, FLORIDA

[SEAL]

By: _____
Freddie W. McCall, Sr., Mayor

ATTEST:

By: _____
Leslie Gonzalez, Town Clerk

SCHEDULE "I"

The Senior Living Facilities consist of:

(1) an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Lake City," to be located at 218 Gleason Drive, Lake City, Florida 32055, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company;

(2) an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Saint Augustine," to be located at 405 Golfway Drive, Saint Augustine, Florida 32095, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company; and

(3) an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Jacksonville," to be located at 3412 University Blvd., Jacksonville, Florida 32211, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

SCHEDULE "II"
PAYMENT TO TOWN OF CENTURY

\$350.00 per million principal amount of each issue, upon issuance thereof, but not less than \$2,500.00.

SCHEDULE I

The Senior Living Facilities consist of:

(1) an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Lake City," to be located at 218 Gleason Drive, Lake City, Florida 32055, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company;

(2) an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Saint Augustine," to be located at 405 Golfway Drive, Saint Augustine, Florida 32095, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company; and

(3) an approximately 120-unit senior living facility comprised of approximately 72 assisted living units and 58 memory support units for the elderly to be known as the "LivingVentures of Jacksonville," to be located at 3412 University Blvd., Jacksonville, Florida 32211, and expected to be owned by the Borrower and managed initially by LivingVentures Management, LLC, a Florida limited liability company.

RESOLUTION 42-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA, APPROVING A PLAN OF FINANCE FOR THE COSTS OF THE ACQUISITION, CONSTRUCTION, DEVELOPMENT, IMPROVEMENT, INSTALLATION AND EQUIPPING OF SENIOR LIVING FACILITIES LOCATED IN THE STATE OF FLORIDA; APPROVING THE ISSUANCE OF APPROXIMATELY \$68,000,000 CAPITAL TRUST AGENCY REVENUE BONDS FOR THE PURPOSE OF FINANCING A LOAN PROGRAM TO ASSIST IN FINANCING SUCH FACILITIES; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the "City Council") of Gulf Breeze, Florida (the "City"), a municipal corporation of the State of Florida, has heretofore adopted Resolution No. 14-99 dated as of July 19, 1999 (the "Original Resolution"), and entered into an Interlocal Agreement between the City and the Town of Century, Florida, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 53 (collectively, the "Enabling Agreement"), approving the creation of the Capital Trust Agency (the "Agency"), a legal entity and a public agency of the State of Florida, organized and existing under the provisions of Chapter 163, Part I, and Chapter 159, Part II, Florida Statutes, Ordinance No. 05-97 of the City, as amended, and its Articles of Incorporation, as amended and other applicable provisions of law (collectively, the "Act"), to enable public, private and not-for-profit organizations to obtain public assistance in financing or refinancing certain beneficial projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, pursuant to the Act and in accordance with the provisions of the Original Resolution, the Agency did on November 21, 2013, take official action by adopting its preliminary resolution (the "Agency Resolution") indicating its intent to authorize the financing of the hereinafter described project, and the issuance from time to time of revenue bonds (the "Bonds") by the Agency for a loan program for the purpose, among other things, of financing the acquisition, construction, development, installation and equipping of two (2) senior living and assisted living facilities, to be known as "Phase I" and "Phase II," each to be located in the City of Jensen Beach, Florida (collectively, the "Senior Living Facilities"), as described in the attached Schedule "T"; and

WHEREAS, the City has been advised that the Agency desires to issue the Bonds in an aggregate principal amount of approximately \$68,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), to finance the Senior Living Facilities on behalf of One HC-Jensen Beach, LLC, a Florida limited liability company, or one or more of its affiliates (the "Phase I Borrower"), and Two HC-Jensen Beach, LLC, a Florida limited liability company, or one or more of its affiliates (the "Phase II Borrower," and together with the Phase I Borrower, the "Borrowers"), whose principal

place of business is 4761 West Bay Boulevard, #1204, Estero, Florida 33928, to fund a program herein described (the "Plan of Finance"); and

WHEREAS, the proposed Senior Living Facilities are appropriate to the needs and circumstances of the community in which they are located and will serve a public purpose by (i) providing gainful employment and making a significant contribution to the economic growth of the local community, (ii) promoting commerce within the State of Florida, (iii) providing safe, decent and accessible living facilities for the senior living community, and (iv) advancing the economic prosperity and the general welfare of the State of Florida and its people; and

WHEREAS, in order to improve health care, it is necessary and in the public interest to facilitate the financing of the Senior Living Facilities and to facilitate and encourage the planning and development of such Senior Living Facilities without regard to the boundaries between counties, municipalities, special districts, and other local governmental bodies or agencies in order to more effectively and efficiently serve the interests of the greatest number of people in the widest area practicable; and

WHEREAS, the public purposes to be achieved by such Senior Living Facilities and the financing or refinancing thereof in compliance with the criteria and requirements of Chapter 159, Part II, Florida Statutes, as amended, implement the governmental purposes under the Florida Constitution of providing for the health, safety, and welfare of the people of the State of Florida; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires public approval of certain revenue bonds by an applicable elected representative or governmental unit on behalf of which such bonds are to be issued, following a public hearing; and

WHEREAS, (i) notice of such public hearing was given in the form required by the Code by publication at least fourteen (14) days prior to such public hearing in the *Pensacola News Journal* on November 26, 2013 and (ii) the Bonds and the Plan of Finance have been submitted to such public hearing held on behalf of the City Council on December 11, 2013; and

WHEREAS, the City Manager has conducted the public hearing on behalf of the City Council and provided reasonable opportunity for all interested persons to express their views, both orally and in writing, and diligently and conscientiously considered all comments and concerns expressed by such individuals, if any; and

WHEREAS, the City Council desires to approve the Bonds and the issuance and sale thereof pursuant to the Plan of Finance and to grant all approvals required or contemplated by Section 147(f) of the Code, to express its approval of the action taken by the Agency and its officials pursuant to the Agency Resolution, and to grant all other approvals required by the Enabling Agreement, as amended, and the Original Resolution in connection with the issuance and sale of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA:

SECTION 1. PUBLIC HEARING NOTICE AND REPORT APPROVED.

The City Council hereby approves the form of and the manner of publication of the Notice of Public Hearing (the "Notice") published on November 26, 2013 in the *Pensacola News Journal*, a newspaper of general circulation in the jurisdiction of the City. The City Council hereby approves the report of the public hearing conducted by the City Manager, a copy of which is attached as Exhibit "A" hereto. Such Notice and other means and methods utilized by the City to give notice of purpose, time and date of the public hearing provided reasonable notice sufficient to inform residents of the City of the proposed Bonds.

SECTION 2. BONDS AND PLAN OF FINANCE APPROVED.

For purposes of the Act, the City hereby approves the Plan of Finance described herein, and the issuance of the Bonds described in the Notice. The Agency and its officers, employees, agents and attorneys are hereby authorized from time to time to take all action, to execute and deliver such authorizations, approvals, certificates and documents, and to enter into, on behalf of the Agency, all interlocal agreements, repurchase agreements, bond credit or insurance agreements, reimbursement agreements, and other agreements, approvals or instruments deemed necessary or convenient to effect, implement, maintain and continue the Plan of Finance, the financing or refinancing of the Senior Living Facilities through the issuance from time to time of the Bonds and the purposes for which the Bonds are to be issued. No obligation of the Agency under any such agreement shall constitute an obligation of the City except to the extent the same may be expressly approved by the City. The Bonds shall be limited and special obligations of the Agency, and shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of the City.

SECTION 3. AMENDMENT NO. 54 TO THE ENABLING AGREEMENT RATIFIED.

Pursuant to the Enabling Agreement, there is hereby approved the execution and delivery of Amendment No. 54 to the Enabling Agreement (the "Amendment") to effect the approvals set forth in Section 1 and Section 2 hereof. Such Amendment shall be in substantially the form attached hereto as Exhibit "B," and the Mayor is authorized to execute and deliver the same on behalf of the City Council, with such changes not inconsistent herewith as the Mayor shall approve, her execution thereof to conclusively establish such approval.

SECTION 4. TEFRA APPROVAL.

After diligent and conscientious consideration of the views expressed by the persons appearing at the public hearing, the City Council hereby approves the Agency's Plan of Finance, and the issuance by the Agency of approximately \$68,000,000 aggregate principal amount of revenue bonds for all purposes under Section 147(f) of the Code, for all purposes of the Enabling Agreement, as amended, and for all purposes of the Original Resolution.

SECTION 5. REPEALING CLAUSE.

All resolutions or parts thereof of the City in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

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SECTION 6. EFFECTIVE DATE.

This resolution shall take effect immediately upon its adoption this 16th day of December, 2013.

**GULF BREEZE, FLORIDA
CITY COUNCIL**

(SEAL)

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer, City Clerk

EXHIBIT "A"
REPORT OF CITY MANAGER

[Follows]

EXHIBIT "B"

**AMENDMENT NO. 54
OF THE ENABLING AGREEMENT**

AMENDMENT NO 54 TO INTERLOCAL AGREEMENT

This **AMENDMENT NO 54 TO INTERLOCAL AGREEMENT** (this "Amendment No 54") is made and entered into as of the 16th day of December, 2013, by and among the **CITY OF GULF BREEZE, FLORIDA**, a municipal corporation of the State of Florida ("Gulf Breeze") and the **TOWN OF CENTURY, FLORIDA**, a municipal corporation of the State of Florida ("Century"). Gulf Breeze and Century may collectively be referred to herein as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto have by Interlocal Agreement, dated as of August 2, 1999, as amended by Amendments No. 1 through No. 53 (collectively, the "Enabling Agreement"), heretofore provided for the creation of the Capital Trust Agency (the "Agency"), to enable public, private and not-for-profit organizations to obtain public assistance in financing certain projects or programs that benefit, enhance and/or serve a public purpose; and

WHEREAS, One HC-Jensen Beach, LLC, a Florida limited liability company, or one or more of its affiliates (the "Phase I Borrower"), and Two HC-Jensen Beach, LLC, a Florida limited liability company, or one or more of its affiliates (the "Phase II Borrower," and together with the Phase I Borrower, the "Borrowers"), have represented to the Agency that, acting for itself or through its affiliates, it plans to develop, own, and operate senior living and assisted living facilities (collectively, the "Senior Living Facilities"), both in Jensen Beach, Florida; and

WHEREAS, on November 21, 2013, the Agency approved a request by the Borrowers that the Agency issue its revenue bonds in a principal amount of approximately \$68,000,000 (the exact amount to be determined by the appropriate official of the Agency, as being the amount required to fund the financing herein authorized), in one or more series from time to time (collectively, the "Bonds") and loan a portion of the net proceeds thereof to the Phase I Borrower in an amount not exceeding \$28,000,000 in the aggregate principal amount of the proceeds of such Bonds and loan a portion of the net proceeds thereof to the Phase II Borrower in an amount not exceeding \$40,000,000 in the aggregate principal amount of the proceeds of such Bonds to provide funds for the purpose, among other things, of financing the acquisition, construction, installation and equipping of two (2) senior living and assisted living facilities to be known as "Phase I" and "Phase II," both to be located in Jensen Beach, Florida, as described in the attached Schedule "I"; and

WHEREAS, the Agency will issue its Bonds on a case-by-case basis after review by the Agency, to provide financing and refinancing from time to time for individual projects or groups of projects, or eligible financing programs, based upon the credit pledged therefor from one or more of the projects, the Borrowers, a sponsor, a credit enhancement facility, if any, or from the revenues of any such programs; and

WHEREAS, Section 7 of the Enabling Agreement requires that as a condition precedent to the Agency issuing the Bonds, the Agency must obtain the prior written approval, evidenced by resolution, from the governing bodies of Century and Gulf Breeze approving such issuance and approving an amendment to the Enabling Agreement specifically authorizing such issuance. Such approval evidenced by appropriate resolutions has been obtained, authorizing the execution and delivery of this Amendment No 54 to the Enabling Agreement with respect to the financing herein described; and

WHEREAS, the Parties desire to amend the Enabling Agreement to permit and authorize the Agency to issue the Bonds herein described and loan the proceeds to the Borrowers in order to provide financing for the Senior Living Facilities;

NOW, THEREFORE, the Parties hereby agree as follows:

SECTION 1. ENABLING AGREEMENT AMENDED FOR PROJECT.

This Amendment No 54 is entered into pursuant to Section 7 of the Enabling Agreement for the purpose of authorizing the Agency to issue the Bonds and to finance projects of the type and character of the Senior Living Facilities.

SECTION 2. BONDS, PROGRAM, PLAN OF FINANCE APPROVED.

The Parties do hereby approve and authorize the Bonds, and the issuance of such Bonds from time to time, in one or more series, in an aggregate principal amount of approximately \$68,000,000 (the exact amount to be determined by an appropriate official of the Agency to be sufficient to enable the financing or refinancing of the Senior Living Facilities). Each installment or issue of such Bonds shall be designated by series, in such manner as the Agency shall determine, so as to separately identify each such installment or issue. The Agency and its officers, employees, agents and attorneys are hereby authorized to enter into, on behalf of the Agency, from time to time, interlocal agreements, cash management agreements, interest rate swap or hedge transactions, investment agreements, repurchase agreements, bond credit or insurance agreements, escrow agreements, reimbursement agreements, security documents and other agreements, approvals or instruments deemed necessary or convenient to effect or implement the financing or refinancing of the Senior Living Facilities through the issuance of the Bonds, and the purposes and programs for which the Bonds are to be issued and to conform the purposes stated in the Articles of Incorporation of the Agency to the authorizations herein contained. No obligation of the Agency under any such agreement or instrument shall constitute an obligation of Century or Gulf Breeze. The Bonds shall be limited and special obligations of the Agency, payable from the revenues or receipts of such programs or projects, payments by the Borrowers, a sponsor, or other sources relating to the purpose for which they are issued, all in the indentures for the Bonds. The Bonds shall not constitute a pledge of the faith and credit or taxing power of or constitute an obligation of Century or Gulf Breeze.

SECTION 3. ADMINISTRATIVE FEES AND EXPENSES FOR THE TOWN OF CENTURY.

Upon the issuance of each series or installment of Bonds, Century shall be paid by either the Agency or Gulf Breeze, solely from amounts received from the Borrowers, the sum specified on Schedule "II" attached hereto.

SECTION 4. ENABLING AGREEMENT CONTINUED.

The Enabling Agreement, as amended hereby, is hereby ratified, confirmed and approved and shall otherwise continue in full force and effect. Nothing in this Amendment No 54 shall be deemed to adversely affect the authorizations in the Enabling Agreement as it existed prior to the effective date of this Amendment No 54, or to adversely affect the interests of the holders of any Bonds issued or to be issued pursuant to such authorizations. Except as and only to the extent specifically amended hereby, such Enabling Agreement is hereby incorporated by reference.

SECTION 5. INDEMNITY.

To the extent permitted by law, the Agency and Gulf Breeze shall indemnify, defend and hold harmless Century against any and all claims, losses, liabilities or damages to property or any injury or death of any person or persons occurring in connection with the issuance of the Bonds pursuant hereto, or in connection with the acquisition or operation of any project, or for any liability any way growing out of or resulting from the Enabling Agreement, as amended, this Amendment No 54, the financing agreements and/or bond indentures executed in connection with the Bonds, including, without limitation, all costs and expenses of Century, including reasonable attorney's fees, incurred in the performance of any activities of Century in connection with the foregoing or the enforcement of any agreement of the Agency herein contained. Any such obligation of Gulf Breeze or the Agency shall be payable solely from the amounts available to them for such purposes under the Bond financing or any other plan of finance heretofore or hereafter undertaken by the Agency, and shall not constitute a general obligation or a pledge of the faith and credit of Gulf Breeze or the Agency, or an obligation to pay the same from any sources other than such amounts available to them for such purposes under the Bond financing.

SECTION 6. SEVERABILITY OF INVALID PROVISIONS.

If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions 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 severable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereto.

SECTION 7. COUNTERPARTS.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 8. EFFECTIVE DATE; AMENDMENTS.

This Amendment shall take effect when duly executed by the Parties and filed in accordance with the law. This Amendment may be amended only by written instrument signed by authorized representatives of Century and Gulf Breeze; provided, however, that no such amendment which would adversely affect the rights of the holders or owners of any then outstanding Bonds of the Agency or of any other member shall take effect until such time as all necessary consents or approvals with respect to such Bonds shall have been obtained, in the case of the rights of bondholders, or the consents and approvals of the affected members, in the case of the rights of members.

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IN WITNESS WHEREOF, the Parties have caused this Amendment No 54 to the Enabling Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF GULF BREEZE, FLORIDA

[SEAL]

By: _____
Beverly H. Zimmern, Mayor

ATTEST:

By: _____
Leslie Guyer
City Clerk

TOWN OF CENTURY, FLORIDA

[SEAL]

By: _____
Freddie W. McCall, Sr., Mayor

ATTEST:

By: _____
Leslie Gonzalez, Town Clerk

SCHEDULE "T"

The Senior Living Facilities consist of the (i) financing the acquisition and construction of a two-story approximately 99-unit (130-bed) senior living and assisted living facility containing approximately 105,000 square feet ("Phase I") to be owned by "Phase I Borrower and (ii) financing the acquisition and construction of a three-story approximately 175-unit (225-bed) senior living and assisted living facility containing approximately 180,000 square feet ("Phase II") to be owned by the Phase II Borrower. Both Phase I and Phase II will be located on a parcel of approximately 37 acres located at 1537 N.E. Cedar Street, Jensen Beach, Florida 32957 and are expected to be owned by the Phase I Borrower and the Phase II Borrower, respectively, and initially managed by LivingVentures Management, LLC, a Florida limited liability company.

Schedule I-1

SCHEDULE "II"
PAYMENT TO TOWN OF CENTURY

\$350.00 per million principal amount of each issue, upon issuance thereof, but not less than \$2,500.00.

SCHEDULE I

The Senior Living Facilities consist of the (i) financing the acquisition and construction of a two-story approximately 99-unit (130-bed) senior living and assisted living facility containing approximately 105,000 square feet (“Phase I”) to be owned by “Phase I Borrower and (ii) financing the acquisition and construction of a three-story approximately 175-unit (225-bed) senior living and assisted living facility containing approximately 180,000 square feet (“Phase II”) to be owned by the Phase II Borrower. Both Phase I and Phase II will be located on a parcel of approximately 37 acres located at 1537 N.E. Cedar Street, Jensen Beach, Florida 32957 and are expected to be owned by the Phase I Borrower and the Phase II Borrower, respectively, and initially managed by LivingVentures Management, LLC, a Florida limited liability company.



City of Gulf Breeze

Police Department

Richard Hawthorne
Interim Chief of Police

December 5, 2013

To: Edwin Eddy, City Manager

From: Richard Hawthorne, Interim Chief 

Re: Vehicle Purchase

In the 2013-2014 budget the City Council funded the purchase of (2) two new Police vehicles to be utilized in the Patrol Divisions. The vehicles are 2014 Ford Utility Police Interceptors. Hub City in Crestview has the State Contract for these vehicles for the North part of Florida. Over the years we have purchased many vehicles through Joe Windrow, the Fleet Manager at Hub City. He has the vehicles in stock and ready to be equipped. The State Contract price for the equipped vehicles is \$37,365.00 per vehicle. We will be utilizing some extra equipment that we already have on hand to help equip the vehicles. I am requesting authorization to purchase the two new Police Interceptors. We intend of transferring one of our current vehicles to Code Enforcement and disposing the others on Govdeals.com.

Recommendation: That the City Council approves the purchase of the 2 new Police Interceptors for the State Contract price of \$37,365.00 each from Hub City Ford, Crestview, Florida.



Fleet Department
windrow1@windrowfleetsales.com



Phone: (800) 972-3673
Office: (850) 398-6810
Cell: (850) 393-4723
Fax: (850) 398-6827

12/6/2013

CHIEF
GULF BREEZE POLICE DEPT
850-934-5121
850-934-5127

Exterior Vehicle Color		Emergency Lighting:	Driver side	Passenger side
Interior Vehicle Color		Color	Lights	
Seat Type		Color	Lenses	

COMMODITY CODE		Total
	2014 FORD UTILITY POLICE INTERCEPTOR	\$24,751.00
Base Price	AWD 4DR (K8A-500A)	
66A	FT HEADLAMP LIGHTING SOLUTION	\$914.00
66B	TAIL LAMP LIGHTING SOLUTION	\$424.00
66C	REAR LIGHTING SOLUTION	\$454.00
67G	CARGO WIRING UPFIT PKG	\$1,339.00
47C	POLICE WIRE HARNESS CONNECTOR KIT-FT	\$104.00
21P	POLICE WIRE HARNESS CONNECTOR KIT-REAR	\$129.00
43D	COURTESY LAMP DISABLE	\$19.00
17T	RED/WHITE DOMP LAMP	\$49.00
60A	GRILLE LAMP,SIREN & SPEAKER PRE-WIRING	INC
63B	SIDE MARKER LED SIDEVIEW MIRRORS	\$224.00
51R	DRIVE SIDE SPOTLIGHT (LED)	\$394.00
53M	SYNC-USB PORT	\$294.00
61R	(4) REMAPPABLE STEERING WHEEL SWITCHES	\$154.00
68L	REAR DOOR HANDLES INOP	\$34.00
18W	REAR POWER WINDOW INOP	\$24.00
19L	LOCKABLE GAS CAP	\$19.00
595	KEYLESS ENTRY	\$259.00
76R	REVERSE SENSING	\$274.00
60R	NOISE SUPPRESSION BONDS	\$99.00
85R	REAR CONSOLE PLATE	INC
	Base vehicle to include at No Charge	
998	3.5 V6 CYCLONE	I/C
44J	6-SPD AUTO TRAN	I/C
153	FRONT LICENSE BRACKET	I/C
	AFTERMARKET OPTIONS	
	RECHARGEABLE MAG LIGHT	\$170.00
	SETINA 8S LEXAN CAGE	\$890.00
	WHELEN LED LIGHT BAR	\$3,896.00
	MOTOTOLA CM 300 RADIO	\$890.00
	HAVIS CONSOLE	\$490.00
	BACK CAGE	\$796.00
	PRIORITYSTART-BATTEERY START	\$275.00
		\$37,365.00

Joe Windrow
Fleet Sales Manager
850-398-6810 Office
850-393-4723 Cell
850-398-6827 FAX

All vehicles will be ordered **WHITE** unless agency chooses a different color.
Please return quote along with purchase order.

We Appreciate your interest in the 2011/2012 State of Florida Motor Vehicle Contract

4060 South Ferdon Blvd., Crestview, FL 32536



City of Gulf Breeze

TO: Edwin A. Eddy, City Manager
FROM: Thomas E. Lambert, Assistant Director of Public Services
DATE: December 5, 2013
RE: Bahama Bay Lift Station

The Bahama Bay lift station in front of the Villas at Gulf Breeze requires repair of a riser pipe for one of the two pumps in the wet well. The riser pipe has come loose from the bottom of the station, and will require a contractor with the equipment and training for confined hazardous space entry. We wish to replace both riser pipes since the majority of the cost is in bypassing the lift station and doing the confined entry.

The staff has solicited quotes which are attached. The selected contractor is a local firm and the funds will come from budgeted repairs and maintenance.

RECOMMENDATION: The City Council approve Warrington Utility & Excavating to complete the Bahama Bay lift station repairs for \$8,500.00.



City of Gulf Breeze

MEMORANDUM

TO: Vernon Prather, Director of Public Services
FROM: Dennis Durnil, Supervisor of Water and Sewer *DD*
DATE: November 14, 2013
RE: Repair riser piping for Bahama Bay lift station

Attached are the requests and quotes from maintenance Foreman for the replacement of riser pipes and inspection of bases and other piping in Bahama Bay Lift station. One of the risers is no longer intact which makes the pump inoperable and emergency repairs needed and agree with maintenance personnel's recommendation

Warrington Utility and Excavating-----	\$8,500.00	<i>PELISACOLA</i>
Brown Construction of N.W.F. -----	\$17,390.30	<i>Gulf Breeze</i>
Utility Service Co. -----	\$24,454.00	<i>Gulf Breeze</i>

Recommendation;

Warrington Utility and Excavating replace piping and inspect station for further damage for the amount of \$8,500.00

D.A.D.



City of Gulf Breeze

MEMORANDUM

TO: Dennis Durnil, System Supervisor

FROM: Therran Gentry, Construction Foreman and John Trypus, Sewer Collections Foreman

DATE: 11/8/13

RE: Bahama Bay LS emergency repair

Dennis,

One of the riser pipes in this station has broken loose. Initially it broke at top 90 degree bend so we made entry to repair and discovered the bottom bend was busted loose as well. Bypassing the station and making repairs at bottom of wetwell is the type of work that will require a utility contractor. We have obtained three quotes to replace the riser piping (sch. 80), repair one rail system and inspect the base ells with Warrington Utility and Excavating being the low bidder.

RECOMMENDATION: Award this work to Warrington Utility and Excavating for the amount of \$8500.00

ATTACHED: quotes



State Certified# CU C1224889

Date: November 6, 2013

Re: Bahama Bay Lift Station

Attn: Therran Gentry

Warrington Utility & Excavating Inc. will provide material, labor, and supervision to replace 2- 4" sch. 80 risers, 2- 4" sch. 80 90 bends, repair hardware with bushing on rail and bypass pumping.

Grand Total: \$8,500.00

Please Note the following:

- Price subject to change in case of any unforeseen circumstances or any utilities encountered.
- Price does not include any de-watering
- Price includes M.O.T.
- Anything not specifically stated in this proposal is excluded from price.

Complete Sanitary Sewer Systems * Mains, Laterals, Lift Stations, Force Mains, etc. * Complete Water Main Systems * Fire Hydrants, Wet Taps, Services, Back Flow Preventors and Testing, Pressure Testing, Jack & Boring * Complete Storm Drain Systems * Concrete Pipe and Plastic Pipe * Curb Inlets, Catch Basins, Box Culverts, Under drain Systems, Excavating * Fire Mains * Dewatering * Electrical and Telephone conduit

8401 Untreiner Avenue, Pensacola, FL 32534 Office: (850) 476-2280, Fax: (850)476-2283



OF NORTHWEST FLORIDA INC

Since 1995

Certified General &

Underground Utility Contractors

CGCO45510

CUCO56748



PROPOSAL SUBMITTED TO: City of Gulf Breeze c/o Therran Gentry	PHONE: 934-5100	DATE 11/6/2013
	FAX: 934-5150	
	JOB NAME: Bahama Bay Club Lift Station	
ARCHITECT/ENGINEER:	DATE OF PLANS	QUOTE VERSION

WE HEREBY SUBMIT THE SPECIFICATIONS AND ESTIMATES FOR:

**Labor and Material to Bypass existing Lift Station, inspect Base Ells after City of Gulf Breeze cleans and vacuums.
 Replace both Riser Pipes and Top 90 ells with Schedule 80 PVC.
 Repair top of (1) damaged Guide Rail.
 Install one new additional Cross Brace.
 Remove Bypass System.**

Total... \$17,390.30

Notes: Items not specifically noted will be excluded.

Vacuum Truck will be provided by the City of Gulf Breeze.

We Propose hereby to furnish material and labor- complete in accordance with above specifications, for the sum of:

\$17,390.30

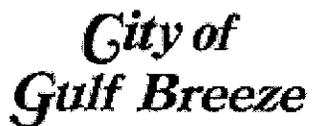
Payment to be made as follows:

DUE UPON COMPLETION

All Material is guaranteed to be as specified in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will

Authorized Signature:

Mark Busby



Bahama Bay Lift Station

Ron King <rking@uscofl.com>

Thu, Nov 7, 2013 at 7:26 AM

To: Therran Gentry <tgentry@gulfbreezefl.gov>

Therran,

Our price to replace the discharge pipes and 90 degree bends in the above referenced lift station is \$24, 454.00. Work would include USCO setting up by-pass system, SSRU would help clean and pump out station. USCO would furnish and install 2 each 4" DI 90 degree bends, 4 each vanstone pvc flanges, and 2 each schedule 80 PVC discharge pipes.

We would pump out of existing manhole in street, which would require closing one lane of traffic for a few days.

SSRU would inspect existing base elbows while station is on bypass.

We appreciate the opportunity to quote on this work.

Thanks

Ron King



City of Gulf Breeze

TO: Edwin A. Eddy, City Manager
FROM:  David J. Szymanski, Assistant City Manager
DATE: December 6, 2013
SUBJECT: Replacement of Dead Trees along St. Francis Drive

In September 2013, the City completed the McClure/St. Francis project. The final piece of the project was to install streets trees along St. Francis Drive from the 4 way stop at McClure around to the church. A new solar irrigation system was installed and 30 Live Oak trees were planted.

Soon after planting, the irrigation system malfunctioned. This malfunction went unnoticed for a number of days. Because the surrounding soil is mostly made up of sand, the trees were not able to draw enough water to survive. (Initially, the trees were planted with the correct types of planting mixture.) Staff consulted the nursery specialist when the trees began to brown. The specialist assured us that the trees had been planted correctly and the problem was lack of water. The lack of water voids any warranty that came with the trees. The malfunctioning irrigation has been fixed and is now working properly.

Staff would like to remove and replant new trees. Panhandle Growers has quoted a price of \$2,550.00 for the replacement trees. The original price for the trees was \$3,150.00. The funds would come from the Community Redevelopment Agency.

RECOMMENDATION: That the City Council meet as the Board of Directors of the Community Redevelopment Agency on Monday, December 16, 2013 and approve staff recommendation of replacing trees along St. Francis Drive for \$2,550.00.



City of Gulf Breeze

MEMORANDUM

To : Mayor and City Council

From :  Edwin A. Eddy, City Manager

Date : December 5, 2013

Subject: Adjustment to the Police Officers Retirement Plan 2012-2013

At the end of March 2013, we were advised by the administrators and actuaries of our Police Pension fund that the assets of the plan were short at the end of the fiscal year by \$136,775. The Council authorized payment of this amount to the plan assets in order to make assets equal future liabilities.

We are now in receipt of the actuarial study of the Police Pension Plan for the fiscal year just concluded (October 1, 2012, through September 30, 2013). The City must pay an additional \$57,708 to balance the plan assets to liabilities before January 1, 2014. Attached is a letter from Consulting Actuary Charles Carr dated December 2, 2013, which describes the shortfall. Additionally, the full actuarial study for the Police Pension Plan for Fiscal Year 12/13 is attached.

Changes to the Police Pension Plan are under discussion with the Police Pension Board and the Fraternal Order of Police. The maintenance of a fair pay plan, a health plan similar to the current health plan, and the Police Pension Plan are all tied together by cost.

RECOMMENDATION:

THAT THE CITY COUNCIL AUTHORIZE THE EXPENDITURE OF \$57,708 FROM PAYROLL SAVINGS IN FY 2014 TO THE POLICE PENSION FUND TO BALANCE PLAN ASSETS WITH LIABILITIES.



POST OFFICE BOX 888343
ATLANTA, GEORGIA 30356-0343
TELEPHONE 770.392.0086
FACSIMILE 770.392.2193

December 2, 2013

Trustees of the Retirement Trust Fund for the Police Officers of the City of Gulf Breeze
c/o Mr. Paul Shamoun
Florida League of Cities, Inc.
P. O. Box 1757
Tallahassee, FL 32302

Re: Retirement Plan for the Police Officers of the City of Gulf Breeze

Ladies and Gentlemen:

As shown in our October 1, 2012 actuarial valuation for subject plan, the minimum required contribution for the 2012/13 plan year is 44.29% of pensionable earnings for the year, plus an additional \$1,697 interest penalty for late payment of the 2011/12 minimum required contribution.

On this basis, the minimum required contribution for the 2012/13 plan year was \$253,571. After the allowable Chapter 185 contribution of \$56,576 is subtracted from the \$253,571 required contribution, the City's minimum required contribution is \$196,995. As of October 1, 2013, the City's contribution for the 2012/13 plan year was only \$140,255, leaving an additional contribution due in the amount of \$56,740 as of that date.

The Division of Retirement requires interest to be charged at the valuation discount rate on contribution deposits that are made after the close of the plan year. Therefore, for the plan year beginning October 1, 2012 and ending September 30, 2013, the remaining City contribution is **\$57,708** if this amount is contributed on or before January 1, 2014. If the deposit is made after January 1, 2014, we must re-calculate the amount owed to reflect an additional interest charge.

If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script that reads "Charles T. Carr".

Charles T. Carr
Consulting Actuary

RETIREMENT PLAN FOR THE POLICE OFFICERS
OF THE CITY OF GULF BREEZE

**ACTUARIAL VALUATION
AS OF OCTOBER 1, 2013**

**DETERMINES THE CONTRIBUTION
FOR THE 2013/14 FISCAL YEAR**



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December 2, 2013

Introduction

This report presents the results of the October 1, 2013 actuarial valuation for the Retirement Plan for the Police Officers of the City of Gulf Breeze. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2013 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2013/14 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2013/14 plan year. The minimum required contribution rate is 42.73% of covered payroll, which represents a decrease of 1.56% of payroll from the prior valuation.

The normal cost rate is 41.26%, which is 1.40% lower than the normal cost rate that was developed in the prior valuation. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate decreased by 1.26% of payroll due to investment gains, decreased by another 0.19% of payroll due to demographic experience, and increased by 0.05% of payroll due to the assumption changes that are described below. The market



value of assets earned 11.28% during the 2012/13 plan year, whereas a 7.50% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2013/14 minimum required contribution will be equal to 42.73% multiplied by the total pensionable earnings for the 2013/14 plan year for the active employees who are covered by the plan and reduced by the portion of the Chapter 175/185 contribution that is allowed to be recognized during the 2013/14 plan year. As of the date of this report, the allowable portion of the Chapter 175/185 contribution is \$58,434 per year. However, this amount is subject to change depending on the amount of the Chapter 175/185 contribution for the 2013/14 plan year and whether additional qualifying benefit improvements have been adopted at that time. Furthermore, if an actuarial valuation is not prepared as of October 1, 2014, then the 42.73% contribution rate should also be applied to the covered payroll for the 2014/15 plan year and offset by the allowable Chapter 175/185 contribution in order to determine the minimum required contribution for that year.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$6,173,551. As illustrated in Table I-A, current assets are sufficient to cover \$3,314,601 of this amount, the employer's 2013/14 expected contribution will cover \$263,991 of this amount, and future employee contributions are expected to cover \$67,654 of this amount, leaving \$2,527,305 to be covered by future employer funding beyond the 2013/14 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Employer Contribution Shortfall

The minimum required contribution for the 2012/13 plan year was \$253,571, which is equal to 44.29% of pensionable earnings for the year plus a \$1,697 interest charge on the late contribution for the 2011/12 plan year. When the City's actual 2012/13 contribution of \$140,255 is combined with the allowable Chapter 175/185 contribution of \$56,576, the City's contribution falls short of the minimum required contribution by \$56,740. We have treated the shortfall as a contribution receivable as of October 1, 2013. The City should make an additional deposit to the pension fund to cover the shortfall plus interest at the rate of 7.00% per annum. As of January 1, 2014, the amount of the remaining deposit for the 2012/13 plan year is \$57,708.

Excess Chapter 175/185 Contributions

As of October 1, 2013, the plan has accumulated excess Chapter 175/185 contributions of \$9,727 as shown in Table III-F. This amount is equal to the \$9,727 accumulated excess Chapter 175/185 contribution balance as of October 1, 2012. The total Chapter 175/185 distribution received during the 2012/13 plan year was \$56,576, all of which was allowed to be used to offset the City's minimum required contribution. The accumulated excess Chapter 175/185 contributions cannot be used to pay for the current plan of benefits. Instead, the excess contributions



may only be used to pay for qualifying benefit improvements in excess of the Chapter 175/185 minimum benefits. Tables III-G and III-H provide a history of the Chapter 175/185 contributions and the portion that is allowed to be recognized.

Contents of the Report

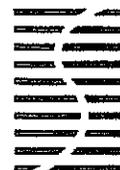
Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is based on the market value adjusted to reflect any excess Chapter 175/185 contributions and advance employer contributions. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2013, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Refund of Participant Contributions

It is our understanding that there are nine participants who are due a refund of their employee contributions. We have estimated the accumulated amount of their refunds to be \$4,848 as of October 1, 2013. The average amount owed is \$441. If possible, we recommend that the accumulated contributions be distributed to these individuals in order to simplify the administration of the plan and to reduce future administrative costs.

Assumption Changes

Since the previous valuation was prepared, five assumptions have been changed. The assumed interest rate was decreased from 7.50% per annum to 7.00% per annum; the assumed increase in future salaries was decreased from a range of 5.00% to 8.00% per year, depending on service, to a flat 4.00% per year; the 4.00% loading that was previously applied to average final compensation was removed; the mortality basis was changed from the unisex rates set forth in the 1994 Group Annuity Reserving Table, projected to 2002 by Scale AA, to the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; and the administrative expense load was increased from 1.50% of total projected liability to 1.75% of total projected liability. These assumption changes resulted in a slight increase in plan cost equal to 0.05% of covered payroll.



GASB 67/68 and Chapter 2013-100, Florida Statutes

A new accounting standard, the Governmental Accounting Standards Board Statements Nos. 67 and 68 (GASB 67/68), will become effective for the plan's financial statements as of September 30, 2014 and will become effective for the City's financial statements as of September 30, 2015. GASB 67/68 replaces GASB 25/27, makes major changes to the calculation of the accounting cost of the pension plan, and mandates numerous new disclosures. A separate GASB 67/68 report will be prepared that will provide the accounting cost of the plan for the 2013/14 plan year.

In addition, Chapter 2013-100, Florida Statutes, is effective for the plan year ending on September 30, 2014. This new State law requires disclosures that are similar to some of the disclosures required under GASB 67/68 and requires plan cost to be presented based on two alternative valuation bases. First, plan cost must be disclosed based on the same assumptions and methods used to calculate the GASB 67/68 accounting cost, but using the RP-2000 Combined Mortality Table with generational mortality projections. Second, plan cost must be disclosed on the same basis as described in the previous sentence, but using an interest rate that is 2.00% lower than the funding valuation interest rate. The Division of Retirement is expected to issue formatting guidelines for this purpose. Because these guidelines have not yet been issued, a separate electronic report will be prepared at a later date that will provide the disclosures required under Chapter 2013-100, Florida Statutes.

Certification

This actuarial valuation was prepared by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

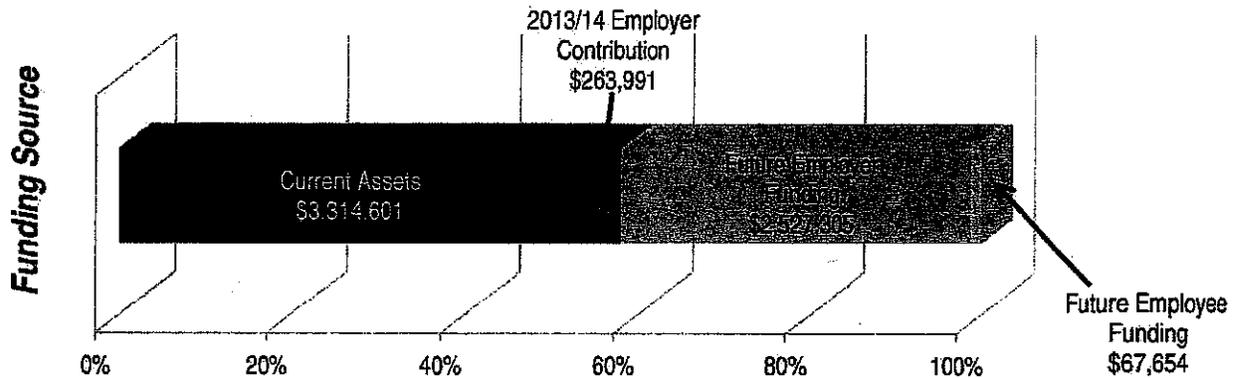
Enrolled Actuary No. 11-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2013/14 Plan Year

Present Value of Future Benefits	\$6,067,372
Present Value of Future Administrative Expenses	\$106,179
Actuarial Value of Assets	(\$3,314,601)
Present Value of Future Employee Contributions	(\$67,654)
Present Value of Future Normal Costs	\$2,791,296
<hr/>	
Present Value of Future Payroll	÷ \$6,765,524
Normal Cost Rate	= 41.2576%
Expected Payroll	x \$617,823
<hr/>	
Normal Cost	\$254,899
Adjustment to Reflect Semi-Monthly Employer Contributions	\$9,092
Preliminary Employer Contribution for the 2013/14 Plan Year	\$263,991
<hr/>	
Expected Payroll for the 2013/14 Plan Year	÷ \$617,823

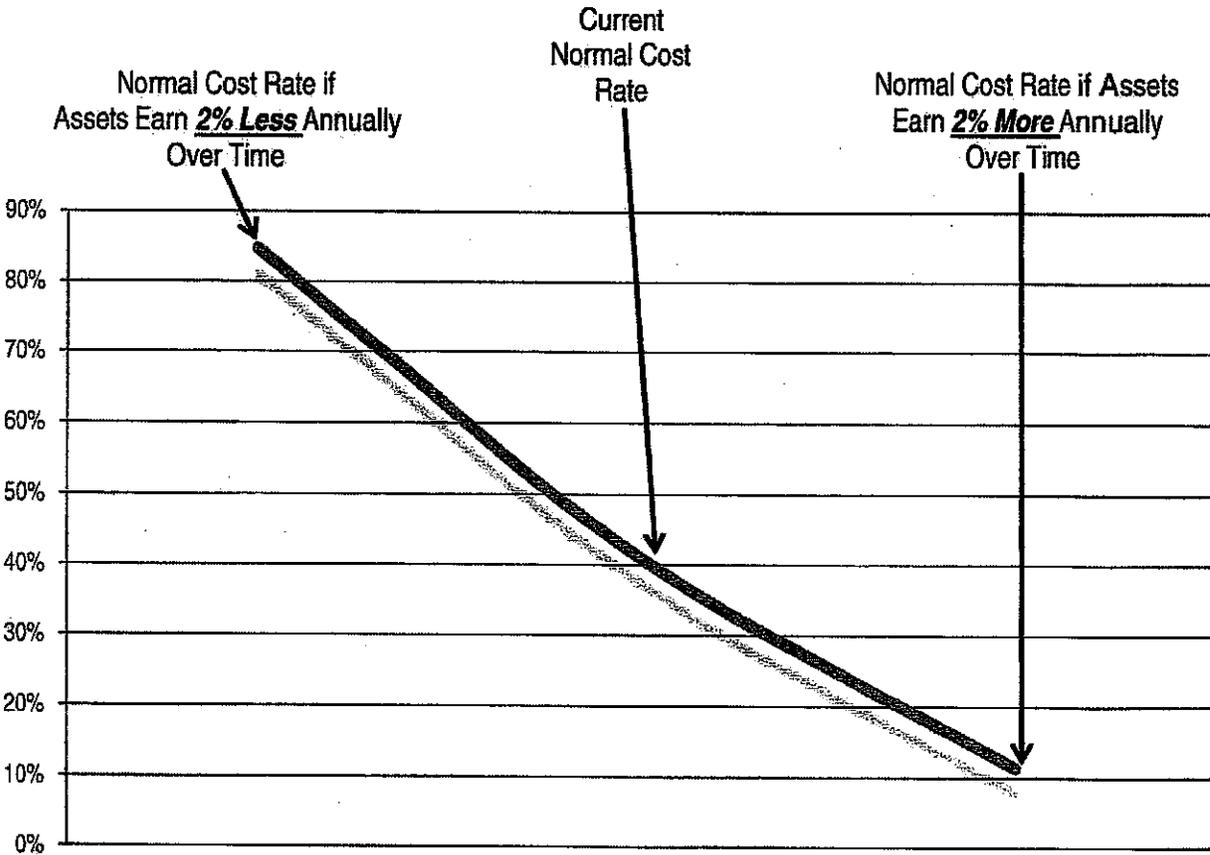
Minimum Required Contribution Rate 42.73%

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Previous normal cost rate	42.66%
Increase (decrease) due to investment gains and losses	-1.26%
Increase (decrease) due to demographic experience	-0.19%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.05%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>41.26%</u>



Funding Results

Present Value of Future Benefits

Table I-D

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$5,439,987	\$5,439,987	\$5,175,213
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$5,439,987	\$5,439,987	\$5,175,213
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$279,208	\$279,208	\$306,247
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,208	\$279,208	\$306,247
<i><u>Due a Refund of Contributions</u></i>	\$4,848	\$4,848	\$4,848
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$545,748	\$545,748	\$581,064
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROPP participants	\$0	\$0	\$0
Sub-total	\$545,748	\$545,748	\$581,064
<i><u>Grand Total</u></i>	<u>\$6,269,791</u>	<u>\$6,269,791</u>	<u>\$6,067,372</u>
Present Value of Future Payroll	\$7,261,023	\$7,261,023	\$6,765,524
Present Value of Future Employee Contribs.	\$72,611	\$72,611	\$67,654
Present Value of Future Employer Contribs.	\$2,992,300	\$2,992,300	\$2,791,296



Present Value of Accrued Benefits

Table I-E

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,396,094	\$1,396,094	\$1,551,080
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,396,094	\$1,396,094	\$1,551,080
<u>Deferred Vested Participants</u>			
Retirement benefits	\$279,208	\$279,208	\$306,247
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,208	\$279,208	\$306,247
<u>Due a Refund of Contributions</u>	\$4,848	\$4,848	\$4,848
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$545,748	\$545,748	\$581,064
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$545,748	\$545,748	\$581,064
<u>Grand Total</u>	<u>\$2,225,898</u>	<u>\$2,225,898</u>	<u>\$2,443,239</u>



Present Value of Vested Benefits

Table I-F

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,348,500	\$1,348,500	\$1,496,530
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,348,500	\$1,348,500	\$1,496,530
<u>Deferred Vested Participants</u>			
Retirement benefits	\$279,208	\$279,208	\$306,247
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,208	\$279,208	\$306,247
<u>Due a Refund of Contributions</u>	\$4,848	\$4,848	\$4,848
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$545,748	\$545,748	\$581,064
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$545,748	\$545,748	\$581,064
<u>Grand Total</u>	<u>\$2,178,304</u>	<u>\$2,178,304</u>	<u>\$2,388,689</u>



Entry Age Normal Accrued Liability

Table I-G

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$3,385,267	\$3,385,267	\$3,264,712
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$3,385,267	\$3,385,267	\$3,264,712
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$279,208	\$279,208	\$306,247
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,208	\$279,208	\$306,247
<i><u>Due a Refund of Contributions</u></i>	\$4,848	\$4,848	\$4,848
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$545,748	\$545,748	\$581,064
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$545,748	\$545,748	\$581,064
<i><u>Grand Total</u></i>	<u>\$4,215,071</u>	<u>\$4,215,071</u>	<u>\$4,156,871</u>



Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2012	(\$43,956)
Annual Pension Cost for the 2012/13 Plan Year	\$249,818
Employer Contributions for the 2012/13 Plan Year	(\$253,571)
Net Increase (Decrease) in NPO	(\$3,753)
Net Pension Obligation (Asset) as of October 1, 2013	(\$47,709)

For the 2013/14 Plan Year

Development of the Annual Required Contribution (ARC)

Normal Cost	\$254,899
Amortization of the UAAL	\$3,593
Amortization of the Net Pension Obligation (Asset)	(\$3,593)
Interest Adjustment	\$9,092
Annual Required Contribution (ARC)	\$263,991

Development of the Annual Pension Cost (APC)

Annual Required Contribution (ARC)	\$263,991
Interest on the Net Pension Obligation (Asset)	(\$3,340)
Adjustment to the ARC	\$3,593
Annual Pension Cost (APC)	\$264,244



Schedule of Employer Contributions

Year Ended <u>September 30</u>	Annual Required <u>Contribution</u>	% <u>Contrib.</u>	Annual Pension <u>Cost</u>	% <u>Contrib.</u>
2008	\$150,589	100%	\$150,589	100%
2009	\$159,513	100%	\$159,513	100%
2010	\$168,672	100%	\$168,672	100%
2011	\$269,422	114%	\$269,422	114%
2012	\$283,513	102%	\$283,660	102%
2013	\$249,653	102%	\$249,818	102%

Schedule of Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability * (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) ÷ (2)	Covered Payroll	UAAL as % of Covered Payroll (3) ÷ (5)
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2010	\$1,821,794	\$2,445,151	\$623,357	74.51%	\$514,615	121.13%
Not Applicable	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2012	\$2,779,873	\$3,608,235	\$828,362	77.04%	\$563,728	146.94%
October 1, 2013	\$3,314,801	\$4,156,871	\$842,270	79.74%	\$617,823	136.33%

* The AAL has been calculated under the entry age normal cost method.

Additional Information

Valuation Date **October 1, 2013**

Actuarial Cost Method **Aggregate**

Amortization Method **Level dollar, open**

Remaining Amortization Period **30 years**

Asset Valuation Method **Market value**

Discount Rate **7.00%**

Salary Increase Rate **4.00%**



Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2012</u>	<u>As of October 1, 2013</u>
<i><u>Vested Benefits</u></i>		
Participants currently receiving benefits	\$549,500	\$581,064
Other participants	\$1,550,420	\$1,807,625
Sub-total	\$2,099,920	\$2,388,689
 <i><u>Non-Vested Benefits</u></i>	 \$29,477	 \$54,550
 <i><u>Total Benefits</u></i>	 \$2,129,397	 \$2,443,239
 <i><u>Funded Percentage</u></i> (based on the market value of assets)	 130.55%	 135.66%

Statement of Change in Actuarial Present Value of Accrued Benefits

<i><u>Actuarial Present Value as of October 1, 2012</u></i>	\$2,129,397
 <i><u>Increase (Decrease) Due To:</u></i>	
Interest	\$159,705
Benefits accumulated	(\$23,849)
Benefits paid	(\$39,355)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$217,341
Net increase (decrease)	\$313,842
 <i><u>Actuarial Present Value as of October 1, 2013</u></i>	 \$2,443,239



Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2013	\$3,324,328
Minus DROP account balances	\$0
Minus advance employer contributions	\$0
Minus excess Chapter 175/185 contributions	(\$9,727)
Actuarial Value of Assets as of October 1, 2013	<u>\$3,314,601</u>



Historical Actuarial Value of Assets	
October 1, 2004	N/A
October 1, 2005	\$801,629
October 1, 2006	\$1,049,545
October 1, 2007	\$1,343,358
October 1, 2008	\$1,291,508
October 1, 2009	\$1,495,015
October 1, 2010	\$1,821,794
October 1, 2011	\$2,141,195
October 1, 2012	\$2,779,873
October 1, 2013	\$3,314,601

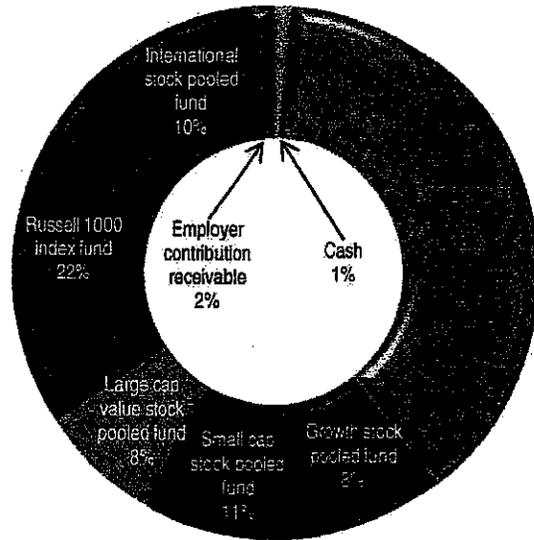


Market Value of Assets

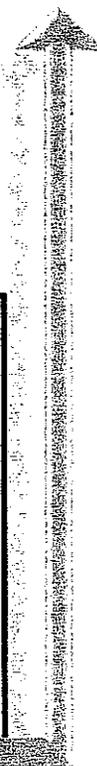
Table III-B

As of October 1, 2013

Market Value of Assets	<u>\$3,324,328</u>
Cash	\$42,390
Bond pooled fund	\$1,265,191
Growth stock pooled fund	\$257,603
Small cap stock pooled fund	\$358,688
Large cap value stock pooled fund	\$254,343
Russell 1000 index fund	\$743,463
International stock pooled fund	\$339,123
Employer contribution receivable	\$63,308
Employee contribution receivable	\$219

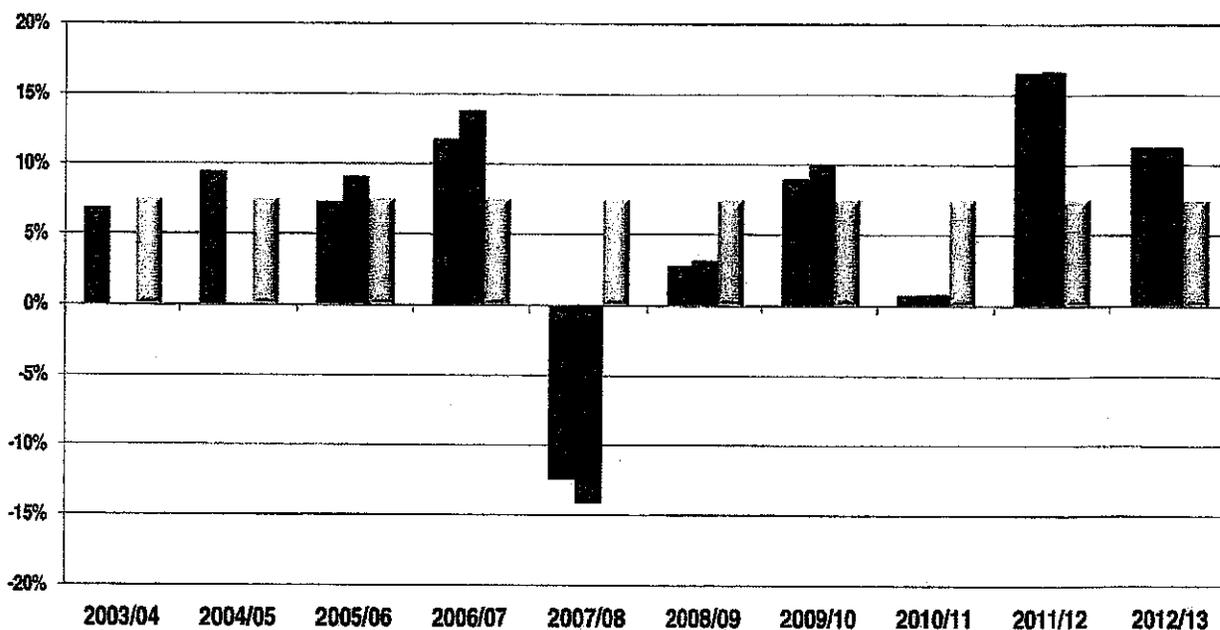


<u>Historical Market Value of Assets</u>	
October 1, 2004	\$831,785
October 1, 2005	\$1,044,277
October 1, 2006	\$1,247,951
October 1, 2007	\$1,537,265
October 1, 2008	\$1,490,280
October 1, 2009	\$1,685,693
October 1, 2010	\$1,994,190
October 1, 2011	\$2,158,922
October 1, 2012	\$2,789,600
October 1, 2013	\$3,324,328



Investment Return

Table III-C



Annual Investment Returns

- Market Value Return
- Actuarial Value Return
- Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2003/04	6.84%	N/A	7.50%
2004/05	9.46%	N/A	7.50%
2005/06	7.30%	9.12%	7.50%
2006/07	11.80%	13.87%	7.50%
2007/08	-12.45%	-14.17%	7.50%
2008/09	2.81%	3.21%	7.50%
2009/10	8.99%	10.03%	7.50%
2010/11	0.81%	0.84%	7.50%
2011/12	16.59%	16.69%	7.50%
2012/13	11.28%	11.31%	7.50%
10yr. Avg.	6.05%	5.94%	7.50%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2012	\$2,789,600	\$2,779,873
<i>Increases Due To:</i>		
Employer Contributions	\$196,995	\$196,995
Chapter 175/185 Contributions	\$56,576	\$56,576
Employee Contributions	\$5,689	\$5,689
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$259,260</u>	<u>\$259,260</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$326,283	
Total Investment Income	<u>\$326,283</u>	\$326,283
Other Income	\$0	
Total Income	<u>\$585,543</u>	<u>\$585,543</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$39,355)	(\$39,355)
Refund of Employee Contributions	\$0	\$0
DROP Credits		\$0
Total Benefit Payments	<u>(\$39,355)</u>	<u>(\$39,355)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$11,460)	(\$11,460)
Advance Employer Contribution		\$0
Excess Chapter 175/185 Contribution		\$0
Total Expenses	<u>(\$50,815)</u>	<u>(\$50,815)</u>
As of October 1, 2013	<u><u>\$3,324,328</u></u>	<u><u>\$3,314,601</u></u>



Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Chapter Contribs.	Employee Contribs.	Service		Realized	Unrealized	Other Income
				Purchase Contribs.	Interest / Dividends	Gains / Losses	Gains / Losses	
2003/04	\$63,942	\$61,164	\$3,958	\$0	\$0	\$0	\$49,353	\$0
2004/05	\$70,297	\$56,351	\$4,337	\$0	\$0	\$0	\$84,739	\$0
2005/06	\$67,127	\$58,100	\$4,178	\$2,224	\$0	\$0	\$80,772	\$0
2006/07	\$72,070	\$62,536	\$4,458	\$0	\$0	\$0	\$155,234	\$0
2007/08	\$92,500	\$62,954	\$5,707	\$0	\$0	\$0	-\$200,969	\$0
2008/09	\$92,763	\$58,656	\$5,723	\$0	\$0	\$0	\$43,988	\$0
2009/10	\$93,148	\$57,242	\$5,750	\$0	\$0	\$0	\$158,352	\$0
2010/11	\$95,501	\$58,284	\$5,892	\$0	\$0	\$0	\$16,662	\$0
2011/12	\$221,267	\$59,317	\$5,513	\$0	\$0	\$0	\$378,939	\$0
2012/13	\$196,995	\$56,576	\$5,689	\$0	\$0	\$0	\$326,283	\$0

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses	<u>Other Actuarial Adjustments</u>		
					DROP Credits	Advance Employer Contribs.	Excess Chapter Contribs.
2003/04	\$0	\$1,868	\$4,352	\$0	\$0	N/A	N/A
2004/05	\$0	\$0	\$3,232	\$0	\$0	N/A	N/A
2005/06	\$0	\$1,225	\$7,502	\$0	\$0	-\$9,197	-\$35,045
2006/07	\$0	\$0	\$4,984	\$0	\$0	-\$8,601	\$4,102
2007/08	\$0	\$0	\$7,177	\$0	\$0	\$345	\$4,520
2008/09	\$0	\$551	\$5,166	\$0	\$0	-\$8,316	\$222
2009/10	\$0	\$578	\$5,417	\$0	\$0	-\$18,282	\$0
2010/11	\$1,859	\$0	\$9,748	\$0	\$0	-\$154,669	\$0
2011/12	\$28,241	\$0	\$6,117	\$0	\$0	-\$8,883	\$883
2012/13	\$39,355	\$0	\$11,460	\$0	\$0	\$0	\$0

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table III-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2012	\$0
Additional Employer Contribution	\$253,571
Minimum Required Contribution	<u>(\$253,571)</u>
Net Increase in Advance Employer Contribution	\$0
Advance Employer Contribution as of October 1, 2013	<u><u>\$0</u></u>

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2012	\$9,727
Additional Chapter 175/185 Contribution	\$56,576
Allowable Chapter 175/185 Contribution	<u>(\$56,576)</u>
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2013	<u><u>\$9,727</u></u>



Allowable Chapter 175/185 Contribution

Table III-G

1997 Base Amounts

Chapter 175 Regular Distribution	\$0
Chapter 175 Supplemental Distribution	\$0
Chapter 185 Distribution	\$42,693

Qualifying Benefit Improvements

Prior Ordinance	\$12,408
Ordinance 09-06	\$3,333



Historical Chapter 175/185 Contributions

Table III-H

Total Accumulated Excess Chapter 175/185 Contribution **\$9,727**

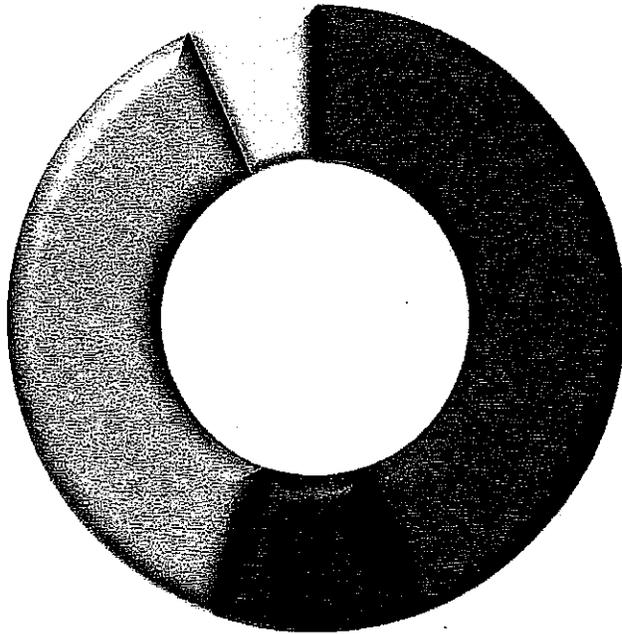
	<u>Chapter 175 Regular Distribution</u>	<u>Chapter 175 Supplemental Distribution</u>	<u>Chapter 185 Distribution</u>	<u>Allowable Amount</u>
1998 Distribution	\$0	\$0	\$59,929	(\$55,101)
1999 Distribution	\$0	\$0	\$0	\$0
2000 Distribution	\$0	\$0	\$55,787	(\$55,787)
2001 Distribution	\$0	\$0	\$0	\$0
2002 Distribution	\$0	\$0	\$129,768	(\$110,202)
2003 Distribution	\$0	\$0	\$61,164	(\$55,101)
2004 Distribution	\$0	\$0	\$56,351	(\$55,101)
2005 Distribution	\$0	\$0	\$58,100	(\$93,145)
2006 Distribution	\$0	\$0	\$62,536	(\$58,434)
2007 Distribution	\$0	\$0	\$62,954	(\$58,434)
2008 Distribution	\$0	\$0	\$58,656	(\$58,434)
2009 Distribution	\$0	\$0	\$57,242	(\$57,242)
2010 Distribution	\$0	\$0	\$58,284	(\$58,284)
2011 Distribution	\$0	\$0	\$59,317	(\$58,434)
2012 Distribution	\$0	\$0	\$56,576	(\$56,576)
Interest Adjustment				\$3,338



Summary of Participant Data

Table IV-A

As of October 1, 2013



Participant Distribution by Status

<u>Actively Employed Participants</u>		
◆	Active Participants	13
◆	DROP Participants	0
<u>Inactive Participants</u>		
◆	Deferred Vested Participants	3
◆	Due a Refund of Contributions	11
◆	Deferred Beneficiaries	0
<u>Participants Receiving a Benefit</u>		
◆	Service Retirements	2
◆	Disability Retirements	0
◆	Beneficiaries Receiving	0
Total Participants		29

Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2004	N/A	N/A	N/A	N/A	N/A
October 1, 2005	12	0	0	0	12
October 1, 2006	N/A	N/A	N/A	N/A	N/A
October 1, 2007	13	0	10	0	23
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	N/A	N/A	N/A	N/A	N/A
October 1, 2010	13	0	10	0	23
October 1, 2011	N/A	N/A	N/A	N/A	N/A
October 1, 2012	13	0	12	2	27
October 1, 2013	13	0	14	2	29



Data Reconciliation

Table IV-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'y.</u>	<u>Total</u>
<u>October 1, 2012</u>	13	0	3	9	0	2	0	0	27
<u>Change in Status</u>									
<i>Re-employed</i>									
<i>Terminated</i>	(2)			2					
<i>Retired</i>									
<u>Participation Ended</u>									
<i>Transferred Out</i>									
<i>Cashed Out</i>									
<i>Died</i>									
<u>Participation Began</u>									
<i>Newly Hired</i>	2								2
<i>Transferred In</i>									
<i>New Beneficiary</i>									
<u>Other Adjustment</u>									
<u>October 1, 2013</u>	13	0	3	11	0	2	0	0	29

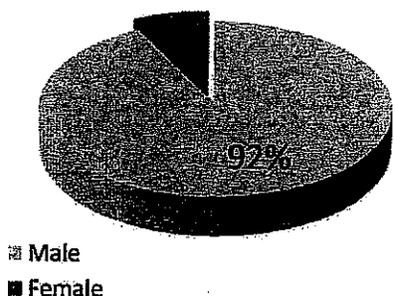


Active Participant Data

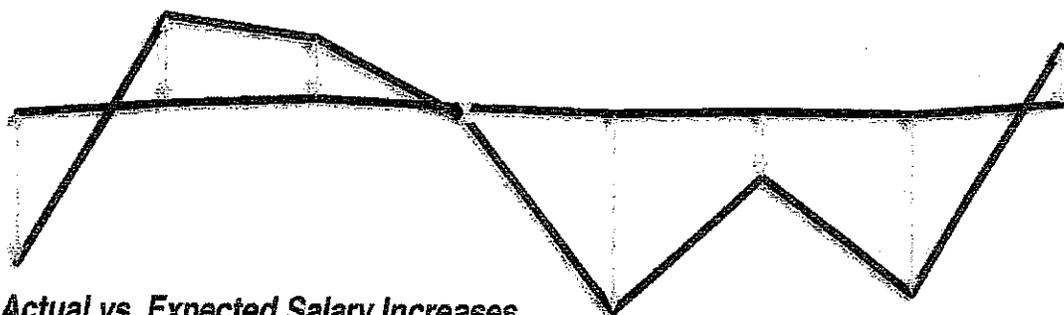
Table IV-C

Gender Mix

As of October 1, 2013



Average Age	37.2 years
Average Service	7.6 years
Total Annualized Compensation for the Prior Year	\$552,221
Total Expected Compensation for the Current Year	\$617,823
Average Increase in Compensation for the Prior Year	8.12%
Expected Increase in Compensation for the Current Year	4.00%



Actual vs. Expected Salary Increases

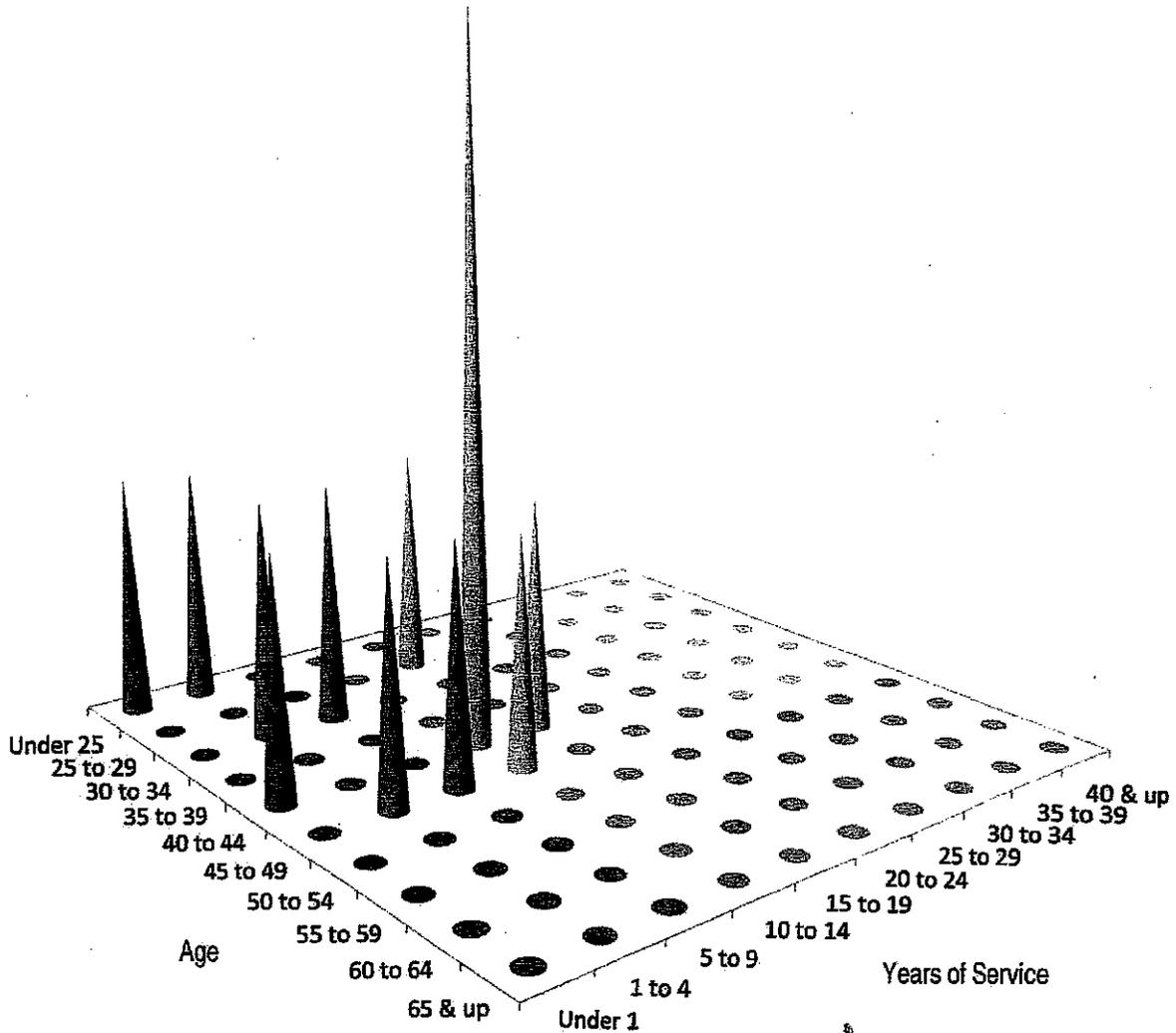
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2004	N/A	N/A	\$32,876	5.32%	6.19%
October 1, 2005	37.9	4.3	\$35,577	5.15%	10.82%
October 1, 2006	N/A	N/A	\$33,635	5.07%	-1.37%
October 1, 2007 *	39.2	4.8	\$34,885	5.52%	9.22%
October 1, 2008	N/A	N/A	N/A	5.75%	8.28%
October 1, 2009	N/A	N/A	N/A	5.42%	4.96%
October 1, 2010	41.5	7.3	\$44,208	5.21%	-3.26%
October 1, 2011	N/A	N/A	N/A	5.31%	2.51%
October 1, 2012	38.6	6.8	\$39,077	5.23%	-2.47%
October 1, 2013	37.2	7.6	\$42,479	5.69%	8.12%



Active Age-Service Distribution

Table IV-D



▲ Eligible to retire
▲ May be eligible to retire
▲ Not eligible to retire



Active Age-Service-Salary Table

Table IV-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	1	1	0	0	0	0	0	0	0	0	2
Avg. Pay	8,266	38,044	0	0	0	0	0	0	0	0	23,155
25 to 29	0	0	0	0	1	0	0	0	0	0	1
Avg. Pay	0	0	0	0	62,642	0	0	0	0	0	62,642
30 to 34	0	1	1	0	0	0	0	0	0	0	2
Avg. Pay	0	40,163	47,037	0	0	0	0	0	0	0	43,600
35 to 39	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
40 to 44	1	0	0	3	1	0	0	0	0	0	5
Avg. Pay	22,310	0	0	52,604	51,046	0	0	0	0	0	46,233
45 to 49	0	1	1	1	0	0	0	0	0	0	3
Avg. Pay	0	36,543	38,832	49,527	0	0	0	0	0	0	41,634
50 to 54	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
55 to 59	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
Total	2	3	2	4	2	0	0	0	0	0	13
Avg. Pay	15,288	38,250	42,934	51,834	56,844	0	0	0	0	0	42,479



Inactive Participant Data

Table IV-F

	0	1	2
Under 25			
25-29			
30-34			
35-39			
40-44			
45-49			
50			
51			
52			
53			
54			
55			
56			
57			
58			
59			
60			
61			
62			
63			
64			
65			
66			
67			
68			
69			
70			
71			
72			
73			
74			
Over 74			

Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

Average Monthly Benefit

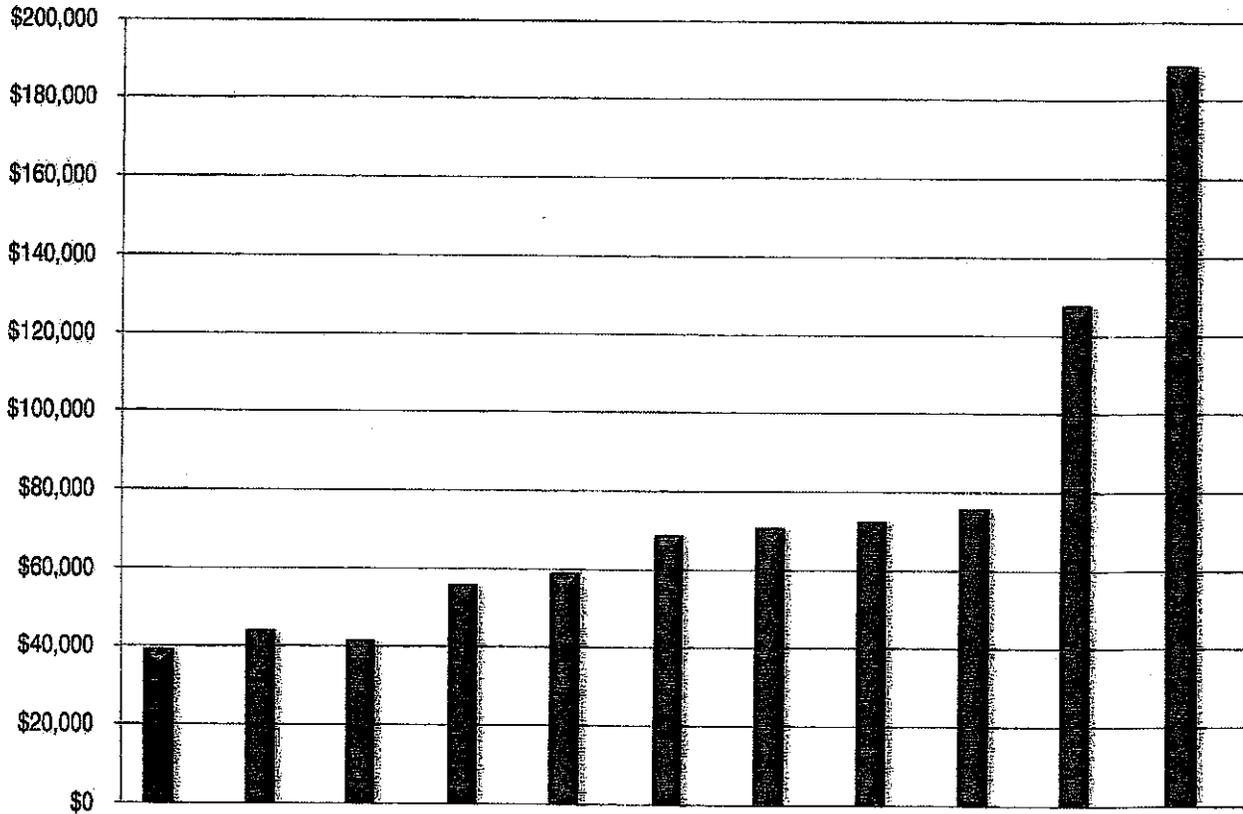
Service Retirements	\$1,639.81
Disability Retirements	Not applicable
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable

Deferred Vested Participants	\$847.72
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G

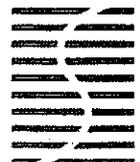


Actual

For the period October 1, 2012 through September 30, 2013 \$39,355

Projected

For the period October 1, 2013 through September 30, 2014	\$44,152
For the period October 1, 2014 through September 30, 2015	\$41,610
For the period October 1, 2015 through September 30, 2016	\$55,953
For the period October 1, 2016 through September 30, 2017	\$59,151
For the period October 1, 2017 through September 30, 2018	\$69,018
For the period October 1, 2018 through September 30, 2019	\$70,876
For the period October 1, 2019 through September 30, 2020	\$72,732
For the period October 1, 2020 through September 30, 2021	\$75,918
For the period October 1, 2021 through September 30, 2022	\$127,921
For the period October 1, 2022 through September 30, 2023	\$188,824



Summary of Actuarial Methods and Assumptions

Table V-A

1. **Actuarial Cost Method**

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. **Asset Method**

The actuarial value of assets is equal to the market value of assets.

3. **Interest (or Discount) Rate**

7.00% per annum

4. **Salary Increases**

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. **Decrements**

- Pre-retirement mortality: None assumed
- Post-retirement mortality: Sex-distinct mortality rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430.
- Disability: None assumed
- Termination: None assumed
- Retirement: Retirement is assumed to occur at normal retirement age.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

6. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity.

7. Expenses

The total projected benefit liability has been loaded by 1.75% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

Several assumptions have been changed since the completion of the previous valuation, as follows:

- (1) The assumed interest rate was decreased from 7.50% per annum to 7.00% per annum.
- (2) The assumed increase in future salaries was decreased from a range of 5.00% to 8.00% per year, depending on service, to a flat 4.00% per year.
- (3) The 4.00% loading that was previously applied to average final compensation was removed.
- (4) The mortality basis was changed from the unisex rates set forth in the 1994 Group Annuity Reserving Table, projected to 2002 by Scale AA, to the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; and the administrative expense load was increased from 1.50% of total projected liability to 1.75% of total projected liability.



Summary of Plan Provisions

Table VI-A

1. **Monthly Accrued Benefit**

3.50% of Average Final Compensation multiplied by Credited Service

2. **Normal Retirement Age and Benefit**

- **Age**

- Age 55 with at least six years of Credited Service; or
 - Age 52 with at least 25 years of Credited Service

- **Amount**

- Monthly Accrued Benefit

- **Form of Payment**

- Actuarially increased single life annuity (optional);
 - 10-year certain and life annuity (normal form of payment);
 - Actuarially reduced 50% joint and contingent annuity (optional);
 - Actuarially reduced 66²/₃% joint and contingent annuity (optional);
 - Actuarially reduced 75% joint and contingent annuity (optional);
 - Actuarially reduced 100% joint and contingent annuity (optional);
 - Any other actuarially equivalent form of payment approved by the Board; or
 - Actuarially equivalent lump sum distribution (automatic if the single sum value of the participant's benefit is less than or equal to \$5,000 or the monthly annuity is less than \$100)

(Note: A participant may change his joint annuitant up to two times after retirement.)

3. **Early Retirement Age and Benefit**

- **Age**

- Age 50 with at least six years of Credited Service

- **Amount**

- Monthly Accrued Benefit (payable at Normal Retirement Age); or
 - Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)

- **Form of Payment**

- Same as for Normal Retirement



Summary of Plan Provisions

Table VI-A

(continued)

4. **Service Incurred Disability Eligibility and Benefit**

- **Eligibility**
The participant is eligible if his disability was incurred during the course of his employment with the City.
- **Condition**
The Board must find that the participant has a physical or mental condition resulting from bodily injury, disease, or a mental disorder which renders him incapable of employment as a police officer.
- **Amount Payable**
A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Monthly Earnings:
 - (a) Monthly Accrued Benefit; or
 - (b) 42% of Average Final Compensation

5. **Non-Service Incurred Disability Eligibility and Benefit**

- **Eligibility**
The participant must have earned at least 10 years of Credited Service if his disability was incurred other than during the course of his employment with the City.
- **Condition**
Same as for a Service Incurred Disability Benefit
- **Amount Payable**
A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Monthly Earnings:
 - (a) Monthly Accrued Benefit; or
 - (b) 25% of Average Final Compensation

6. **Delayed Retirement Age and Benefit**

- **Age**
After Normal Retirement Age
- **Amount**
Monthly Accrued Benefit
- **Form of Payment**
Same as for Normal Retirement



Summary of Plan Provisions

Table VI-A

(continued)

7. Deferred Vested Benefit

- **Age**
Any age with at least six years of Credited Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)
- **Form of Payment**
Same as for Normal Retirement

8. Pre-Retirement Death Benefit

In the case of the death of a vested participant prior to retirement, his beneficiary will receive the participant's Monthly Accrued Benefit payable for 10 years beginning on the participant's early or normal retirement date. In the case of the death of a non-vested participant prior to retirement, his beneficiary will receive the participant's Accumulated Contributions in lieu of any other benefits payable from the plan.

9. Average Final Compensation

Average of the highest five years of Compensation out of the last 10 years of employment (or career average, if higher).

10. Compensation

Total cash remuneration, including overtime pay, but excluding amounts paid for extra duty and special detail work performed for a secondary party; annual compensation in excess of \$200,000 (as indexed) is excluded in accordance with IRC §401(a)(17).

11. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death.

12. Participation Requirement

All police officers of the City of Gulf Breeze, Florida automatically become a participant in the plan on their date of hire.



Summary of Plan Provisions

Table VI-A

(continued)

13. Accumulated Contributions

The Employee Contributions accumulated with no interest; if the participant terminates his employment with less than six years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.

14. Participant Contribution

1.00% of earnings

15. Definition of Actuarially Equivalent

- **Interest Rate**

7.00% per annum

- **Mortality Table**

The unisex mortality table promulgated by the Secretary of the Treasury for purposes of determining lump sum distributions pursuant to Internal Revenue Code (IRC) section 417(e)(3)

16. Plan Effective Date

January 1, 1996

17. Automatic Cost-of-Living Adjustment (COLA)

All benefits include an automatic 3% annual COLA.

18. Supplemental Retirement Benefit

All retirees receive a supplemental monthly benefit equal to \$5.00 for each year of Credited Service payable for their lifetime only.

19. Deferred Retirement Option Program (DROP)

A DROP is available to all active participants who are eligible for normal retirement. Individuals may participate in the DROP for a period of up to five years.



Summary of Plan Amendments

Table VI-B

There were no significant plan changes adopted since the completion of the previous valuation.



Memo

To: Edwin Eddy, City Manager

From: Steve Milford

Date: December 4, 2013

Re: Audit Engagement for 2014



The City has had the benefit of a good continuous relationship with its current auditors, Warren Averett and its predecessor organizations since their selection (as Creel Bryan & Gallager) commencing in fiscal 1995 as the result of an RFP (request for proposal) for audit and financial statement creation services. This process was overseen by an independent committee established by the City Council. Since that point the Council has periodically agreed to extend our auditor's engagement contracts through (currently) fiscal year 2013.

Beginning in 2001 and amended in 2005, the State of Florida enacted statutes requiring municipalities (among other governmental entities) to follow a described process for the selection of auditors (attached). These statutes require the governing body to establish an audit committee for the primary purpose of selecting an auditor, along with a basic RFP process that is to be followed for selection and negotiation of a contract.

Based on research of state statutes and discussions between our current auditors and City legal counsel there is agreement that the City should ensure compliance with required procedural protocols by creating an audit committee and authorizing the audit committee to proceed with the issuance of an RFP for audit services for the coming fiscal year(s).

Recommendation

That the City Council create an audit committee and designate at least two Council members to comprise the audit committee.

That the City Council authorize the audit committee to issue a Request for Proposal for auditing services in accordance with State Statute and to make recommendation for contract negotiation to the City Council within 90 days, and the Council authorize the audit committee to request assistance of staff.

The Florida Senate

2012 Florida Statutes

<u>Title XIV</u> TAXATION AND FINANCE	<u>Chapter 218</u> FINANCIAL MATTERS PERTAINING TO POLITICAL SUBDIVISIONS <u>Entire Chapter</u>	SECTION 391 Auditor selection procedures.
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218.391 Auditor selection procedures. —

(1) Each local governmental entity, district school board, charter school, or charter technical career center, prior to entering into a written contract pursuant to subsection (7), except as provided in subsection (8), shall use auditor selection procedures when selecting an auditor to conduct the annual financial audit required in s. 218.39.

(2) The governing body of a charter county, municipality, special district, district school board, charter school, or charter technical career center shall establish an audit committee. Each noncharter county shall establish an audit committee that, at a minimum, shall consist of each of the county officers elected pursuant to s. 1(d), Art. VIII of the State Constitution, or a designee, and one member of the board of county commissioners or its designee. The primary purpose of the audit committee is to assist the governing body in selecting an auditor to conduct the annual financial audit required in s. 218.39; however, the audit committee may serve other audit oversight purposes as determined by the entity's governing body. The public shall not be excluded from the proceedings under this section.

(3) The audit committee shall:

(a) Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.

(b) Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.

(c) Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.

(d) Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.

(e) Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

(4) The governing body shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the audit committee, and negotiate a contract, using one of the following methods:

(a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing

body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

(b) If compensation is one of the factors established pursuant to paragraph (3)(a) and used in the evaluation of proposals pursuant to paragraph (3)(d), the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

(c) The governing body may select a firm recommended by the audit committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.

(d) In negotiations with firms under this section, the governing body may allow a designee to conduct negotiations on its behalf.

(5) The method used by the governing body to select a firm recommended by the audit committee and negotiate a contract with such firm must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of s. 218.39 and the needs of the governing body.

(6) If the governing body is unable to negotiate a satisfactory contract with any of the recommended firms, the committee shall recommend additional firms, and negotiations shall continue in accordance with this section until an agreement is reached.

(7) Every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall, at a minimum, include the following:

(a) A provision specifying the services to be provided and fees or other compensation for such services.

(b) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

(c) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.

(8) Written contracts entered into pursuant to subsection (7) may be renewed. Such renewals may be done without the use of the auditor selection procedures provided in this section. Renewal of a contract shall be in writing.

History.—s. 65, ch. 2001-266; s. 1, ch. 2005-32.

Disclaimer: The information on this system is unverified. The journals or printed bills of the respective chambers should be consulted for official purposes.

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DEC / 2 2013

November 27, 2013

Beverly Zimmern
Mayor
City of Gulf Breeze
PO BOX 640
Gulf Breeze FL 32562

Dear Beverly Zimmern,

The purpose of this letter is to inform you that, on or about January 1, 2014, Mediacom will be implementing the following rate adjustments:¹

Product:	Old Rate:	New Rate:	Net Change:
Local Broadcast Station Surcharge	\$1.5	\$2.56	\$1.06
Digital Plus ²	\$14	\$16	\$2
HBO	\$16.95	\$17.95	\$1
Showtime	\$12.95	\$14.95	\$2
Starz	\$9	\$11	\$2

The decision to make price adjustments is always a difficult one. We are very reluctant to raise video prices because, when we do, we lose subscribers. However, cable and satellite companies are constantly being pressured by the programmers we buy from to pay more for the channels we carry.

The fees we pay to retransmit local broadcast stations like ABC, CBS, FOX and NBC are by far our fastest growing programming cost component. Outdated federal laws give the local broadcast stations monopoly power over network and syndicated programming within their respective market areas. Over the past few years, many broadcasters have used real or threatened blackouts to extract huge rate increases during contract negotiations. American consumers, through their cable and satellite bills, are now paying billions of dollars each year to broadcast station owners for "free" over-the-air television.

In May 2013, Mediacom instituted a Local Broadcast Station Surcharge equal to the fee increases the local broadcast stations in your market have demanded we pay to them since the start of 2012. By bringing more transparency to the unjustified fee increases being taken by local broadcast stations, we hope to draw the attention of consumers and their elected representatives to this rapidly escalating problem.

¹ Depending on the terms of their contract, certain customers on promotional rates may or may not receive this rate change at this time.

² The Digital Plus level of service is no longer available for purchase by new customers.

Unfortunately, local broadcasters aren't the only programmers causing cable and satellite prices to rise. Other channel owners are also insisting on rate increases. From time to time, it is necessary for Mediacom to adjust the cost of certain products we offer.

Despite the business challenges we face, Mediacom appreciates the opportunity to continue to serve your community's telecommunications needs. If you have any questions, please contact me directly at 850-934-7701 or dservies@mediacomcc.com.

Yours sincerely,

David Servies
Vice President, Operations