
CITY OF VENICE, FLORIDA

**GENERAL OBLIGATION BONDS
(TRANSPORTATION IMPROVEMENTS), SERIES 2017
BOND RESOLUTION**

ADOPTED FEBRUARY 14, 2017

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RESOLUTION NO. 2017-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA, AUTHORIZING THE ISSUANCE BY THE CITY OF NOT EXCEEDING \$18,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF VENICE, FLORIDA GENERAL OBLIGATION BONDS (TRANSPORTATION IMPROVEMENTS), SERIES 2017, IN ORDER TO FINANCE CERTAIN TRANSPORTATION-RELATED CAPITAL IMPROVEMENTS WITHIN THE CITY; PLEDGING THE PROCEEDS OF AD VALOREM TAXES LEVIED WITHOUT LIMIT ON ALL TAXABLE PROPERTY WITHIN THE CITY TO SECURE THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON SUCH BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH SUCH BONDS; AUTHORIZING A NEGOTIATED SALE OF SAID BONDS TO THE UNDERWRITERS DESCRIBED HEREIN; DELEGATING CERTAIN AUTHORITY TO THE MAYOR FOR THE AUTHORIZATION, EXECUTION AND DELIVERY OF, AND APPROVING THE FORM OF, A BOND PURCHASE AGREEMENT WITH RESPECT THERETO AND THE APPROVAL OF THE TERMS AND DETAILS OF SUCH BONDS; ESTABLISHING A BOOK-ENTRY REGISTRATION SYSTEM FOR SUCH BONDS; APPOINTING THE PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE AND APPOINTING A DISSEMINATION AGENT IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA, as follows:

ARTICLE I GENERAL

SECTION 1.01. DEFINITIONS. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Act" shall mean Chapter 166, Florida Statutes, the Charter of the Issuer, the Referendum Ordinance and other applicable provisions of law.

"Act of Bankruptcy" shall mean (1) the Issuer shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (2) the Issuer shall institute any proceedings seeking an order for relief under federal bankruptcy law or seeking to be adjudicated as bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy or insolvency, (3) there shall be appointed a receiver, liquidator or similar official for the Issuer under any law relating to bankruptcy or insolvency, or (4) without the application, approval or consent of the Issuer, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Issuer, or a proceeding described in (2) above shall be instituted against the Issuer, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of thirty (30) consecutive days. The mere

declaration of a state of financial emergency under Section 218.503, Florida Statutes, shall not, in and of itself, constitute an Act of Bankruptcy.

"Ad Valorem Taxes" shall mean the ad valorem taxes levied by the Issuer without limit on all taxable property within the Issuer to pay the Annual Debt Service on the Bonds as authorized by the Referendum Ordinance and approved by a majority of the qualified electors of the Issuer voting in the Bond Referendum Election.

"Amortization Installment" shall mean an amount designated as such pursuant to the provisions of this Resolution and established with respect to Term Bonds.

"Annual Debt Service" shall mean, at any time, the aggregate amount in the then current Fiscal Year of (1) interest required to be paid on the Outstanding Bonds during such Fiscal Year, except to the extent that such interest is to be paid from deposits in the Sinking Fund made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such Fiscal Year, and (3) the Amortization Installments herein designated with respect to such Fiscal Year.

"Authorized Investments" shall mean any investments that may be made by the Issuer under applicable law and which are allowed under the Issuer's investment policy.

"Authorized Issuer Officer" shall mean the Mayor, the City Manager or the Finance Director, and when used in reference to any act or document, also means any other Person authorized by resolution of the Issuer to perform such act or sign such document.

"Bond Counsel" shall mean Nabors, Giblin & Nickerson, P.A., or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Referendum Election" shall mean the bond referendum election held on November 8, 2016, to determine whether the Issuer was authorized to issue not exceeding \$18,000,000 aggregate principal amount of general obligation bonds payable from Ad Valorem Taxes derived from a levy without limit against all taxable property within the Issuer for the purpose of financing Costs of the Project.

"Bondholder" or "Holder" or "holder" or any similar term, when used with reference to a Bond or Bonds, shall mean any Person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

"Bonds" shall mean the City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017, issued pursuant to this Resolution.

"Business Day" shall mean any day other than (1) a Saturday or Sunday or a legal holiday on which banking institutions in the cities in which the principal offices of the Paying Agent or Registrar are located are required or authorized by law to remain closed or (2) a day on which the New York Stock Exchange is closed.

"City Manager" shall mean the City Manager of the Issuer, or such other Person as may be duly authorized to act on his or her behalf, including, but not limited to, any duly appointed and acting or interim City Manager of the Issuer.

"Clerk" shall mean the City Clerk of the Issuer, or such other Person as may be duly authorized to act on his or her behalf, including, but not limited to, any duly appointed Deputy City Clerk of the Issuer.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations, procedures and rules thereunder in effect or proposed.

"Cost" or "Costs" when used in connection with the Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and the cost of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during the period of acquisition and construction of such Project and for such period subsequent to completion as the Issuer shall determine and shall be allowed under the applicable provisions of the Code; (6) engineering, legal and other consultant fees and expenses; (7) costs and expenses of the financing, including audits, fees and expenses of any Paying Agent, Registrar, escrow agent or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for the Project; (9) costs of machinery, equipment and supplies and reserves required by the Issuer for the commencement of operation of the Project; and (10) any other costs properly attributable to such construction or acquisition, and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer and interest on any interfund loan related thereto. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

"Construction Fund" shall mean the Fund established pursuant to Section 4.03 hereof.

"Council" shall mean the City Council of the Issuer.

"Defeasance Obligations" shall mean (1) cash, (2) Government Obligations, (3) evidences of ownership of proportionate interests in future interest and principal payments on Government Obligations held by a bank or trust company or custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Government Obligations are not available to any Person claiming through the custodian or to whom the custodian may be obligated, or (4) Prerefunded Obligations.

"Event of Default" shall mean any Event of Default specified in Section 6.01 of this Resolution.

"Financial Advisor" shall mean Larson Consulting Services, LLC., or any successor or assign that is licensed by the Securities Exchange Commission and the Municipal Securities Rulemaking Board.

"Finance Director" shall mean the Finance Director of the Issuer, or such other Person as may be duly authorized to act on his or her behalf.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Fitch" shall mean Fitch Ratings, Inc., and any assigns or successors thereto.

"Government Obligations" shall mean direct, noncallable obligations of the United States of America.

"Issuer" shall mean the City of Venice, Florida.

"Mayor" shall mean the Mayor of the Issuer, and such other Person as may be duly authorized to act on his or her behalf.

"Moody's" shall mean Moody's Investors Service, and any assigns or successors thereto.

"Outstanding," when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under agreement to replace lost, stolen, mutilated or destroyed Bonds under Section 2.06 hereof, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Sections 2.05 and 2.07 hereof, (3) Bonds deemed to have been paid pursuant to Section 8.01 hereof, and (4) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity.

"Paying Agent" shall mean any paying agent for the Bonds appointed by or pursuant to this Resolution and its successor or assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

"Payment Date" shall mean each February 1 and August 1, commencing August 1, 2017.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Revenues" shall mean (i) proceeds of the Ad Valorem Taxes, and (ii) the moneys on deposit in the Sinking Fund established herein, including any investment earnings thereon.

"Prerefunded Obligations" shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (A) not callable prior to maturity or (B) as to which irrevocable instructions have

been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund held by a fiduciary consisting only of cash or Government Obligations, secured in substantially the manner set forth in Section 8.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Government Obligations, which have been deposited in such fund along with any cash on deposit in such fund are sufficient, as verified by an independent certified public accountant or other expert in such matters, to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or date thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above and are not available to satisfy any other claims, including those against the fiduciary holding the same, and (4) which are rated in the highest rating category (without regard to gradation, such as "+" or "-" or "1, 2 or 3" of such categories) of two of the three Rating Agencies.

"Project" shall mean the resurfacing and reconstruction of approximately 70 lane miles of roads throughout the Issuer and the Historic Downtown Corridor, and the upgrading of adjacent pedestrian bicycle facilities to increase accessibility, multi-modal use and safety, all as described in the plans and specifications on file with the Issuer and as authorized pursuant to the Referendum Ordinance and the Bond Referendum Election.

"Purchase Contract" shall mean the Bond Purchase Agreement to be executed between the Issuer and the Underwriters in accordance with Section 2.01(B) hereof, which Purchase Contract shall set forth the terms of the Bonds and the form of which is attached hereto as Exhibit A.

"Rating Agencies" shall mean Fitch, Moody's and S&P.

"Rebate Fund" shall mean the separate fund established pursuant to Section 4.05 hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

"Referendum Ordinance" shall mean Ordinance No. 2016-08 adopted by the Council on May 24, 2016.

"Registrar" shall mean any registrar for the Bonds appointed by or pursuant to this Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

"Resolution" shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

"**S&P**" shall mean S&P Global Ratings, a business of Standard & Poor's Financial Services LLC, and any assigns and successors thereto.

"**Serial Bonds**" shall mean all of the Bonds other than Term Bonds.

"**State**" shall mean the State of Florida.

"**Supplemental Resolution**" shall mean any resolution of the Issuer amending or supplementing this Resolution adopted and becoming effective in accordance with the terms of Sections 7.01 and 7.02 hereof.

"**Term Bonds**" shall mean those Bonds which shall be designated as or authorized to be Term Bonds pursuant to the provisions of this Resolution and which are subject to mandatory redemption by Amortization Installment.

"**Underwriters**" shall mean with respect to the Bonds, RBC Capital Markets, LLC and Raymond James & Associates, Inc.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include every other gender.

Words importing the singular number include the plural number, and vice versa.

SECTION 1.02. AUTHORITY FOR RESOLUTION. This Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds, and shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

SECTION 1.04. FINDINGS. It is hereby ascertained, determined and declared that:

(A) Pursuant to the Referendum Ordinance, the Council called for a bond referendum election to be held to determine if the qualified electors within the Issuer would approve the issuance of not exceeding \$18,000,000 aggregate principal amount of general obligation bonds

payable from Ad Valorem Taxes derived from a levy without limit against all taxable property within the Issuer for the purpose of financing Costs of the Project.

(B) On November 8, 2016, the Bond Referendum Election was held and the issuance of not exceeding \$18,000,000 aggregate principal amount of general obligation bonds payable from Ad Valorem Taxes derived from a levy without limit against all taxable property within the Issuer for the purpose of financing Costs of the Project was approved by a majority of the qualified electors within the Issuer voting in said Bond Referendum Election.

(C) It is necessary and desirable and in the best interests of the Issuer to issue the Bonds to finance Costs of the Project.

(D) Due to the potential volatility of the market for tax-exempt obligations such as the Bonds and the complexity of the transactions relating to such Bonds, it is in the best interest of the Issuer to sell the Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Bonds.

(E) The Issuer anticipates receiving a favorable offer to purchase the Bonds from the Underwriters all within the parameters set forth herein.

(F) Inasmuch as the Issuer desires to sell the Bonds at the most advantageous time and not wait for a scheduled meeting of the Council of the Issuer, so long as the herein described parameters are met, the Issuer hereby determines to delegate the award of the sale of the Bonds and certain other responsibilities to the Mayor.

(G) The form, terms and details of the Bonds shall be determined in accordance with this Resolution.

(H) The repayment of the Bonds shall be secured by and payable from the Pledged Revenues in the manner and to the extent provided herein; the Bonds shall constitute general obligations of the Issuer and shall be secured by and payable from the Issuer's full faith and credit and taxing power, and the Issuer shall be obligated to levy Ad Valorem Taxes without limit on all taxable property within the Issuer in order to pay the scheduled debt service for the Bonds, all in the manner and to the extent provided herein.

SECTION 1.05. AUTHORIZATION OF THE PROJECT; REIMBURSEMENT. (A) The acquisition, construction and equipping of the Project and the financing of Costs thereof from proceeds of the Bonds is hereby authorized and approved.

(B) The issuer may reimburse itself for any moneys it expended for the Project within the prior 60 days of the date of adoption of this Resolution or that were for "preliminary expenditures" (as described in Treasury Regulations Section 1.150-2(f)(2)) and which are approved by Bond Counsel.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

SECTION 2.01. AUTHORIZATION AND DESCRIPTION OF THE BONDS; CONDITIONS TO EXECUTION OF PURCHASE CONTRACT.

(A) This Resolution creates an issue of bonds of the Issuer to be designated as "City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017," issued in the aggregate principal amount of not exceeding \$18,000,000. The Bonds are issued for the principal purposes of financing Costs of the Project, capitalizing a portion of the interest on the Bonds, and paying certain costs of issuance incurred with respect to the Bonds. The aggregate principal amount of Bonds to be issued pursuant to this Resolution shall be determined by the Mayor provided such aggregate principal amount does not exceed \$18,000,000. The Bonds shall be dated as of their date of delivery (or such other date as the Mayor may determine), shall be numbered from 1 upward in order of maturity preceded by the letter "R," shall be issued in the form of fully registered Bonds in the denominations of \$5,000 and any integral multiple thereof, shall be in book-entry only form of registration, shall bear interest from their date of delivery (or such other date as the Mayor may determine), payable semi-annually, on February 1 and August 1 of each year, commencing on August 1, 2017 (or such other date as the Mayor may determine). The Bonds shall bear interest computed on the basis of a 360-day year consisting of twelve 30-day months.

The principal of or Redemption Price, if applicable, on the Bonds are payable upon presentation and surrender of the Bonds at the designated corporate trust office of the Paying Agent or as otherwise required by the policies of The Depository Trust Company if the Bonds are registered under its book-entry system of registration described in Section 2.08 hereof. Interest payable on any Bond on any Payment Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date, or at the request of such Holder, by bank wire transfer for the account of such Holder. All payments of principal of or Redemption Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bonds shall bear interest at such rates and yields, shall mature on February 1 of each of the years and in the principal amounts corresponding to such years, and, except as otherwise provided herein, shall have such redemption provisions, all as determined by the Mayor subject to the conditions set forth in Section 2.01(B) hereof. All of the terms of the Bonds will be included in the Purchase Contract which shall be in substantially the form attached hereto and made a part hereof as Exhibit A. The Mayor is hereby authorized to execute, and the Clerk is hereby authorized to attest and affix the official seal of the Issuer to, the Purchase Contract in substantially the form attached hereto as Exhibit A with such modifications as the Mayor deems appropriate upon satisfaction of the conditions described in Section 2.01(B) hereof.

(B) The Purchase Contract shall not be executed by the Mayor until such time as all of the following conditions have been satisfied:

(i) Receipt by the Mayor of a written offer to purchase the Bonds by the Underwriters substantially in the form of the Purchase Contract attached hereto as Exhibit A, said offer to provide for, among other things, all as confirmed and recommended by the Financial Advisor, (a) not exceeding \$18,000,000 aggregate principal amount of Bonds, (b) an underwriting discount (including management fee and expenses) not in excess of 0.45% of the par amount of the Bonds, (c) a true interest cost with respect to the Bonds of no more than 4.50%, and (d) the maturities of the Bonds, with the final maturity being not later than February 1, 2037.

(ii) With respect to optional redemption terms for the Bonds, the first optional redemption date may be no later than February 1, 2027 and there shall be no call premium. Term Bonds may be established with such Amortization Installments as the Mayor deems appropriate, upon the advice and recommendation of the Financial Advisor.

(iii) Receipt by the Mayor of a disclosure statement and a truth-in-bonding statement of the Underwriters dated the date of the Purchase Contract and complying with Section 218.385, Florida Statutes.

(iv) Receipt of a good faith deposit from the Underwriters in an amount equal to no less than \$180,000.00.

Upon satisfaction of all the requirements set forth in this Section 2.01(B), the Mayor is authorized to execute and deliver the Purchase Contract containing terms complying with the provisions of this Section 2.01(B) and the Bonds shall be sold to the Underwriters pursuant to the provisions of such Purchase Contract.

SECTION 2.02. APPLICATION OF BOND PROCEEDS; TRANSFER OF CERTAIN FUNDS.

(A) The proceeds derived from the sale of the Bonds shall, simultaneously with the delivery of the Bonds to the Underwriters, be applied by the Issuer as follows:

(i) A sufficient amount of Bond proceeds representing capitalized interest shall be deposited to the Sinking Fund and shall be applied to pay interest on the Bonds on the initial Payment Date.

(ii) A sufficient amount of Bond proceeds shall be deposited in the Construction Fund and shall be applied in accordance with the provisions hereof to pay Costs of the acquisition, construction and equipping of the Project. Such deposited amounts may be used to reimburse the Issuer for moneys previously expended by the Issuer for Costs of the Project so long as any such reimbursement complies with the Code and the regulations promulgated thereunder.

(iii) A sufficient amount of the Bond proceeds shall be applied to the payment of costs and expenses relating to the issuance of the Bonds.

- (iv) The balance of the Bond proceeds, if any, shall be deposited in the Sinking Fund and shall be applied to pay scheduled interest on the Bonds.

SECTION 2.03. EXECUTION OF BONDS. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Mayor and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the Person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such Person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such Person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such Persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.04. AUTHENTICATION. No Bond shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The certificate shall be substantially in the form provided in Section 2.09 hereof.

SECTION 2.05. TEMPORARY BONDS. Until the definitive Bonds are prepared, the Issuer may execute, in the same manner as is provided in Section 2.03 hereof, and deliver, upon authentication by the Registrar pursuant to Section 2.04 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by Supplemental Resolution, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Issuer, at its own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Registrar.

SECTION 2.06. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and indemnity satisfactory to the Issuer and the Registrar, and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be cancelled by the Registrar. If any of the Bonds shall have matured or been called for redemption or be about to mature or be called for redemption, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.06 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Revenues to the same extent as all other Bonds issued hereunder.

SECTION 2.07. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration of transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration of transfer of the Bonds.

The transfer of any Bond shall be registered only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in Person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney with signature guaranteed. Upon the registration of transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or

not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered, the Issuer shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Mayor and Clerk for purposes of exchanging, replacing or registering the transfer of Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or registration of transfer shall be held by the Registrar in safekeeping until directed by the Issuer to be cancelled by the Registrar. For every such exchange or registration of transfer, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or registration of transfer of Bonds during the fifteen (15) days next preceding a Payment Date on the Bonds, or, in the case of any proposed redemption of Bonds, then, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and, in the case of the Bonds called for redemption, continuing until such redemption date.

In accordance with Section 2.08 hereof, the Issuer elects to initially provide for a book-entry only system of registration for the Bonds.

SECTION 2.08. BOOK-ENTRY. Notwithstanding the provisions set forth in Section 2.07 of the Resolution, the Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). All of the Outstanding Bonds initially shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC. As long as the Bonds shall be registered in the name of Cede & Co., all payments of principal on the Bonds shall be made by the Paying Agent by check or draft or by wire transfer to Cede & Co., as Holder of the Bonds.

With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (a "Participant"). Without limiting the immediately preceding sentence, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership

interest on the Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, redemption premium, if any, or interest on the Bonds. The Issuer, the Registrar and the Paying Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Registrar as the Holder and absolute owner of such Bond for the purpose of payment of principal, redemption premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, redemption premium, if any, and interest on the Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal, redemption premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Holder, as shown in the registration books kept by the Registrar, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, redemption premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to transfers during the fifteen (15) days next preceding a Payment Date or mailing of notice of redemption, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC; and upon receipt of such notice, the Issuer shall promptly deliver a copy of the same to the Registrar and the Paying Agent.

Upon (A) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities, or (B) determination by the Issuer that such book-entry only system is burdensome or undesirable to the Issuer, the Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions hereof. In such event, the Issuer shall issue and the Registrar shall authenticate, transfer and exchange Bonds of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Letter of Representations previously executed by the Issuer and delivered to DTC in order to induce DTC to act as securities depository for the Bonds shall apply to the payment of principal of and interest on the Bonds.

SECTION 2.09. FORM OF BONDS. The text of the Bonds shall be in substantially the following form with such omissions, insertions and variations, including any changes required

for book-entry only registration of the Bonds, as may be necessary and/or desirable and approved by the Mayor or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-

\$

**UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF VENICE, FLORIDA
GENERAL OBLIGATION BOND
(TRANSPORTATION IMPROVEMENTS), SERIES 2017**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
____%	February 1, 20__	_____, 2017	_____

Registered Holder: CEDE & CO.

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, the City of Venice, Florida, a municipal corporation of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the moneys hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on February 1 and August 1 of each year, commencing August 1, 2017, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable, upon presentation and surrender hereof, at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Paying Agent. Payment of each installment of interest shall be

made to the Person in whose name this Bond shall be registered on the registration books of the Issuer maintained by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a Business Day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the request of such Registered Holder, by bank wire transfer for the account of such Holder.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued for the principal purpose of providing moneys to finance costs of resurfacing and reconstruction of approximately 70 lane miles of roads throughout the Issuer and the Historic Downtown Corridor, and the upgrading of adjacent pedestrian bicycle facilities to increase accessibility, multi-modal use and safety, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 166, Florida Statutes, the Charter of the Issuer, Ordinance No. 2016-08 adopted by the City Council on May 24, 2016 (the "Referendum Ordinance"), and other applicable provisions of law (the "Act"), and pursuant to a resolution duly adopted by the City Council of the Issuer on February 14, 2017, as the same may be amended and supplemented from time to time (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable from and secured by a lien upon and a pledge of (1) the proceeds of the Ad Valorem Taxes levied by the Issuer without limit on all taxable property within the Issuer to pay the Annual Debt Service on the Bonds as authorized by the Referendum Ordinance and approved by a majority of the qualified electors of the Issuer voting in the Bond Referendum Election held on November 8, 2016, to the extent and in the manner provided in the Resolution, and (2) the moneys on deposit in the Sinking Fund established in the Resolution, including any investment earnings thereon (collectively, the "Pledged Revenues").

The Issuer has established a book-entry system of registration for the Bonds. Except as specifically provided otherwise in the Resolution, an agent will hold this Bond on behalf of the beneficial owner thereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this Bond shall be deemed to have agreed to such arrangement.

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in Person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds

in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of the Bonds during the fifteen (15) days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, then, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and, in the case of the Bonds called for redemption, continuing until such redemption date.

[Insert Redemption Provisions]

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Resolution upon notice given by first class mail sent at least thirty (30) days prior to the redemption date; provided, however, that failure to mail notice to the Registered Holder hereof, or any defect therein, shall not affect the validity of the proceedings for redemption of other Bonds as to which no such failure or defect has occurred. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for one or more Bonds in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Resolution.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants, the rights, duties, immunities and obligations of the Issuer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

As long as the book-entry only system is used for determining beneficial ownership of the Bonds, notice of redemption will only be sent to Cede & Co. Cede & Co. will be responsible for notifying the DTC Participants, who will in turn be responsible for notifying the Beneficial Owners. Any failure of Cede & Co. to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner of any such notice, will not affect the validity of the redemption of the Bonds.

Neither the members of the City Council of the Issuer nor the Mayor nor any Person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the City of Venice, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of its Mayor and by the manual or facsimile signature of its City Clerk and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

CITY OF VENICE, FLORIDA

(SEAL)

Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

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

By:

Authorized Signatory

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

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

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

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

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entirety

JT TEN -- as joint tenants with right of
survivorship and not as tenants
in common

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfer to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

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ARTICLE III REDEMPTION OF BONDS

SECTION 3.01. REDEMPTION PROVISIONS. The Bonds shall be subject to such optional and mandatory sinking fund redemption provisions as are determined by the Mayor upon the advice of the Financial Advisor and set forth in the Purchase Contract and the Official Statement, all in accordance with Section 2.01(B) hereof.

SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED. The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall not more than 60 calendar days or less than 30 calendar days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed and, if less than all of the Outstanding Bonds are to be redeemed, the particular maturities and portions thereof to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than 30 calendar days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof. Notwithstanding the foregoing, if less than all of a Term Bond is to be redeemed, the aggregate principal amount to be redeemed shall be allocated to the Amortization Installments on an ascending order basis unless the Issuer, in its discretion, designates a different allocation.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

SECTION 3.03. NOTICE OF REDEMPTION. Except as otherwise provided herein, notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Issuer, and (A) shall be filed with the Paying Agent of the Bonds, (B) shall be mailed first class, postage prepaid, at least thirty (30) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar, and (C) shall be mailed certified, postage prepaid, at least thirty (30) days prior to the redemption date to the registered securities depositories and to two or more nationally recognized municipal bond information services. Failure to mail notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings of redemption of such Bonds as to which no such failure or defect has occurred.

As long as the book-entry only system is used for determining beneficial ownership of the Bonds, notice of redemption will only be sent to Cede & Co. Cede & Co. will be responsible for notifying the Participants, who will in turn be responsible for notifying the beneficial owners.

Any failure of Cede & Co. to notify any Participant, or of any Participant to notify the beneficial owner of any such notice, will not affect the validity of the redemption of the Bonds.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed; (2) the original issue date of such Bonds; (3) the maturity date and rate of interest borne by each Bond being redeemed; (4) the redemption date; (5) the Redemption Price; (6) the date on which such notice is mailed; (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed; (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable; (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Registrar at an address specified; (10) the name and telephone number of a Person designated by the Registrar to be responsible for such redemption; and (11) unless sufficient funds have been set aside by the Issuer for such purpose prior to the mailing of the notice of redemption, that such redemption is conditioned upon the deposit of sufficient funds for such purpose on or prior to the date set for redemption; and provided, further, that such notice and the redemption set forth therein may be subject to the satisfaction of one or more additional conditions set forth therein.

The Issuer may provide that a redemption may be contingent upon the occurrence of certain condition(s) and that if such condition(s) do not occur the notice of redemption will be rescinded, provided notice of rescission shall be mailed in the manner described above to all affected Bondholders as soon as practicable.

SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. PAYMENT OF REDEEMED BONDS. Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the appropriate Redemption Price, plus accrued interest. Each check or other transfer

of funds issued by the Paying Agent to pay the Redemption Price of Bonds being redeemed shall bear the CUSIP number or numbers of such Bonds and identify the payments applicable to each CUSIP number. All Bonds which have been redeemed shall be cancelled by the Registrar and shall not be reissued.

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ARTICLE IV
SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF

SECTION 4.01. GENERAL OBLIGATIONS OF ISSUER. The full faith, credit and taxing power of the Issuer shall be and are hereby pledged for the full and prompt payment of the principal of and interest on the Bonds. A direct annual tax without limit shall be levied by the Issuer upon all taxable property within the Issuer to make such payments. Provision shall be included and made in the Issuer's annual budget and tax levy for the levy of the Ad Valorem Taxes in an amount sufficient to pay the principal of and interest on the Bonds, as the same shall become due. Whenever the Issuer shall, in any Fiscal Year, have irrevocably deposited in the Sinking Fund any moneys derived from sources other than the aforementioned Ad Valorem Taxes, said Ad Valorem Taxes may be correspondingly diminished; but any such diminution must leave available an amount of such Ad Valorem Taxes, after allowance for anticipated delinquencies in collection, fully sufficient, with such moneys so deposited from other sources, to assure the prompt payment of principal, interest and other related charges falling due prior to the time that the proceeds of the next annual Ad Valorem Taxes levy will be available. Such Ad Valorem Taxes shall be levied and collected at the same time, and in the same manner, as other Ad Valorem Taxes of the Issuer are assessed, levied and collected. The Ad Valorem Taxes shall be levied and collected in accordance with all applicable law, including, but not limited to, the Referendum Ordinance. The Issuer hereby irrevocably pledges, and grants a lien on, the Pledged Revenues, which shall include the proceeds of the Ad Valorem Taxes, to the payment of the Bonds.

SECTION 4.02. SECURITY FOR BONDS. The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Revenues. The Issuer does hereby irrevocably pledge the Pledged Revenues to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof. The Pledged Revenues shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

SECTION 4.03. CONSTRUCTION FUND. The Issuer covenants and agrees to establish, a special fund to be known as the "City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017 Construction Fund," which shall be used only for payment of the Costs of the Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project in the manner hereinafter provided, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution, and there may be paid into the Construction Fund, at the option of the Issuer, any moneys received for or in connection with the Project by the Issuer from any other source.

The proceeds of insurance maintained pursuant to this Resolution against physical loss of or damage to the Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, if any, shall be deposited into the appropriate account of the Construction Fund.

Any moneys received by the Issuer from the State or from the United States of America or any agencies thereof for the purpose of financing part of the Cost of the Project shall be deposited into the Construction Fund and used in the same manner as other Bond proceeds are used therein; provided that separate accounts or subaccounts may be established in the Construction Fund for moneys received pursuant to the provisions of this paragraph whenever required by Federal or State law.

The Issuer covenants that the acquisition, construction and installation of the Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay Costs of the Project, except as otherwise provided below. The Issuer shall keep records of such disbursements and payments and shall retain all such records for such period of time as required by applicable law. The Issuer shall make available the records at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in an account of the Construction Fund shall be applied to the payment of principal and interest on Bonds.

The date of completion of the acquisition, construction and equipping of the Project shall be documented by an Authorized Issuer Officer in the appropriate records of the Issuer. Promptly after the date of the completion of the Project, and after paying or making provision for the payment of all unpaid items of the Cost of the Project, the Issuer shall deposit any balance of moneys remaining in the Construction Fund in the Sinking Fund established hereunder and used to pay scheduled interest on the Bonds or for any other lawful purpose, provided the Issuer has received the prior approval of Bond Counsel to the effect that such application for any other lawful purpose shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of Federal income taxation.

SECTION 4.04. CREATION OF FUNDS; APPLICATION OF AD VALOREM TAXES. (A) There is hereby created a special fund to be known as the "City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017 Sinking Fund" which shall be held in trust for the benefit of the Bondholders. There is hereby ordered to be levied upon all the property taxable for such purpose within the Issuer the Ad Valorem Taxes in an amount sufficient, together with other available moneys deposited to the Sinking Fund, to pay the principal and interest on the Bonds, the charges of the Paying Agents and Registrars, and any other amounts that are properly due and owing with respect to the repayment of the Bonds. All proceeds of the Ad Valorem Taxes levied pursuant to this Resolution shall be deposited into the Sinking Fund promptly upon receipt by the Issuer.

(B) Money in the Sinking Fund shall be used for the purpose of paying the Annual Debt Service on the Bonds coming due (whether by maturity, scheduled mandatory redemption or otherwise).

Moneys in the Sinking Fund shall be disbursed for (i) the payment of the interest on the Bonds secured hereby as such interest falls due, (ii) the payment of the principal of the Bonds secured hereby at their respective maturities or earlier redemption, (iii) the payment of Amortization Installments coming due, (iv) the purchase of Bonds in the open market, provided, however, the price paid shall not exceed the principal amount plus accrued interest, and (v) the payment of the necessary charges for paying Bonds and interest thereon.

The Issuer may at any time and from time to time appoint one or more depositories to hold amounts on deposit in the Sinking Fund and/or Rebate Fund. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from the Sinking Fund and/or Rebate Fund as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository shall be a bank or trust company duly authorized to perform such responsibilities pursuant to applicable law.

(C) On or before the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Bonds, the Issuer shall withdraw from the Sinking Fund sufficient moneys to pay such principal or Redemption Price, if applicable, and interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

(D) Any moneys remaining in the Sinking Fund or Rebate Fund and established hereunder after all Bonds have been paid or legally defeased under Section 8.01 and are no longer Outstanding hereunder, shall be applied for any lawful purpose.

SECTION 4.05. REBATE FUND. There is hereby created a special fund to be known as the "City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017 Rebate Fund." Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States (except to the extent the same may be transferred to the Sinking Fund) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. The Issuer agrees to undertake all actions required of it in its Certificate as to Arbitrage and Certain Other Tax Matters, dated the date of issuance of the Bonds, relating to such Bonds, as well as any successor Certificate thereto, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing the amount determined in clause (A) above in the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.05 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with "gross proceeds" of the Bonds (as defined in the Code).

The provisions of the above-described Certificate as to Arbitrage and Certain Other Tax Matters may be amended from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

SECTION 4.06. INVESTMENTS. The Sinking Fund and the Construction Fund shall be continuously secured in the manner by which the deposit of public funds is authorized to be secured by the laws of the State. Moneys on deposit in the Sinking Fund and the Construction Fund may be invested and reinvested in Authorized Investments maturing not later than the date on which the moneys therein will be needed. Any and all income received by the Issuer from the investment of moneys in the Sinking Fund, the Construction Fund or the Rebate Fund shall be retained in such respective Fund or Account. All investments shall be valued at cost.

Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

SECTION 4.07. SEPARATE ACCOUNTS. The moneys required to be accounted for in each of the Sinking Fund, the Construction Fund and the Rebate Fund established herein may be deposited in a single bank account, and funds allocated to such Funds established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such Sinking Fund, Construction Fund and Rebate Fund as herein provided.

The designation and establishment of the Sinking Fund, the Construction Fund and the Rebate Fund in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

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ARTICLE V
COVENANTS OF THE ISSUER

SECTION 5.01. BOOKS AND RECORDS. The Issuer will keep books and records of the receipt of the Ad Valorem Taxes and the funds and accounts established hereunder in accordance with generally accepted accounting principles, and the Holder or Holders of Bonds shall have the right at all reasonable times to inspect the records, accounts and data of the Issuer relating thereto.

SECTION 5.02. ANNUAL AUDIT. The Issuer shall, immediately after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. The annual financial statements shall be prepared in conformity with generally accepted accounting principles as applicable to local governments.

SECTION 5.03. NO IMPAIRMENT. The pledging of the Pledged Revenues in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the Council.

SECTION 5.04. FEDERAL INCOME TAX COVENANTS. The Issuer covenants with the Holders of the Bonds that it shall not use the proceeds of such Bonds in any manner which would cause the interest on such Bonds to be included in gross income for purposes of federal income taxation to the extent not otherwise included therein on the date of issuance of the Bonds.

The Issuer covenants with the Holders of the Bonds that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on such Bonds to be included in gross income for purposes of federal income taxation.

The Issuer hereby covenants with the Holders of Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

ARTICLE VI
DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT. The following events shall each constitute an "Event of Default":

(A) Default shall be made in the payment of the principal of, redemption premium, if any, or interest on any Bond, when due.

(B) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding. Notwithstanding the foregoing, and provided that no such grace period shall exceed sixty (60) days, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

(C) An Act of Bankruptcy shall have occurred with respect to the Issuer.

SECTION 6.02. REMEDIES. Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the Laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof; provided, however, no Holder shall have the right to declare the Bonds immediately due and payable.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing, appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

SECTION 6.03. DIRECTIONS TO RECEIVER AS TO REMEDIAL PROCEEDINGS. The Holders of a majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to any trustee or receiver appointed pursuant to Section 6.02 hereof, to direct the method and place of conducting all remedial proceedings to be taken by such trustee or receiver hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee or receiver shall have the right to decline to follow any such direction which in the opinion of the trustee or receiver would be unjustly prejudicial to Holders of Bonds not parties to such direction.

SECTION 6.04. REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If any remedial action is discontinued or abandoned, the Bondholders shall be restored to their former positions.

SECTION 6.05. WAIVER OF DEFAULT. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VI to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 6.06. APPLICATION OF MONEYS AFTER DEFAULT. If an Event of Default shall happen and shall not have been remedied, the Issuer, the Paying Agent or a trustee or receiver appointed for such purpose shall apply all Pledged Revenues as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder.

B. To the payment of all costs and expenses necessary to collect Ad Valorem Taxes.

C. To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

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

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference; and

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied first to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

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ARTICLE VII
SUPPLEMENTAL RESOLUTIONS

SECTION 7.01. SUPPLEMENTAL RESOLUTION WITHOUT CONSENT. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof), for any of the following purposes:

- (A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder in a manner consistent with the provisions of this Resolution.
- (B) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.
- (C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.
- (D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.
- (E) To achieve compliance with any applicable federal securities law or with the Code and applicable regulations thereunder.
- (F) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Bonds.

SECTION 7.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' CONSENT. Subject to the terms and provisions contained in this Section 7.02 and Section 7.01 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution other than in this Section 7.02 to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 7.02. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the

rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Revenues other than the lien and pledge created by this Resolution or any other lien or pledge permitted by the terms of this Resolution which materially adversely affects any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

Except as provided in the final paragraph of this Section, if at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Notwithstanding any other provision of this Section 7.02, Holders of Bonds shall be deemed to have provided consent pursuant to this Section 7.02 if the offering document for such Bonds expressly describes the Supplemental Resolution and the amendments to this Resolution contained therein and states by virtue of the Holders' purchase of such Bonds the Holders are deemed to have notice of, and consented to, such Supplemental Resolution and amendments.

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ARTICLE VIII DEFEASANCE

SECTION 8.01. DEFEASANCE. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the Pledged Revenues, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent shall pay over or deliver to the Issuer all money or securities held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 8.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Defeasance Obligations, which in either case shall be verified by an independent certified public accountant to be in such amount that the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such banking institution or trust company at the same time shall be sufficient, to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (C) the Issuer shall receive an opinion of Bond Counsel to the effect that refunded Bonds are defeased in accordance with this Section 8.01 and, therefore, are no longer Outstanding under this Resolution. Except as hereafter provided, neither the Defeasance Obligations nor any moneys so deposited with such banking institution or trust company nor any moneys received by such banking institution or trust company on account of principal of or Redemption Price, if applicable, or interest on said Defeasance Obligations shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Defeasance Obligations and moneys for the deposited Defeasance Obligations and moneys if the new Defeasance Obligations and moneys are verified by an independent certified public accountant as being sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 8.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of

such Bonds that the deposit required by this Section 8.01 of moneys or Defeasance Obligations has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

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ARTICLE IX MISCELLANEOUS

SECTION 9.01. PRELIMINARY OFFICIAL STATEMENT. The Issuer hereby authorizes the use and distribution of the Preliminary Official Statement, in substantially the form attached hereto as Exhibit B, by the Underwriters for the purpose of offering the Bonds for sale with such changes, modifications and insertions as any Authorized Issuer Officer may determine are necessary and appropriate for the Preliminary Official Statement to be deemed "final" in accordance with this Section 9.01. The Authorized Issuer Officers are each hereby authorized to execute a certificate deeming the Preliminary Official Statement "final" in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and the applicable rules developed by the Municipal Securities Rulemaking Board. Execution by an Authorized Issuer Officer of a certificate deeming the Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes, deletions or modifications.

SECTION 9.02. OFFICIAL STATEMENT. Subject in all respects with the successful award of the Bonds in accordance with Section 2.01 hereof, the Authorized Issuer Officers are hereby authorized and directed to execute and deliver a final Official Statement, dated the date of the execution of the Purchase Contract, which shall be in substantially the form of the Preliminary Official Statement, in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriters with such changes, amendments, modifications, omissions and additions as may be approved by the Authorized Issuer Officers. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Authorized Issuer Officers, and the information contained therein are hereby authorized to be used in connection with the sale of the Bonds to the public. Execution by the Authorized Issuer Officers of the Official Statement shall be deemed to be conclusive evidence of the approval of such changes.

SECTION 9.03. APPOINTMENT OF PAYING AGENT AND REGISTRAR. Subject in all respects with the successful award of the Bonds in accordance with Section 2.01 hereof, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, is hereby designated Registrar and Paying Agent for the Bonds. The Mayor and the Clerk are hereby authorized to enter into any agreement which may be necessary to effect the transaction contemplated by this Section and the Resolution.

SECTION 9.04. SECONDARY MARKET DISCLOSURE. Subject in all respects with the successful award of the Bonds in accordance with Section 2.01 hereof, the Issuer hereby covenants and agrees that, in order to provide for compliance by the Issuer with the secondary market disclosure requirements of the Rule, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (the "Disclosure Certificate") to be executed by the Issuer and dated the date of delivery of the Bonds, as it may be amended from time to time in accordance with the terms thereof. The Disclosure Certificate shall be substantially in the form attached hereto as Exhibit C with such changes, amendments, modifications,

omissions and additions as shall be approved by the Mayor. The Issuer hereby authorizes the Mayor to execute and the City Clerk to attest and affix the seal to the Disclosure Certificate. Notwithstanding any other provision of the Resolution, failure of the Issuer to comply with such Disclosure Certificate shall not be considered an Event of Default hereunder or under the Resolution; provided, however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 9.04 and the Disclosure Certificate. For purposes of this Section 9.04 "Bondholder" shall mean any Person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Bonds for federal income tax purposes. Digital Assurance Certification LLC is hereby appointed as the initial dissemination agent with respect to the Bonds.

SECTION 9.05. SALE OF BONDS. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

SECTION 9.06. GENERAL AUTHORITY. The Mayor, members of the Council, the Clerk, the City Manager, the Finance Director and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Resolution, the Official Statement, the Disclosure Certificate, or the Purchase Contract, or desirable or consistent with the requirements of this Resolution, the Official Statement, the Disclosure Certificate, and the Purchase Contract, and the Mayor, each member of the Council, employee, attorney and officer of the Issuer, the City Manager, the Finance Director and the Clerk are hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. Bond Counsel and the Issuer's Financial Advisor are authorized to take all necessary action to accomplish the purposes of this Resolution. To the extent the Mayor is unable or unavailable to perform any obligation or duty hereunder, the Vice Mayor is authorized to act on his or her behalf. To the extent the City Manager is unable or unavailable to perform any obligation or duty hereunder, the Mayor and the Finance Director are each authorized to act on his or her behalf. To the extent that the City Clerk is unable or unavailable to perform any obligation or duty hereunder, any Deputy or Assistant City Clerk is authorized to act on her or his behalf.

SECTION 9.07. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect

the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 9.08. REPEAL OF INCONSISTENT RESOLUTIONS. All ordinances, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 9.09. EFFECTIVE DATE. This Resolution shall take effect immediately upon its approval and adoption as required by law.

APPROVED AND ADOPTED AT A REGULAR MEETING OF THE VENICE CITY COUNCIL HELD ON THE 14TH DAY OF FEBRUARY, 2017.

John W. Holic, Mayor

ATTEST:

Lori Stelzer, MMC, City Clerk

I, **LORI STELZER**, MMC, City Clerk of the City of Venice, Florida, a municipal corporation in Sarasota County, Florida, do hereby certify that the foregoing is a full and complete, true and correct copy of a Resolution duly adopted by the City Council of said city at a meeting thereof duly convened and held on the 14th day of February 2017, a quorum being present.

WITNESS my hand and the official seal of said City this 14th day of February 2017.

(SEAL)

Lori Stelzer, MMC, City Clerk

Approved as to form:

David Persson, City Attorney

EXHIBIT A

FORM OF PURCHASE CONTRACT

BOND PURCHASE AGREEMENT

\$ _____
CITY OF VENICE, FLORIDA
General Obligation Bonds (Transportation Improvements), Series 2017

_____, 2017

City of Venice, Florida
Venice, Florida 34285

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the "Representative" or "RBC CM") acting on its own behalf and on behalf of Raymond James & Associates, Inc. (collectively, the "Underwriters"), offers to enter into the following agreement (this "Agreement") with the City of Venice, Florida (the "Issuer") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 11:59 a.m., Eastern Standard Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Bond Resolution (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's General Obligation Bonds (Transportation Improvements), Series 2017 (the "Series 2017 Bonds"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that: (i) the purchase and sale of the Series 2017 Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriters; (ii) in connection with such transaction, including the process leading thereto, the Underwriters are acting solely as a principal and not as an agent or a fiduciary of the Issuer; (iii) the Underwriters have neither assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering of the Series 2017 Bonds or the process leading thereto (whether or not the Underwriters or any affiliate of the Underwriters has advised or is currently advising the Issuer on other matters) nor have they assumed any other obligation to the Issuer except the obligations expressly set forth in this Agreement; (iv) the Underwriters have financial and other interests that differ from those of the Issuer; and (v) the Issuer has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2017 Bonds.

The principal amount of the Series 2017 Bonds to be issued, the dated date therefor, the maturities, interest rates per annum, prices and yields, optional redemption and mandatory

redemption provisions are set forth in Schedule I hereto. The Series 2017 Bonds shall be as described in, and shall be issued under the authority of Chapter 166, Florida Statutes, the charter of the Issuer, Ordinance No. 2016-08 enacted by the City Council of the Issuer on May 24, 2016 (the "Referendum Ordinance"), the Constitution of the State of Florida and other applicable provisions of law (collectively, the "Act"), and pursuant to the provisions of Resolution No. _____ adopted by the Issuer on _____, 2017, as it may be amended and supplemented (the "Bond Resolution").

The purchase price for the Series 2017 Bonds shall be \$_____ (\$_____ aggregate principal amount of the Series 2017 Bonds, less an underwriting discount (including expenses) of \$_____ and [plus/minus a net original issue premium/discount of \$_____).

Delivered to the Issuer herewith as a good faith deposit is a check payable to the order of the Issuer in clearing house funds in the amount of \$180,000.00. In the event you accept this offer, such check shall be held uncashed by you until the time of Closing (as described herein), at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Series 2017 Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2017 Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Series 2017 Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 9 and 11 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

In accordance with Section 218.385, Florida Statutes, the Underwriters hereby disclose the information required by such Section, including a truth-in-bonding statement, as provided in Schedule II attached hereto.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Series 2017 Bonds at prices not to exceed the respective public offering prices set forth on the inside front cover of the Official Statement (the "Offering Prices") and may subsequently change such Offering Prices without any requirement of prior notice. The Underwriters may offer and sell Series 2017 Bonds to certain dealers (including dealers depositing Series 2017 Bonds into investment trusts) and others at prices higher or lower than the Offering Prices to the extent allowed by the Code (as defined herein).

Simultaneously with or prior to the delivery of the Series 2017 Bonds, at the request of the Issuer or Bond Counsel (as defined herein), the Underwriters shall furnish to the Issuer a certificate in substantially the form attached hereto as Exhibit B.

3. The Official Statement. (a) The Preliminary Official Statement dated _____, 2017 (the "Preliminary Official Statement"), including the cover page and Appendices thereto, of the Issuer relating to the Series 2017 Bonds, as amended to reflect the pricing terms of the Series 2017 Bonds is hereinafter called the "Official Statement."

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Series 2017 Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was "deemed final" by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Series 2017 Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(c) The Issuer hereby authorizes the Official Statement to be used by the Underwriters in connection with the public offering and the sale of the Series 2017 Bonds. The Issuer shall use best efforts to provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Series 2017 Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the

statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Representative hereby agrees to file the Official Statement as required by the MSRB. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that to the best of its knowledge, information and belief:

(a) The Issuer is validly existing as a municipal corporation of the State of Florida (the "State") duly created, organized and existing under the Act, and has full legal right, power and authority under the Act, and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Agreement, the Bond Resolution, the Referendum Ordinance and the Continuing Disclosure Certificate relating to the Series 2017 Bonds (the "Undertaking") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement and the Undertaking and the other documents referred to in this clause are hereinafter referred to as the "Issuer Documents"), (ii) to sell, issue and deliver the Series 2017 Bonds to the Underwriters as provided herein, (iii) to carry out and consummate the transactions contemplated by the Issuer Documents, the Bond Resolution, the Referendum Ordinance and the Official Statement and (iv) to acquire, construct and equip the Project, and as of the date hereof, the Issuer has complied in all respects with the terms of the Act, the Bond Resolution, the Referendum Ordinance and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the enactment of the Referendum Ordinance and the issuance and sale of the Series 2017 Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Series 2017 Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Bond Resolution, the Referendum Ordinance and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement, in each case excepting any authorization that cannot be obtained prior to or concurrently with the date of this Agreement;

(c) When executed by the respective parties hereto and thereto, the Issuer reasonably expects as of the date hereof that the Issuer Documents will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Series 2017 Bonds, when

issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Series 2017 Bonds as aforesaid, the Bond Resolution will provide, for the benefit of the holders, from time to time, of the Series 2017 Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Resolution;

(d) The Issuer is lawfully empowered to levy the Ad Valorem Taxes (as defined in the Bond Resolution) and to pledge and grant a lien upon the Pledged Revenues for payment of the principal of, redemption premium, if any, and interest on the Series 2017 Bonds pursuant to the Bond Resolution;

(e) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and when executed by the respective parties hereto and thereto, the Issuer reasonably expects as of the date hereof that execution and delivery of the Series 2017 Bonds, the Issuer Documents and the enactment of the Referendum Ordinance and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Series 2017 Bonds or under the terms of any such law, regulation or instrument, except as provided by the Series 2017 Bonds or the Bond Resolution;

(f) Except as expressly disclosed in the Preliminary Official Statement, the Issuer has never failed to comply in any material respect with any prior continuing disclosure obligation arising out of the Rule;

(g) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents, and the Series 2017 Bonds or with respect to the Project have been duly obtained, except for such approvals, consents and orders that may not be obtained until after the date of this Agreement or as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Series 2017 Bonds (as to which the Issuer makes no representation);

(h) The statements and information contained in the Official Statement (including statistics and financial information furnished by the Issuer), to the extent that such statements and information concern the Issuer, its operations, assets, facilities, the Bond Resolution, the Referendum Ordinance, the Series 2017 Bonds, the Ad Valorem Taxes, the Project and the Issuer's participation in the transactions contemplated by and described in the Official Statement, the estimated sources and uses of funds in connection with the Series 2017 Bonds, and litigation (if any) to which the Issuer is a party, are, as of the date hereof, true, correct and complete in all material respects; and, with respect to such statements and information, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(i) As of the date of this Agreement, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2017 Bonds or the levy of the Ad Valorem Taxes, the collection of the Pledged Revenues or the acquisition construction and equipping of the Project pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Series 2017 Bonds, the Issuer Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the acquisition, construction and equipping of the Project, the issuance of the Series 2017 Bonds, the enactment of the Referendum Ordinance or the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Series 2017 Bonds, the Issuer Documents, or the excludability from gross income of interest on the Series 2017 Bonds for federal income tax purposes;

(j) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(k) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official

Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(m) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Series 2017 Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2017 Bonds;

(n) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (i) to (A) qualify the Series 2017 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (B) determine the eligibility of the Series 2017 Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Series 2017 Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction, or comply with any other requirements reasonably deemed by it to be unduly burdensome) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Series 2017 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(o) The financial statements of the Issuer and other financial information regarding the Issuer in the Preliminary Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer including but not limited to the Pledged Revenues;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the Pledged Revenues without the prior approval of the Representative;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(r) Except as expressly disclosed in the Preliminary Official Statement, the Issuer neither is nor has been in default any time after December 31, 1975, as to principal or interest with respect to an obligation issued or guaranteed by the Issuer;

(s) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon;

(t) Subsequent to the respective dates as of which information is given in the Official Statement, and prior to the Closing Date, except as set forth in or contemplated by the Official Statement, unless consented to by the Underwriters, (i) there has not been and will not have been any material adverse change in the business or financial position or results of operations of the Issuer, and (ii) no legal or governmental proceedings affecting the Issuer or the transactions contemplated by this Agreement have been or will have been instituted or threatened which is material.

5. Closing. (a) At 1:00 p.m. Eastern Standard Time, on _____, 2017, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the Series 2017 Bonds to the Underwriters duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Series 2017 Bonds as set forth in Section 1 of this Agreement by a certified or bank cashier's check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Series 2017 Bonds as aforesaid shall be made at the offices of Issuer, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Series 2017 Bonds shall be made to The Depository Trust Company, New York, New York ("DTC") through its FAST system of registration. The Series 2017 Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Series 2017 Bond for each maturity of the Series 2017 Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection.

6. Closing Conditions. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Series 2017 Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Series 2017 Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) At or prior to the Closing, the Bond Resolution and Referendum Ordinance shall each have been duly adopted and enacted, respectively, by the Issuer and shall remain in full force and effect, and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the Series 2017 Bonds;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the Project, in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Series 2017 Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(h) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by its Mayor, City Manager and Finance Director, or such other official as may have been agreed to by the Representative, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Resolution and Referendum Ordinance with such supplements or amendments as may have been agreed to by the Representative;

(3) The Undertaking;

(4) A final approving opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel to the Issuer, with respect to the Series 2017 Bonds, dated the date of closing, in substantially the form attached to the Official Statement as Appendix D;

(5) A letter of Nabors, Giblin & Nickerson, P.A., addressed to the Underwriters and dated the date of Closing, to the effect that their final approving opinion referred to in Section 6(h)(4) hereof may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters;

(6) A supplemental opinion of Nabors, Giblin & Nickerson, P.A. addressed to the Underwriters, dated the date of Closing, substantially to the effect that:

(i) the Bond Resolution has been duly adopted and is in full force and effect; and

(ii) the information contained in the Official Statement under the headings "INTRODUCTION, 'DESCRIPTION OF THE BONDS" (other than the information under the subheading "Book-Entry Only System"), "SECURITY FOR THE BONDS" and "APPENDIX C FORM OF THE RESOLUTION" (other than the financial, statistical and demographic information included therein, as to all of which no opinion need be expressed), insofar as such statements purport to be summaries of the Bond Resolution or the Series 2017 Bonds, constitutes a fair and accurate summary of the information purported to be summarized therein. The statements on the cover relating to such counsel's opinion and under the caption "TAX EXEMPTION" are accurate statements or summaries of the matters set forth therein.

(7) An opinion of Bryant Miller Olive P.A., as Disclosure Counsel, dated the date of the Closing and addressed to the Issuer with a reliance letter to the Underwriters, to the effect that:

(i) the Bonds are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Bond Resolution need not be qualified under the Trust Indenture Act;

(ii) based upon their participation in the preparation of the Official Statement as disclosure counsel for the Issuer and their discussions with representatives of the Issuer and others at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to their attention which leads them to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except they express no opinion regarding historical or projected financial information, demographic, statistical or operating data included in the Official Statement including but not limited to appendices, schedules and exhibits thereto, or any information about The Depository Trust Company and its book-entry system of registration); and

(iii) the Undertaking satisfies the requirements of Section (b)(5)(i) under the Rule.

(8) An opinion of Persson & Cohen, P.A., Venice, Florida, City Attorney, addressed to the Issuer, Bond Counsel and the Underwriters and dated the date of the Closing in the form set forth in Exhibit A hereto;

(9) A certificate, dated the date of Closing, signed by the Mayor, the City Manager and the Finance Director of the Issuer, or such other officials satisfactory to the Underwriters, and in form and substance satisfactory to the Underwriters, to the effect that, to the best of their knowledge and belief (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against the Issuer is pending or, to their knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (A) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (B) contest the due organization and valid existence of the Issuer, (C) contest the validity, due authorization and execution of the Series 2017 Bonds or the Issuer Documents or (D) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues, including payments on the Series 2017 Bonds, pursuant to the Bond Resolution, and other income or the anticipated receipt of Pledged Revenues pledged to pay the principal of and interest on the Series 2017 Bonds, or the pledge thereof; (iii) the Bond Resolution and the Referendum Ordinance have been duly adopted and enacted, respectively, by the Issuer, are in full force and effect and have not been modified, amended or repealed, (iv) the Bond Referendum Election (as defined in the Bond Resolution) was duly held and conducted in all respects according to applicable law, and a majority of electors casting a ballot voted in favor of the issuance of such bonds for such purpose; and (v) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(10) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Series 2017 Bonds will be used in a manner that would cause the Series 2017 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of the knowledge and belief of the Issuer there are no other

facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(11) A certificate of an authorized representative of The Bank of New York Mellon Trust Company, N.A. (the "Bank"), as Registrar and Paying Agent to the effect that (i) the Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and is duly authorized to exercise trust powers in the State of Florida, (ii) the Bank has all requisite authority, power, licenses, permits and franchises, and has full corporate power and legal authority to execute and perform its functions under the Bond Resolution and Registrar and Paying Agent Agreement, dated the date of delivery of the Series 2017 Bonds, between the Issuer and the Bank (the "Paying Agent Agreement"), (iii) the performance by the Bank of its functions under the Bond Resolution and the Paying Agent Agreement will not result in any violation of the Articles of Association or Bylaws of the Bank, any court order to which the Bank is subject or any agreement, indenture or other obligation or instrument to which the Bank is a party or by which the Bank is bound, and no approval or other action by any governmental authority or agency having supervisory authority over the Bank is required to be obtained by the Bank in order to perform its functions under the Bond Resolution and the Paying Agent Agreement, (iv) the Paying Agent Agreement constitutes a valid and binding obligation of the Bank in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity and (v) to the best of such authorized representative's knowledge, there is no action, suit, proceeding or investigation at law or in equity before any court, public board or body pending or, to his or her knowledge, threatened against or affecting the Bank wherein an unfavorable decision, ruling or finding on an issue raised by any party thereto is likely to materially and adversely affect the ability of the Bank to perform its obligations under the Bond Resolution and the Paying Agent Agreement;

(12) A signed copy of the letter of representations from the Issuer to DTC;

(13) A certificate of the Mayor or the Director of Finance deeming the Preliminary Official Statement "final" as of its date for the purposes of Rule 15c2-12;

(14) A letter of Moody's Investors Service, Inc., satisfactory to the Representative to the effect that the Series 2017 Bonds have a rating of "_____", a letter of Fitch Ratings satisfactory to the Representative to the effect that the Series 2017 Bonds have a rating of "_____" (stable outlook) and a letter of S & P Global Ratings to the effect that the Series 2017 Bonds have a rating of _____, and that all such ratings are in effect as of the date of Closing;

(15) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and

information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2017 Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2017 Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the return of the good faith check only), 4, 7 and 9 hereof shall continue in full force and effect.

7. Indemnification. (a) To the extent allowed by applicable law, the Issuer will indemnify and hold harmless the Underwriters against any losses, claims, damages or liabilities to which the Underwriters may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement or Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Underwriters for any legal or other expenses reasonably incurred by the Underwriters in connection with investigating or defending any such action or claim; provided, however, that the Issuer shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Preliminary Official Statement or Official Statement or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Issuer by the Underwriters expressly for use therein.

(b) The Underwriters will indemnify and hold harmless the Issuer against any losses, claims, damages or liabilities to which the Issuer may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Underwriting section of the Preliminary Official Statement or Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission or alleged omission was made in the Underwriting section of the Preliminary Official Statement or Official Statement or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Issuer by the Underwriters expressly for use therein; and will reimburse the Issuer for any legal or other expenses reasonably incurred by the Issuer in connection with investigating or defending any such action or claim.

(c) Promptly after receipt by an indemnified party pursuant to subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party or shall otherwise have an actual or potential conflict in such representation), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses or other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation.

(d) If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Underwriters on the other from the offering of the Series 2017 Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then the indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Issuer on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Issuer on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Issuer bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct and to prevent such statement or omission. The Issuer and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), the Underwriters shall not be required to contribute any amount in excess of the amount by which the underwriting discount, described in Section 1 hereof,

exceeds the amount of any damages which the Underwriters have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged untrue statement or omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Issuer under this Section shall be in addition to any liability which the Issuer may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Underwriters within the meaning of the 1933 Act. The indemnity and contribution agreements contained in this Section and the representations and warranties of the Issuer contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Underwriters or any person controlling the Underwriters or by or on behalf of the Issuer, its officers or directors or any other person controlling the Issuer and (iii) acceptance of and payment for any of the Series 2017 Bonds.

8. Termination. The Underwriters shall have the right to cancel their obligation to purchase the Series 2017 Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Series 2017 Bonds shall be materially adversely affected, in the sole judgment of the Representative, by the occurrence of any of the following:

(a) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the Florida Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Series 2017 Bonds of the interest on the Series 2017 Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Series 2017 Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Series 2017 Bonds, including any or all underlying arrangements, as contemplated hereby or by the

Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) Any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Series 2017 Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) A general suspension of trading in securities on the New York Stock Exchange or other national securities exchange, the establishment of minimum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) The New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Series 2017 Bonds or as to obligations of the general character of the Series 2017 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters;

(f) Any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities or interest thereon;

(g) Any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) There shall have occurred any materially adverse change in the affairs or financial condition of the Issuer;

(i) Between the date hereof and the Closing, the Issuer has, without the prior written consent of the Representative, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, other than as described in the Official Statement, payable from any portion of the Pledged Revenues;

(j) The United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities;

(k) There shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States or elsewhere;

(l) Any fact or event shall exist or have existed that, in the Representative's sole judgment, requires or has required an amendment of or supplement to the Official Statement;

(m) There shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations;

(n) The purchase of and payment for the Series 2017 Bonds by the Underwriters, or the resale of the Series 2017 Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; and

(o) The marketability of the Series 2017 Bonds or the market price thereof, in the opinion of the Representative, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets.

9. Expenses. (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Series 2017 Bonds, Preliminary Official Statement, Official Statement and any amendment or supplement thereto,

(i) the fees and disbursements of Bond Counsel, City Attorney and Disclosure Counsel;

(ii) the fees and disbursements of the Financial Advisor to the Issuer;

(iii) the fees and disbursements of the Paying Agent and engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any; and all fees, premiums and expenses in connection with obtaining bond ratings. The Issuer shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriters which are incidental to implementing this Bond Purchase Agreement and the issuance of the Series 2017 Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs, subject to approval of the Issuer.

(b) Except as provided for above, the Underwriters shall pay (i) the cost of preparation and printing of this Agreement, any Blue Sky Surveys and/or Legal Investment Memoranda; (ii) all advertising expenses in connection with the public offering of the Series 2017 Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Series 2017 Bonds, including the fees and disbursements of counsel retained by the Underwriters. In the event that either party shall have paid obligations of the other as set forth in this Section 9, adjustment shall be made at the time of the Closing.

(c) If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the

conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, the Issuer will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriters) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

(d) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Series 2017 Bonds.

10. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Venice, Florida, 401 West Venice Avenue, Venice, Florida 34285, to the attention of Finance Director, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to RBC Capital Markets LLC, 100 Second Avenue South, Suite 800, St. Petersburg, Florida 33701, Attention: Ms. Julie Santamaria.

11. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Series 2017 Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

12. Effectiveness. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

13. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State of Florida.

14. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

15. Business Day. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

16. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

17. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Very Truly yours,

RBC CAPITAL MARKETS, LLC,
as Representative

By: _____
Name:
Title:

Accepted by:

CITY OF VENICE, FLORIDA

By: _____
Name: John Holic
Title: Mayor

EXHIBIT A
FORM OF OPINION OF CITY ATTORNEY

_____, 2017

Mayor and Members of the City Council
for the City of Venice
Venice, Florida

RBC Capital Markets, LLC, on behalf of itself
and Raymond James & Associates, Inc.
St. Petersburg, Florida

Nabors, Giblin & Nickerson, P.A.,
Tampa, Florida

Re: \$_____ City of Venice, Florida, General Obligation Bonds
 (Transportation Improvements), Series 2017

Ladies and Gentlemen:

I am the City Attorney for the City of Venice, Florida, (the "City") and have served in such capacity in connection with the City's issuance of the \$_____ City of Venice, Florida, General Obligation Bonds (Transportation Improvements), Series 2017 (the "Series 2017 Bonds"). The Series 2017 Bonds are being issued for the primary purpose of paying the costs of certain transportation related capital improvements (the "2017 Project"), as described in Resolution No. _____ adopted by the City on _____, 2017, as amended and supplemented from time to time, (the "Resolution"). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or the Bond Purchase Agreement dated _____, 2017 (the "Agreement") between the City and RBC Capital Markets, LLC, acting on its own behalf and on behalf of Raymond James & Associates, Inc. (collectively, the "Underwriters").

I have examined, among other things, the State of Florida Constitution, Chapter 166, Florida Statutes, the Charter of the City, and other applicable provisions of law, the Referendum Ordinance, the Resolution, and the proceedings of the City with respect to the authorization and issuance of the Series 2017 Bonds, and certificates and other documents relating to the City, the Series 2017 Bonds, and the Resolution and have made such other examination of applicable Florida law as I have deemed necessary in giving this opinion.

Based upon the foregoing, I am of the opinion that:

(A) The City is a duly existing municipal corporation of the State of Florida (the "State") and had and has good right and lawful authority under the Constitution and laws of the State to (i) to enter into, execute and deliver the Issuer Documents and all documents required thereunder to be executed and delivered by the City, (ii) to sell, issue and deliver the Series 2017 Bonds to the Underwriters as provided in the Agreement, (iii) to carry out and consummate the transactions contemplated by the Issuer Documents, and the Official Statement, (iv) to levy the Ad Valorem Taxes, and (v) to acquire, construct and equip the Project, and the City has

complied, and will as of the date hereof be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions.

(B) The Resolution and the Referendum Ordinance have been duly adopted and enacted, respectively, and the Issuer Documents have been executed by the City, and each are in full force and effect and constitute the valid, legal and binding obligations of the City enforceable in accordance with their respective terms.

(C) As of the date hereof, the City has duly performed all obligations to be performed by it pursuant to the Resolution, the Referendum Ordinance and the Issuer Documents.

(D) The City has the power and authority under applicable law to pledge the Pledged Revenues to secure and pay the Series 2017 Bonds and interest thereon in accordance with the terms of the Resolution, and to use the proceeds of the Series 2017 Bonds as described in the Resolution.

(E) To the best of my knowledge after due inquiry, the adoption of the Resolution and the enactment of the Referendum Ordinance and the execution and delivery of the Series 2017 Bonds and the Issuer Documents, and compliance with the provisions thereof, will not conflict with or constitute a material breach of or default under any existing agreement or instrument, or violate any existing law, administrative regulation, court decree, charter provision, or ordinance to which the City is subject.

(F) No litigation or other proceedings are pending or, to the best of my knowledge after due inquiry, threatened in any court or other tribunal of competent jurisdiction, State or Federal, in any way (1) restraining or enjoining the issuance, sale or delivery of the Series 2017 Bonds, the execution or delivery of the Issuer Documents of the acquisition, construction and equipping of the 2017 Project, or (2) questioning or affecting the validity of the Series 2017 Bonds, the Resolution, the Referendum Ordinance, the Issuer Documents, or any provision for the payment of both principal of and interest on the Series 2017 Bonds from Pledged Revenues as provided in the Resolution; or (3) questioning or affecting the validity of any of the proceedings for the authorization, issuance or delivery of the Series 2017 Bonds and the security therefore or the execution or delivery of the Issuer Documents; or (4) questioning or affecting (a) the organization or existence of the City or the City Council or the title to office of the officers thereof, or (b) the power or authority of the City to levy and collect the Pledged Revenues or (c) the use of the proceeds of the Series 2017 Bonds; or (5) which could materially adversely affect the operations of the City or the financial condition of the City.

(G) To the best of my knowledge after due inquiry, all approvals, consents, authorizations, licenses, permits and orders of any governmental authority or agency having jurisdiction in any matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under the Issuer Documents and the Series 2017 Bonds or with respect to the Project have been obtained and are in full force and effect.

(H) By all necessary official action of the City prior to or concurrently with the date hereof, the City has duly authorized all necessary action to be taken by it for (i) the enactment of

the Referendum Ordinance and the adoption of the Resolution and the issuance and sale of the Series 2017 Bonds, (ii) the approval, execution and delivery of, and the performance by the City of the obligations on its part, contained in the Series 2017 Bonds and the Issuer Documents, and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the City in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement.

(I) The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the City.

(J) Based on my examination and participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed, I have no reason to believe that the Official Statement as of its date and as of the date hereof, as to legal matters only, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (no view is expressed for any financial forecast, technical and statistical data included in the Official Statement, any insurer information, or for information regarding The Depository Trust Company and its book-entry system).

All of the above opinions as to enforceability of the legal obligations of the City may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and similar laws, in each case relating to or affecting the enforcement of creditors rights generally, and other general principles of equity.

The letter is addressed to you and is not to be used, circulated, quoted or otherwise referred to for any other purpose without, in each case, our express written consent.

This opinion is furnished by me as City Attorney and is solely for the benefit of the addressees hereto and is based solely upon the laws of the State of Florida.

Respectfully,

David P. Persson

Schedule I

\$ _____

CITY OF VENICE, FLORIDA

General Obligation Bonds (Transportation Improvements), Series 2017

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND YIELDS

<u>Maturity</u> <u>(February 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>
	\$	%	\$	%

\$ _____ % Term Bonds due February 1, ____; Price ____*; Yield ____%

*Priced to first optional call date of February 1, ____

Optional Redemption

The Series 2017 Bonds maturing prior to February 1, ____, are not subject to optional redemption prior to maturity. The Series 2017 Bonds maturing on or after February 1, ____ shall be subject to redemption prior to their maturities at the option of the Issuer on or after February 1, ____, as a whole or in part at any time, at a redemption price (plus accrued interest to the date fixed for redemption) equal to the principal amount thereof, without premium.

Mandatory Redemption

The Series 2017 Bonds maturing on February 1, 20__ are subject to mandatory redemption prior to maturity, at a redemption price of par plus accrued interest to the respective dates of redemption, but without premium, on the following dates and in the following principal amounts, from amortization installments required to be paid on such dates in such amounts:

<u>Year</u>	<u>Principal</u> <u>Amount</u>
	\$
*	

*Final Maturity

[Remainder of page intentionally left blank]

Schedule II

DISCLOSURE STATEMENT AND TRUTH-IN-BONDING STATEMENT

_____, 2017

Mayor and City Council of the City of
Venice, Florida
Venice, Florida

Re: \$_____ City of Venice, Florida General Obligation Bonds
(Transportation Improvements), Series 2017

Dear Mayor and Council Members:

In connection with the proposed issuance by the City of Venice, Florida (the "Issuer") of \$_____ in aggregate principal amount of its City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017 (the "Series 2017 Bonds"), RBC Capital Markets, LLC, on behalf of itself and Raymond James & Associates, Inc. (collectively, the "Underwriters") is underwriting a public offering of the Series 2017 Bonds.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the purchase and sale of the Series 2017 Bonds, as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriters in connection with the purchase and re-offering of the Series 2017 Bonds are set forth in Attachment 1 attached hereto.

(b) There are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the sale and purchase of the Series 2017 Bonds.

(c) The underwriting spread, the difference between the price at which the Series 2017 Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Issuer for the Series 2017 Bonds will be \$_____ per \$1,000 of Series 2017 Bonds issued.

(d) As part of the estimated underwriting spread set forth in paragraph (c) above, the Underwriters will charge a management fee of \$_____ per \$1,000 of Series 2017 Bonds issued.

(e) No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Series 2017 Bonds to any person not regularly employed or retained by the Underwriters (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriters, as set forth in paragraph (a) above.

(f) The name and address of the Underwriters are:

RBC Capital Markets LLC
100 Second Avenue South, Suite 800
St. Petersburg, Florida 33701

Raymond James & Associates, Inc.
800 Carillion Parkway
St. Petersburg, Florida 33716

The purpose of the following two paragraphs is to furnish, pursuant to the provisions of Sections 218.385(2) and (3), Florida Statutes, as amended, the truth-in-bonding statement required thereby, as follows:

(a) The Issuer is proposing to issue \$_____ of the Series 2017 Bonds for the principal purposes of (1) paying the costs of acquiring and constructing various transportation related capital improvements, and (2) paying certain costs and expenses relating to the issuance of the Series 2017 Bonds. This obligation is expected to be repaid over a period of approximately _____ years. At a true interest cost of approximately _____%, total interest paid over the life of the Series 2017 Bonds will be \$_____.

(b) The source of repayment or security of the Series 2017 Bonds is the Pledged Revenues, which Pledged Revenues include Ad Valorem Taxes, as such terms are defined in Resolution No. _____ of the Issuer adopted on _____, 2017, as amended and supplemented from time to time, as particularly amended and supplemented by Resolution No. _____ adopted by the Issuer on _____, 2017 (the "Resolution"). Authorizing this debt will result in an average of \$_____ (average annual debt service) of such Pledged Revenues not being available to finance other services of the Issuer each year for approximately _____ years.

The, foregoing is provided for information purposes only and shall not affect or control the actual terms and conditions of the Series 2017 Bonds.

Very truly yours,

RBC CAPITAL MARKETS, LLC,
as Representative

By: _____

Name: Julie Santamaria

Title: Director

ATTACHMENT 1

Underwriters' Estimated Expenses

	<u>Dollar Amount</u>	<u>Per \$1,000</u>
	\$	\$
TOTAL	<u>\$</u>	<u>\$</u>

EXHIBIT B

UNDERWRITERS CERTIFICATE

The undersigned, acting on behalf of RBC Capital Markets, LLC, (the "Representative") as representative of itself and Raymond James and Associates, Inc. (collectively, the "Underwriters"), for the \$_____ City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017 (the "Series 2017 Bonds"), hereby certifies to the City of Venice, Florida (the "City"), based upon the information available to the Representative, that:

1. All of the Series 2017 Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement between the City and the Underwriters relating to the Series 2017 Bonds, at prices no higher than and yields no lower than those shown on the inside cover page of the Official Statement, dated _____, 2017, relating to the Series 2017 Bonds (the "Official Statement").

2. Based on our records and other information available to us, which we believe to be correct, except as provided in the immediately succeeding paragraph, at least ten percent (10%) of each maturity of the Series 2017 Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of Underwriters or wholesalers) at prices no higher than the respective prices, and yields no lower than the respective yields, shown on the inside cover page of the Official Statement. At the time the Underwriters agreed to purchase the Series 2017 Bonds, based upon then prevailing market conditions, we had no reason to believe any of the Series 2017 Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, and yields less than the yields, shown on the inside cover page of the Official Statement.

3. As of _____, 2017, the Underwriters were unable to sell at least ten percent (10%) of the _____ and _____ maturities to the public at prices no higher than the prices, and yields no lower than the yields, shown on the inside cover of the Official Statement during the underwriting period. The unsold portion of these maturities was allotted to the Underwriters for their own accounts. Some of this unsold portion has since been sold to the public at various prices and yields and the unsold portion remains in the accounts of the Underwriters as of the delivery date of the Series 2017 Bonds.

We understand that the representations set forth above are being relied on by the City in the City's Certificate as to Arbitrage and Certain Other Tax Matters executed in connection with the issuance of the Series 2017 Bonds (the "Arbitrage Certificate"). Nabors, Giblin & Nickerson may also rely on this Certificate for purposes of its opinion regarding the treatment of interest on the Series 2017 Bonds as excludable from gross income for federal income tax purposes. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Underwriters are not engaged in the practice of law. Accordingly, the Underwriters make no representation as to the legal sufficiency of the factual matters set forth herein.

Dated: _____, 2017.

RBC CAPITAL MARKETS, LLC

By: _____

Name:

Title:

EXHIBIT B

FORM OF PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE – FULL BOOK-ENTRY ONLY

See "RATINGS" herein

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX EXEMPTION," interest on the Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX EXEMPTION," and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences referred to herein under "TAX EXEMPTION." See "TAX EXEMPTION" herein for a general discussion of Bond Counsel's opinion and other tax considerations.

\$_____*

CITY OF VENICE, FLORIDA

**General Obligation Bonds (Transportation Improvements),
Series 2017**

Dated: Date of Delivery

Due: February 1, as shown on inside cover page

The City of Venice, Florida (the "City") is issuing its \$_____* General Obligation Bonds (Transportation Improvements), Series 2017 (the "Bonds"). The Bonds are being issued as fully registered bonds, in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds is payable semiannually on February 1 and August 1, commencing on August 1, 2017, by check or draft of The Bank of New York Mellon Trust Company, N.A., as Paying Agent, mailed to the Holder in whose name the Bonds are registered at the close of business on the date which shall be the fifteenth day (whether or not a Business Day) of the calendar month next preceding each interest payment date or, at the request of such Holder, by bank wire transfer for the account of such Holder.

Upon initial issuance, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and clearinghouse for securities transactions. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be mailed directly to DTC or its nominee, Cede & Co., which is to remit such payments to the DTC Participants (as defined herein), which in turn are to remit such payments to the Beneficial Owners of the Bonds. See "DESCRIPTION OF THE BONDS - Book-Entry Only System" herein.

The Bonds are subject to redemption prior to their stated maturity as set forth herein.

The Bonds are being issued under the authority of, and in full compliance with, the Constitution and Laws of the State of Florida, particularly Chapter 166, Florida Statutes, the Charter of the City, Ordinance No. 2016-08 adopted by the City Council of the City (the "City Council") on May 24, 2016 (the "Referendum Ordinance"), and other applicable provisions of law and pursuant to Resolution No. 2017-02 adopted by the City Council on February 14, 2017, as it may be amended or supplemented (the "Resolution"). The Bonds are being issued for the purpose of (i) financing the costs of certain road and

transportation-related capital improvements within the City, as more particularly described herein, (ii) capitalizing a portion of the interest on the Bonds, and (iii) paying certain costs and expenses relating to the issuance of the Bonds. The Bonds are payable from (i) proceeds of the Ad Valorem Taxes, and (ii) the moneys on deposit in the Sinking Fund established in the Resolution, including any investment earnings thereon (the "Pledged Revenues"). "Ad Valorem Taxes" means the ad valorem taxes levied by the City without limit on all taxable property within the City to pay the Annual Debt Service on the Bonds as authorized by the Referendum Ordinance and approved by a majority of the qualified electors of the City voting in the Bond Referendum Election (as defined herein).

The full faith, credit and taxing power of the City shall be and are pledged for the full and prompt payment of the principal of and interest on the Bonds. A direct annual tax without limit shall be levied by the City upon all taxable property within the City to make such payments. Provision shall be included and made in the City's annual budget and tax levy for the levy of the Ad Valorem Taxes in an amount sufficient to pay the principal of and interest on the Bonds, as the same shall become due. Whenever the City shall, in any Fiscal Year, have irrevocably deposited in the Sinking Fund any moneys derived from sources other than the aforementioned Ad Valorem Taxes, said Ad Valorem Taxes may be correspondingly diminished; but any such diminution must leave available an amount of such Ad Valorem Taxes, after allowance for anticipated delinquencies in collection, fully sufficient, with such moneys so deposited from other sources, to assure the prompt payment of principal, interest and other related charges falling due prior to the time that the proceeds of the next annual Ad Valorem Taxes levy will be available. Such Ad Valorem Taxes shall be levied and collected at the same time, and in the same manner, as other Ad Valorem Taxes of the City are assessed, levied and collected. The Ad Valorem Taxes shall be levied and collected in accordance with all applicable law, including, but not limited to, the Referendum Ordinance. The City irrevocably pledges, and grants a lien on, the Pledged Revenues, which shall include the proceeds of the Ad Valorem Taxes, to the payment of the Bonds.

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

The Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to prior sale and to the approval of legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by Persson & Cohen, P.A., Venice, Florida, City Attorney, Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel and for the Underwriters by their Counsel, Akerman LLP, Orlando, Florida. Larson Consulting Services, LLC, Orlando, Florida, is serving as Financial Advisor to the City. It is expected that settlement for the Bonds will occur through the facilities of DTC in New York, New York on or about _____, 2017.

RBC Capital Markets

Raymond James

*Preliminary, subject to change.

\$ _____ *

CITY OF VENICE, FLORIDA
General Obligation Bonds (Transportation Improvements),
Series 2017

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

\$ _____ * Serial Bonds

Maturity (February 1)*	Amount*	Interest Rate	Price	Yield	Initial CUSIP Number**
---------------------------	---------	------------------	-------	-------	------------------------------

\$ _____ * _____ % Term Bonds due February 1, 20__*, Price _____, Yield _____%, Initial CUSIP No. _____**

* Preliminary, subject to change.

** Neither the City nor the Underwriters are responsible for the use of CUSIP numbers, nor is a representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

CITY OF VENICE, FLORIDA

CITY COUNCIL

John Holic, Mayor
Richard Cautero, Vice Mayor
Deborah Anderson, Council Member
Bob Daniels, Council Member
Fred Fraize, Council Member
Jeanette Gates, Council Member
Thomas "Kit" McKeon, Council Member

ADMINISTRATION

Edward F. Lavalley, MPA, ICMA-CM, City Manager
Persson & Cohen, P.A., City Attorney
Linda Senne, CPA, CGMA, Finance Director
Joseph J. Welch, CPA, Controller
Lori Stelzer, CMC, City Clerk

BOND COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tampa, Florida

FINANCIAL ADVISOR

Larson Consulting Services, LLC
Orlando, Florida

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations in connection with the Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, DTC and other sources which are believed to be reliable. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY AND ANY ONE OR MORE OF THE OWNERS OF THE BONDS.

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OFFICIAL STATEMENT
relating to

\$ _____*
CITY OF VENICE, FLORIDA
General Obligation Bonds (Transportation Improvements),
Series 2017

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices attached hereto, is to furnish information with respect to the issuance and sale by the City of Venice, Florida (the "City") of \$ _____* aggregate principal amount of its General Obligation Bonds (Transportation Improvements), Series 2017 (the "Bonds").

The Bonds are being issued under the authority of, and in full compliance with the Constitution and Laws of the State of Florida, particularly Chapter 166, Florida Statutes, the Charter of the City, Ordinance No. 2016-08 adopted by the City Council of the City (the "City Council") on May 24, 2016 (the "Referendum Ordinance"), and other applicable provisions of law and pursuant to Resolution No. 2017-02 adopted by the City Council on February 14, 2017, as amended or supplemented (the "Resolution").

An election was held on November 8, 2016 (the "Bond Referendum Election"), whereby electors of the City approved the issuance of not exceeding \$18,000,000 of bonds maturing not later than twenty years from their issuance for the purpose of financing certain road and transportation-related capital improvements within the City, as more particularly described herein under "THE PROJECT" (the "Project"), payable from ad valorem taxes to be levied without limit on all of the taxable property within the City. The election was duly held and conducted in all respects according to law, and a majority of qualified electors casting a ballot voted in favor of the issuance of such bonds for such purpose.

The Bonds are being issued for the purpose of (i) financing the costs of the Project, (ii) capitalizing a portion of the interest on the Bonds, and (iii) paying certain costs and expenses relating to the issuance of the Bonds. The Bonds are payable from (i) proceeds of the Ad Valorem Taxes, and (ii) the moneys on deposit in the Sinking Fund established in the Resolution, including any investment earnings thereon (the "Pledged Revenues"). "Ad Valorem Taxes" means the ad valorem taxes levied by the City without limit on all taxable property within the City to pay the Annual Debt Service on the Bonds as authorized by the Referendum Ordinance and approved by a majority of the qualified electors of the City voting in the Bond Referendum Election.

The full faith, credit and taxing power of the City shall be and are pledged for the full and prompt payment of the principal of and interest on the Bonds. A direct annual tax without limit shall be levied by the City upon all taxable property within the City to make such payments. Provision shall be included and made in the City's annual budget and tax levy for the levy of the Ad Valorem Taxes in an amount sufficient to pay the principal of and interest on the Bonds, as the same shall become due. Whenever the City shall, in any Fiscal Year, have irrevocably deposited in the Sinking Fund any moneys derived from sources other than the aforementioned Ad Valorem Taxes, said Ad Valorem Taxes may be

*Preliminary, subject to change.

correspondingly diminished; but any such diminution must leave available an amount of such Ad Valorem Taxes, after allowance for anticipated delinquencies in collection, fully sufficient, with such moneys so deposited from other sources, to assure the prompt payment of principal, interest and other related charges falling due prior to the time that the proceeds of the next annual Ad Valorem Taxes levy will be available. Such Ad Valorem Taxes shall be levied and collected at the same time, and in the same manner, as other Ad Valorem Taxes of the City are assessed, levied and collected. The Ad Valorem Taxes shall be levied and collected in accordance with all applicable law, including, but not limited to, the Referendum Ordinance. The City irrevocably pledges, and grants a lien on, the Pledged Revenues, which shall include the proceeds of the Ad Valorem Taxes, to the payment of the Bonds. See "SECURITY FOR THE BONDS" herein.

Capitalized terms used but not defined herein have the same meaning as when used in the Resolution unless the context clearly indicates otherwise. The form of the Resolution is included as APPENDIX C attached hereto. The descriptions of the Bonds, the documents authorizing the same and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the City at 401 West Venice Avenue, Venice, Florida 34285, Attention: Lori Stelzer, CMC, City Clerk. The attached appendices are integral parts of the Official Statement and must be read together with all the statements contained herein.

Coincident with the issuance of the Bonds, the City anticipates the issuance of not to exceed \$_____ General Obligation Bonds (Public Safety Improvements), Series 2016 Bonds.

THE CITY

The City was incorporated in 1927. The City is located in Sarasota County, Florida (the "County"), in the southwestern part of the State of Florida (the "State"), and is about an hour drive south of Tampa. The City is one of four incorporated municipalities within the County. The City, well known for its beautiful beaches, enjoys a semi-tropical climate with an average summer temperature of approximately 83.5 degrees, and an average winter temperature of approximately 63.6 degrees. The City currently occupies a land area of 16.73 square miles and serves a population of approximately 21,849, of which more than half are over the age of 65.

For additional information concerning the City, see "APPENDIX A – General Information Concerning the City" attached hereto.

THE PROJECT

The "Project" includes the resurfacing and reconstruction of approximately 70 lane miles of roads throughout the City and the Historic Downtown Corridor, and the upgrading of adjacent pedestrian bicycle facilities to increase accessibility, multi-modal use and safety, all as described in the plans and specifications on file with the City and as authorized pursuant to the Referendum Ordinance and the Bond Referendum Election.

DESCRIPTION OF THE BONDS

Terms and Form

The Bonds shall be dated as of their date of delivery, will bear interest at the rates per annum set forth on the inside cover page hereof, payable on August 1, 2017 and semiannually thereafter on February 1 and August 1 of each year (each, a "Payment Date") to maturity by check or draft of The Bank of New York Mellon Trust Company, N.A., as Paying Agent (the "Paying Agent" or the "Registrar"), payable to the Holders thereof, in whose name such Bonds shall be registered at the close of business on the 15th day of the calendar month (whether or not a Business Day) next preceding each Payment Date, or at the request of any such Holder by bank wire transfer for the account of such Holder. The Bonds will mature on February 1 in the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form in the denominations of \$5,000 each and integral multiples thereof. Principal of the Bonds and premium, if any, will be payable to the registered owners thereof upon presentation and surrender of such Bonds at the designated corporate trust office of the Paying Agent, or as otherwise required by the policies of The Depository Trust Company as long as the Bonds are registered under its book-entry registration system described below.

The Bonds will be issued initially as book-entry obligations and held by The Depository Trust Company ("DTC") as securities depository. The ownership of one fully registered Bond for each maturity as set forth on the inside cover page hereof, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. For more information regarding DTC and DTC's Book-Entry System, see "Book-Entry Only System" below.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE. THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued

for each maturity of the Bonds as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Inc. ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

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

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

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

Payment of principal, redemption premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the Payment Date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Interchangeability, Negotiability and Transfer

So long as the Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to registration, transfer and exchange of Bonds do not apply.

Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in

writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under the Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration of transfer contained in the Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the City shall maintain and keep, at the office of the Registrar, books for the registration of transfer of the Bonds.

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

Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered, the City shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of the Resolution. Execution of Bonds by the Mayor and Clerk for purposes of exchanging, replacing or registering the transfer of Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or registration of transfer shall be held by the Registrar in safekeeping until directed by the City to be cancelled by the Registrar. For every such exchange or registration of transfer, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or registration of transfer. The City and the Registrar shall not be obligated to make any such exchange or registration of transfer of Bonds during the fifteen (15) days next preceding a Payment Date on the Bonds, or, in the case of any proposed redemption of Bonds, then, during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and, in the case of the Bonds called for redemption, continuing until such redemption date.

Redemption

Optional Redemption. The Bonds maturing prior to February 1, 20__ will not be subject to optional redemption prior to maturity. The Bonds maturing on or after February 1, 20__ shall be subject to redemption prior to their respective maturities, at the option of the City, on or after February 1, 20__, as a

whole or in part at any time, at a Redemption Price (plus accrued interest to the date fixed for redemption) equal to the principal amount thereof, without premium.

Mandatory Redemption. The Bonds maturing on February 1, 20__ are subject to mandatory redemption prior to their maturity, at a Redemption Price of par plus accrued interest to the respective dates of redemption, but without premium, on the following dates and in the following principal amounts, from Amortization Installments required to be paid on such dates and in such amounts:

<u>Dates of Redemption</u>	<u>Amortization Installment</u>
	\$
*	

*Final Maturity

Notice of Redemption. Except as otherwise provided in the Resolution, notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the City, and (A) shall be filed with the Paying Agent of the Bonds, (B) shall be mailed first class, postage prepaid, at least thirty (30) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar, and (C) shall be mailed certified, postage prepaid, at least thirty (30) days prior to the redemption date to the registered securities depositories and to two or more nationally recognized municipal bond information services. Failure to mail notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings of redemption of such Bonds as to which no such failure or defect has occurred.

The City may provide that a redemption may be contingent upon the occurrence of certain condition(s) and that if such condition(s) do not occur the notice of redemption will be rescinded, provided notice of rescission shall be mailed in the manner described above to all affected Bondholders as soon as practicable.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC (or in the name of any successor securities depository), notices of redemption and notices of revocation of redemption notices shall only be given on behalf of the City to Cede & Co., or any such successor securities depository. See "– Book-Entry Only System" above.

Redemption of Portions of the Bonds. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the City shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the City. The full faith, credit and taxing power of the City shall be and are pledged for the full and prompt payment of the principal of and interest on the Bonds. A direct annual tax without limit shall be levied by the City upon all taxable property within the City to make such payments. Provision shall be included and made in the City's annual budget and tax levy for the levy of the Ad Valorem Taxes in an amount sufficient to pay the principal of and interest on the Bonds, as the same shall become due. Whenever the City shall, in any Fiscal Year, have irrevocably deposited in the Sinking Fund any moneys derived from sources other than the aforementioned Ad Valorem Taxes, said Ad Valorem Taxes may be correspondingly diminished; but any such diminution must leave available an amount of such Ad Valorem Taxes, after allowance for anticipated delinquencies in collection, fully sufficient, with such moneys so deposited from other sources, to assure the prompt payment of principal, interest and other related charges falling due prior to the time that the proceeds of the next annual Ad Valorem Taxes levy will be available. Such Ad Valorem Taxes shall be levied and collected at the same time, and in the same manner, as other Ad Valorem Taxes of the City are assessed, levied and collected. The Ad Valorem Taxes shall be levied and collected in accordance with all applicable law, including, but not limited to, the Referendum Ordinance. The City irrevocably pledges, and grants a lien on, the Pledged Revenues, which shall include the proceeds of the Ad Valorem Taxes, to the payment of the Bonds.

The Bonds are payable from (i) proceeds of the Ad Valorem Taxes, and (ii) the moneys on deposit in the Sinking Fund established in the Resolution, including any investment earnings thereon (the "Pledged Revenues"). "Ad Valorem Taxes" means the ad valorem taxes levied by the City without limit on all taxable property within the City to pay the Annual Debt Service on the Bonds as authorized by the Referendum Ordinance and approved by a majority of the qualified electors of the City voting in the Bond Referendum Election.

Application of Ad Valorem Taxes. The City shall levy upon all property taxable for such purposes with the City, Ad Valorem Taxes in an amount sufficient, together with other legally available money deposited in the Sinking Fund, to pay the principal and interest on the Bonds and any other amounts that are properly due with respect thereto.

All proceeds of the Ad Valorem Taxes levied pursuant to the Resolution, as collected, shall be deposited into the Sinking Fund and held in trust for the payments of the principal of and interest on the Bonds as they become due. See APPENDIX C "Form of the Resolution" hereto.

Sinking Fund. Pursuant to the Resolution, the City has established a special fund designated the "Sinking Fund." Money in the Sinking Fund shall be used for the purpose of paying the Annual Debt Service on the Bonds coming due (whether by maturity, scheduled mandatory redemption or otherwise).

Moneys in the Sinking Fund shall be disbursed for (i) the payment of the interest on the Bonds secured by the Resolution as such interest falls due, (ii) the payment of the principal of the Bonds secured by the Resolution at their respective maturities or earlier redemption, (iii) the payment of Amortization Installments coming due, (iv) the purchase of Bonds in the open market, provided, however, the price paid shall not exceed the principal amount plus accrued interest, and (v) the payment of the necessary charges for paying Bonds and interest thereon.

The City may at any time and from time to time appoint one or more depositories to hold amounts on deposit in the Sinking Fund. Such depository or depositories shall perform at the direction of the City the duties of the City in depositing, transferring and disbursing moneys to and from the Sinking Fund as set forth in the Resolution, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the City and its agent and employees. Any such depository shall be a bank or trust company duly authorized to perform such responsibilities pursuant to applicable law.

On or before the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Bonds, the City shall withdraw from the Sinking Fund sufficient moneys to pay such principal or Redemption Price, if applicable, and interest and deposit such moneys with the Paying Agent for the Bonds to be paid.

Any moneys remaining in the Sinking Fund after all Bonds have been paid or legally defeased under the Resolution and are no longer Outstanding thereunder, shall be applied for any lawful purpose.

Construction Fund. The City covenants and agrees in the Resolution to establish a special revenue fund to be known as the "Construction Fund," which shall be used only for the payment of the Costs of the Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project in the manner provided in the Resolution, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

Books and Records. The City will keep books and records of the receipt of the Ad Valorem Taxes and the funds and accounts established under the Resolution in accordance with generally accepted accounting principles, and the Holder or Holders of Bonds shall have the right at all reasonable times to inspect the records, accounts and data of the City relating thereto.

No Impairment. The pledging of the Pledged Revenues in the manner provided in the Resolution shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the City Council.

No Reserve Funding

The City has not established a debt service reserve fund or account to secure the Bonds.

AD VALOREM TAXATION

Procedure for Property Assessment

General. State law requires that all real and personal property be assessed at its just or fair market value. No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. Railroad properties are centrally assessed at the State level. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary, and governmental. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is entitled to a "homestead exemption" from ad valorem taxation by counties up to the assessed valuation of

\$25,000 on the residence and contiguous real property. In addition, there are special exemptions for widows, low-income seniors, permanently disabled veterans, hospitals, and homes for the aged and disabled veterans. Agricultural land, non-commercial recreational land, inventory, and livestock are assessed at less than 100% of fair market value. See also, "FLORIDA CONSTITUTIONAL LIMITATIONS AND PROPERTY TAX REFORM" below for more information regarding amendments and exemptions.

The Property Appraiser of the County (the "Property Appraiser") determines property valuation on real and tangible personal property as of January 1 of each year. The Property Appraiser determines the valuation of all real and personal property by July 1 of each year and notifies the County, each municipality, and each other legally constituted special taxing district as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. Each taxing body must advertise its budget, stating the proposed millage and hold public hearings on such budgets. Final budgets are determined by each taxing body, and the millage is certified to the Property Appraiser by October 1.

Concurrently, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on such property. If the individual property owner believes that his or her property has not been appraised at fair market value, the owner may file a petition with the Clerk of the Property Appraisal Adjustment Board (the "Adjustment Board"). The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser, if such valuations were found not to be fair and at market value. The Adjustment Board must certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used. These changes are then made to the final tax roll. Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition.

The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which he certifies to the County Tax Collector by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies, so that all ad valorem taxes are collected by the Tax Collector and distributed to the various taxing bodies.

See "FLORIDA CONSTITUTIONAL LIMITATIONS AND PROPERTY TAX REFORM" below for more information regarding amendments related to ad valorem exemptions.

Setting the Millage

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

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad

valorem taxes are not levied in excess of actual budget requirements. By law, budget expenditures cannot exceed 95% of estimated revenues except for cash carry forward amounts.

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

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

Tax Collection

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

Delinquent Taxes

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

Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale. On or before June 1 or the sixtieth day after the date of delinquency, whichever is later, the Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property with delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the Tax Collector. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

Tax Deeds

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

Redemption of Land by Owners

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Section 197.016(2), Florida Statutes, requires the Tax Collector to distribute the taxes collected, to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Truth in Millage

The governing bodies of taxing authorities are required to fix the millage rate and assess all property at one hundred percent (100%) of its just value. Section 200.071, Florida Statutes, and Section 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the State Constitution.

Disposition of Tax Collections

Upon receipt, the monies representing debt service are to be credited to the Sinking Fund, a special accounting fund created and maintained pursuant to the Resolution. Debt service millage over and above millage limitations fixed by the State Constitution is authorized only for the payment of general obligation bonds (such as the Bonds), and any diversion of such tax collections to a purpose other than payment of the voted general obligation bonds would violate the State Constitution. Consistent with the above, the Resolution provides that the proceeds of all such taxes levied for the payment of the principal of and interest on the Bonds shall be deposited by the City in the Sinking Fund and used solely for the payment of principal and interest on the Bonds.

The following three tables show the historical Assessed Value and Actual Value of Taxable Property, Property Tax Levies and Collections and the Direct and Overlapping Property Tax Rates.

City of Venice, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended 09/30	Real Property	Personal Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2016	\$3,643,753,887	\$195,366,001	\$610,975,231	\$3,228,144,657	3.277	\$3,228,144,657
2015	3,417,689,098	192,979,601	586,116,448	3,024,552,251	3.292	3,024,552,251
2014	3,213,484,644	189,768,403	578,857,865	2,824,395,182	3.302	2,824,395,182
2013	3,123,945,509	180,194,496	604,960,792	2,699,179,213	3.227	2,699,179,213
2012	3,132,796,468	178,139,329	600,923,287	2,710,012,510	3.195	2,710,012,510
2011	3,320,275,654	180,426,958	639,821,153	2,860,881,459	3.004	2,860,881,459
2010	3,868,939,303	188,981,800	888,744,784	3,169,176,319	3.004	3,169,176,319
2009	4,559,933,132	204,905,380	1,112,393,345	3,652,445,467	2.984	3,652,445,467
2008	5,451,896,503	204,688,587	1,290,519,118	4,366,065,972	2.939	4,366,065,972
2007	5,381,912,021	183,470,126	1,415,068,870	4,150,313,277	3.400	4,150,313,277

Note: The basis of assessed value required by the state is 100% of actual value. For each fiscal year ending September 30, property is valued as of the preceding January 1st.

Source: City of Venice, Florida Finance Department.

**City of Venice, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$10,595,490	\$10,244,464	96.7%	\$1,963	\$10,246,427	96.7%
2015	9,944,109	9,601,711	96.6	7,385	9,609,096	96.6
2014	9,257,988	8,934,711	96.5	3,066	8,937,777	96.5
2013	8,717,002	8,390,344	96.3	23,551	8,413,895	96.5
2012	8,650,774	8,333,155	96.3	56,412	8,389,567	97.0
2011	8,593,327	8,249,561	96.0	25,903	8,275,464	96.3
2010	9,531,621	9,190,963	96.4	5,183	9,196,146	96.5
2009	10,898,897	10,492,073	96.3	3,872	10,495,945	96.3
2008	12,839,323	12,338,368	96.1	6,292	12,344,660	96.1
2007	13,828,494	13,382,891	96.8	3,069	13,385,960	96.8

Source: City of Venice, Florida Finance Department.

**City of Venice, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Venice			Overlapping Rates ⁽¹⁾		Southwest	Total Direct &
	Operating	Debt	Total	Sarasota	Sarasota		

<u>Ended September 30,</u>	<u>Millage</u>	<u>Service Millage</u>	<u>City Millage</u>	<u>County Millage</u>	<u>School District Millage</u>	<u>Florida Water Management District Millage</u>	<u>Overlapping Rates</u>
2016	3.100	0.177	3.277	5.143	7.763	0.349	16.532
2015	3.100	0.192	3.292	5.177	7.777	0.366	16.612
2014	3.100	0.202	3.302	5.177	7.970	0.382	16.831
2013	2.965	0.262	3.227	5.177	7.816	0.393	16.613
2012	2.935	0.260	3.195	5.124	7.635	0.393	16.347
2011	2.779	0.225	3.004	5.273	7.901	0.377	16.555
2010	2.779	0.225	3.004	5.273	7.427	0.387	16.091
2009	2.779	0.205	2.984	5.127	7.045	0.387	15.543
2008	2.779	0.160	2.939	5.127	7.123	0.387	15.576
2007	3.129	0.215	3.344	5.554	7.210	0.422	16.530

⁽¹⁾ Overlapping rates are those of county governments that apply to property owners within the City.

Source: City of Venice, Florida Finance Department.

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The following table shows the principal taxpayers located within the City for fiscal year ended September 30, 2016.

**City of Venice, Florida
Principal Taxpayers
Located Within the City**

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
PGT Industries	\$56,998,368	1	1.77%
Venice HMA Inc. (Venice Regional Medical Center)	56,859,949	2	1.76
MHC Bay Indies LLC	56,696,900	3	1.76
Aston Gardens Venice Senior Housing LLC	55,045,465	4	1.71
Florida Power & Light Co.	29,214,253	5	0.90
Southwest Florida Retirement Center Inc.	21,847,122	6	0.68
Tervis Tumbler Co.	17,536,910	7	0.54
Publix Supermarkets Inc.	15,659,560	8	0.49
Neal Communities	13,990,436	9	0.43
WCI Communities	13,419,851	10	0.42
Totals	<u>\$337,268,814</u>		<u>10.46%</u>

Source: Sarasota County, Florida Property Appraiser.

FLORIDA CONSTITUTIONAL LIMITATIONS AND PROPERTY TAX REFORM

Several constitutional and legislative amendments affecting ad valorem taxes have been approved by voters in the past including the following:

Save Our Homes Amendment

By voter referendum held on November 3, 1992, Article VII, Section 4 of the State Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of

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

Limitations on State Revenue Amendment

In the 1994 general election, State voters approved an amendment to the State Constitution which is commonly referred to as the "Limitation On State Revenues Amendment." This amendment provides that State revenues collected for any fiscal year shall be limited to State revenues allowed under the amendment for the prior fiscal year plus an adjustment for growth. Growth is defined as an amount equal to the average annual rate of growth in State personal income over the most recent twenty quarters times the State revenues allowed under the amendment for the prior fiscal year. State revenues collected for any fiscal year in excess of this limitation are required to be transferred to a budget stabilization fund until the fund reaches the maximum balance specified in the amendment to the State Constitution, and thereafter is required to be refunded to taxpayers as provided by general law. The limitation on State revenues imposed by the amendment may be increased by the State Legislature, by a two-thirds vote in each house.

The term "State revenues," as used in the amendment, means taxes, fees, licenses, and charges for services imposed by the State Legislature on individuals, businesses, or agencies outside state government. However, the term "State revenues" does not include: (1) revenues that are necessary to meet the requirements set forth in documents authorizing the issuance of bonds by the State; (2) revenues that are used to provide matching funds for the federal Medicaid program with the exception of the revenues used to support the Public Medical Assistance Trust Fund or its successor program and with the exception of State matching funds used to fund elective expansions made after July 1, 1994; (3) proceeds from the State lottery returned as prizes; (4) receipts of the Florida Hurricane Catastrophe Fund; (5) balances carried forward from prior fiscal years; (6) taxes, licenses, fees and charges for services imposed by local, regional, or school district governing bodies, or (7) revenue from taxes, licenses, fees and charges for services required to be imposed by any amendment or revision to the Florida Constitution after July 1, 1994. This amendment took effect on January 1, 1995, and was first applicable to the State's fiscal year 1995-1996.

Millage Rollback Legislation

In 2007, the Florida Legislature adopted Chapter 2007-321, Laws of Florida, a property tax plan which significantly impacted ad valorem tax collections for Florida local governments. One component of the adopted legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 fiscal year to a level that, with certain adjustments and exceptions, would generate the

same level of ad valorem tax revenue as in fiscal year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the legislation limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Constitutional Amendments Related to Ad Valorem Exemptions

On January 29, 2008, in a special election held in conjunction with the State's presidential primary, the requisite number of voters approved amendments to the Florida Constitution exempting certain portions of a property's assessed value from taxation. These amendments were effective for the 2008 tax year (fiscal year 2008-2009 for local governments). The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000.

2. Permits owners of homestead property to transfer their Save Our Homes Amendment benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Amendment benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. The Save Our Homes Amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation.

3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10-year period, subject to extension by an affirmative vote of electors.

The Save Our Homes Amendment assessment cap and portability provisions described above have been subject to legal challenge. The plaintiffs in such cases have argued that the Save Our Homes Amendment assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property in violation of the equal protection provisions of the Florida Constitution and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution. The plaintiffs also argued that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by the Save Our Homes Amendment. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions; however, there is no assurance that any future challenges to such provisions will not be successful.

In addition to the legislative activity described above, the constitutionally mandated Florida Taxation and Budget Reform Commission (required to be convened every 20 years) (the "TBRC") completed its meetings on April 25, 2008 and placed several constitutional amendments on the November 4, 2008 General Election ballot. Three of such amendments were approved by the voters of Florida, which, among other things, do the following: (a) allow the Florida Legislature, by general law, to exempt from assessed value of residential homes, improvements made to protect property from wind damage and installation of a new renewable energy source device; (b) assess specified working waterfront properties based on current use rather than highest and best use; (c) provide a property tax exemption for (i) real property that is perpetually used for conservation (began in 2010), and (ii) land not perpetually encumbered, require the Florida Legislature to provide classification and assessment of land use for conservation purposes solely on the basis of character or use.

Exemption for Deployed Military Personnel

In the November 2010 General Election, voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the Legislature. This constitutional amendment took effect on January 1, 2011. In March of 2016, HB 7023 was approved by the Governor, which updated the military operations specified for eligibility under this exemption. The bill also extended the application deadline for qualifying service members.

Other Proposals Affecting Ad Valorem Taxation

During the Florida Legislature's 2011 Regular Session, it passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment took effect on January 1, 2013.

During the Florida Legislature's 2012 Regular Session, it passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the Florida Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment took effect on January 1, 2013.

Also during the Florida Legislature's 2012 Regular Session, it passed House Joint Resolution 169 ("HJR 169") allowing the Florida Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than \$250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than \$20,000. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes. This bill was approved as an amendment to the Florida Constitution by the voters on November 6, 2012.

During the Florida Legislature's 2013 Regular Session, it passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and created a number of changes affecting ad valorem taxation which became effective July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing timeframes. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the terms "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of the property must reside upon the property to qualify for a homestead exemption. Fifth, SB 1830 clarifies the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for certain limited liability partnerships to qualify for the affordable housing property tax exemption. Eighth, SB 1830 exempts property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

During the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013. The 2016 Florida Legislature passed Joint Resolution 193 (CS/HJR 193), which proposes an amendment to the Florida Constitution to authorize the Legislature, by general law, to exempt the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax from ad valorem taxation, and to prohibit the consideration of the installation of a solar device or a renewable energy source device in determining the assessed value of real property for the purpose of ad valorem taxation, with a designated effective date of January 1, 2018 and an expiration date of December 31, 2037. This CS/HJR 193 has a companion bill, House Bill CS/195, which was approved by the Governor on March 25, 2016 and the electors of Florida on August 30, 2016.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieved the value adjustment board of the authority to review the property appraisers. HB 1193 is effective immediately and will apply retroactively to January 1, 2013.

During the 2016 Regular Session, another Joint Resolution (CS/HJR 1009) passed, proposing an amendment to the Florida Constitution to grant a full or partial property tax exemption on homestead property to first responders who are totally and permanently disabled as a result of an injury or injuries sustained in the line of duty. The amendment to the constitution was approved by more than 60% of the voters in the 2016 General Election, the effective date is January 1, 2017.

The 2016 Legislature further passed an amendment in Joint Resolution 275 (CS/HJR 275), clarifying the calculation for use in determining the just value for purposes of homestead tax exemption for certain senior, long-term, low-income residents. The amendment was approved by more than 60% of

the voters in the 2016 General Election, the amendment will take effect on January 1, 2017, and operates retroactively to January 1, 2013, for persons who received the exemption prior to January 1, 2017. The CS/HJR 275 is tied to House Bill 277, approved by the Governor on March 25, 2016, which states essentially the same intent and purpose, and has the same effective date of CS/HJR 275.

Legislative Proposals Relating to Ad Valorem Taxation

During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation and revenue limitation have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislation or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the City's finances.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are expected to be applied as follows:

SOURCES:

Par Amount of the Bonds	\$
Plus/Less Net Original Issue Premium/Discount	\$
TOTAL SOURCES	

USES:

Deposit to Construction Fund	\$
Deposit to Sinking Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
TOTAL USES	\$

⁽¹⁾ Represents capitalized interest.

⁽²⁾ Includes legal and financial advisory fees and expenses, Underwriters' discount and other costs associated with the issuance of the Bonds.

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DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Bonds:

Bond Year Ending February 1	Principal	Interest ⁽¹⁾	Total Debt Service
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⁽¹⁾ Includes capitalized interest.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, copies of whose proposed legal opinion in the form attached hereto as APPENDIX D will be delivered with the Bonds. The actual legal opinion to be delivered by Bond Counsel may vary from the form attached hereto if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of the date of closing, and subsequent distribution by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has renewed or expressed any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain other legal matters will be passed upon for the City by the City Attorney, Persson & Cohen, P.A., Venice, Florida, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. Akerman LLP, Orlando, Florida will be representing the Underwriters.

Bond Counsel has not been engaged or undertaken to review (i) the accuracy, completeness or sufficiency of this Official Statement or any other offering material related to the Bonds except as may be provided in a supplemental opinion of Bond Counsel to the Underwriters and the City, upon which only they may rely, or (ii) the compliance with any federal or state law with regard to the sale or distribution of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as APPENDIX D attached hereto, the interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the City to comply subsequently to the issuance of the Bonds with certain requirements of the Code, including but not limited to requirements regarding the use, expenditure and investment of Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences. For example, ownership of the Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

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

Other Tax Matters

Interest on the Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Bonds should consult their own tax advisors as to the income tax status of interest on the Bonds in their particular state or local jurisdictions.

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

Tax Treatment of Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Bonds maturing on February 1, ____ through and including ____ (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excludable from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of

each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Tax Treatment of Bond Premium

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

FINANCIAL ADVISOR

The City has retained Larson Consulting Services, LLC, Orlando, Florida, as Financial Advisor (the "Financial Advisor") in connection with preparation of the City's plan of financing and with respect to the authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. Larson Consulting Services, LLC is an independent SEC and MSRB registered financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

LITIGATION

[There is no pending or, to the knowledge of the City, any threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or the pledge of the Pledged Revenues. Neither the creation, organization or existence, nor the position of the present members of the City Council or Charter officers of the City is being contested.]

The City experiences routine litigation and claims incidental to the conduct of its affairs. In the opinion of the City Attorney, there are no actions presently pending or threatened, the adverse outcome of which would have a material adverse effect on the availability of the Pledged Revenues or the ability of the City to pay the Bonds from the Pledged Revenues. From time to time, the City is party to other various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the City, but may, in the aggregate, have a material impact thereon. However, in the opinion of the City Attorney, the City and/or its insurance carrier will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences.]

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the City and the Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule") either itself or through its dissemination agent. Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated events, when and if they occur, with the Repository either itself or through its dissemination agent.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City upon the issuance of the Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The City believes it has not failed to comply in all material respects in the last five years with any prior continuing disclosure undertakings. However, as part of its diligence, the City identified that it did not file certain operating data for Fiscal Years ended September 30, 2014 and 2015 with respect to its Utility System Revenue Bonds, Series 2012. All such failures have been cured as of the date hereof. The City fully anticipates satisfying all future disclosure obligations required pursuant to the Rule. In furtherance of this intention, the City has engaged Digital Assurance Certification LLC as its dissemination agent.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder, require that the City make full and fair disclosure of any bonds or other debt obligations of such entities that have been in default as to payment of principal or interest at any time after December 31, 1975. The City is not and has not, since December 31, 1975, been in default as to payment of principal and interest on its bonds or other debt obligations.

Although the City is not aware of any defaults with respect to bonds or other debt obligations as to which it has served only as a conduit issuer, it has not undertaken an independent review or investigation of such bonds or other obligations. The City does not believe that any information about

any default would be considered material by a reasonable investor in the Bonds because the City was not liable to pay the principal of or interest on any such bonds except from payments made to it by the private companies on whose behalf such bonds were issued and no funds of the City were pledged to pay such bonds or the interest thereon.

INVESTMENT POLICY

Pursuant to Resolution 2006-34 of the City Council adopted on November 28, 2006, the Finance Director of the City is authorized to invest and reinvest surplus funds in certain authorized investments consisting of:

1. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act as provided in Section 163.01, F.S.;
2. Direct obligations of the U.S. Government;
3. Obligations guaranteed by the U.S. Government as to principal and interest;
4. Time deposits and savings accounts in banks and savings and loan associations, organized under the laws of Florida or the United States and doing business and situated in Florida, provided that any such deposits are secured by collateral as prescribed by Chapter 280, F.S.;
5. Obligations of the Federal Farm Credit Banks; the Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation Participation Certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association;
6. Obligations of the Federal National Mortgage Association, including Federal National Mortgage Association Participation Certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association;
7. Repurchase and reverse repurchase agreements done through a commercial bank or government securities dealer, the underlying collateral of which shall be any U.S. government security described under 2 above in which the market value is equal to the full amount of the agreement, in accordance with the City's master repurchase agreement. Investment in repurchase agreements is limited to transactions in which the proceeds are intended to provide liquidity and for which the City has sufficient resources. A Master Repurchase Agreement shall be executed with each counter party detailing the requests of all authorized institutions/dealers involved in repurchase agreements on behalf of the City.
8. Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency;
9. Bankers' Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated at least "MIG-1" by Moody's Investors

Service, Inc. ("Moody's"), "SP-1" by S&P and "F-1" by Fitch Ratings, Inc. ("Fitch") for short-term debt.

10. State and/or Local Government, either taxable or tax-exempt, Debt rated at least "AA" by Moody's, "AA" by S&P, and "AA" by Fitch for long-term debt, or rated at least "MIG-1" by Moody's, "SP-1" by S&P and "F-1" by Fitch for short-term debt.

The Finance Director is to prepare periodic annual reports for submission to City Council, which shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date, and an independent auditor is to review such report and address the City's adherence to such policy on an annual basis as part of the financial audit.

The City's investment policy may be modified by the City Council from time to time.

DEBT MANAGEMENT AND INTERFUND LOAN POLICY

Pursuant to Resolution No. 2008-21, the City Council has established a debt management policy for the City which includes the following provisions.

1. Debt Financing. The City will consider the use of debt financing only for capital assets and improvement projects and only under the following circumstances:

- When the project's useful life will exceed the term of the financing.
- When project revenues or specific resources will be sufficient to service the long-term debt.
- Debt financing will be used for major, non-recurring items with a minimum of four years of useful life.

General-purpose annual debt service payments should generally not exceed 10% of General Fund revenues, and in no case should they exceed 15%.

Bond sales shall be structured to achieve level debt service payments to the extent possible taking into consideration the costs of such financings. Scheduling larger payments during the later years (back loading of debt payments) shall be avoided. Issuance of the Bonds complies with the debt management policy.

2. Interfund Borrowing. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. The prevailing interest rate, as established by the Finance Director, will be paid to the lending fund.

3. Variable Rate Debt. The City may issue securities that pay a rate of interest that varies according to pre-determined formula or results from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending on market conditions. The City will have no more than 15% of its outstanding bonds in variable rate form.

4. Short-term Debt. Short term obligations may be issued to finance projects or portions of projects for which the City ultimately intends to issue long term debt; i.e., it will be used to provide interim financing which will eventually be refunded with the proceeds of long term obligations with a tax or revenue pledge or a pledge of other available resources. The amount of short-term obligations due to mature in a year shall not exceed 5% of outstanding long-term debt.

The City goal is to maintain a minimum ratio of utility revenue to debt service of 1.6/1 to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes and to ensure a balanced pay-as-you-go-capital improvement plan.

The City's debt management policy may be modified by the City Council from time to time.

FUND BALANCE POLICY

The City's fund balance policy establishes unrestricted unreserved fund balance policies for the City's general fund and for enterprise funds. Such policy provides that the targeted unassigned fund balance in the general fund is three months of operating expenses. In the enterprise funds the targeted unrestricted net position balance is four months of operating expenses.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (including the fee of their counsel) are contingent upon the issuance of the Bonds.

RATINGS

Moody's, S&P and Fitch have assigned ratings of "____", "____" and "____" (_____ outlook), respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. There is no assurance that the ratings will be in effect for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by Moody's and Fitch or either of them if in their, or its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the ratings given the Bonds may have an adverse effect on the liquidity or market price of the Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, S&P Global Inc., 55 Water Street, New York, New York 10041 and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the "Senior Managing Underwriter"), on behalf of itself and Raymond James & Associates, Inc. (collectively, the "Underwriters") at a purchase price equal to \$_____ (taking into account net original issue premium/discount on the Bonds of \$_____ and an Underwriters' discount of \$_____). The Underwriters' obligations are subject to certain terms and conditions set forth in a bond purchase contract between the City and the Underwriters, including the approval of certain legal matters by Bond Counsel and the existence of no material adverse change in the condition of the City from that set forth in this Official

Statement. The Bonds may be offered and sold to certain dealers at prices lower than such offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

FINANCIAL STATEMENTS

The Audited Basic Financial Statements of the City for the Fiscal Year ended September 30, 2015, and report thereon of Moore Stephens Lovelace, P.A. (the "Independent Certified Public Accountants") are attached hereto as "APPENDIX B — Audited Basic Financial Statements of the City for Fiscal Year Ended September 30, 2015". Such statements speak only as of September 30, 2015 and have been included in this Official Statement as public documents and the consent of the Independent Certified Public Accountants to include such documents herein was not requested. The Independent Certified Public Accountants were not requested nor did they perform any procedures with respect to the preparation of this Official Statement or the information presented herein.

The Bonds are payable solely from Pledged Revenues in the manner and to the extent provided in the Resolution. See "SECURITY FOR THE BONDS" herein. The audited financial statements are presented for general information purposes only.

ENFORCEABILITY OF REMEDIES

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

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Bonds, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX EXEMPTION" as to which no such certification shall be made), as of its date and as of the date of delivery of the Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF VENICE, FLORIDA

By: _____
Mayor

By: _____
City Manager

By: _____
Finance Director

APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

General

The City of Venice was incorporated during 1927. Venice is located in Sarasota County, in the southwestern part of the state, and is about an hour drive south of Tampa. Venice is one of four incorporated municipalities within Sarasota County. Venice, well known for its beautiful beaches, enjoys a semi-tropical climate with an average summer temperature of approximately 83.5 degrees, and an average winter temperature of approximately 63.6 degrees. The City currently occupies a land area of 16.73 square miles and serves a population of approximately 21,849, of which more than half are over the age of 65.

The economy of the City and Sarasota County is a blend of tourist and retirement industries, related service industries, light manufacturing and construction. The number of tourists visiting the County exceeds one million annually.

The combination of cultural and recreational facilities, together with the continuing expansion of programs and facilities, makes Venice and Sarasota County an ideal retirement area. Retirees contribute an important stabilizing effect on the City's economy since their incomes are affected very little by the cyclical nature of the economy and by unemployment levels.

The population of Venice has fluctuated over the past ten years with an overall increase from 21,584 in 2007 to 21,849 as of April 1, 2016. The population increase is due primarily to net migration versus natural increases.

Government

The City has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in a City Council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve three-year staggered terms, with two council members elected every year. The mayor is elected to serve a three-year term. The mayor and the council members are elected at large.

The City provides a full range of services that include public safety, the construction and maintenance of streets and other infrastructure, solid waste services, recreational activities, and cultural events. The City also provides utilities for water, wastewater, reclaimed water, and stormwater, and has a municipal airport which is a historic general aviation facility.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to July 31. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no

later than September 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council.

Air Transportation

Venice Municipal Airport ("VNC"), a general aviation airport owned by the City, is home to approximately 200 aircraft and had approximately 61,000 takeoffs and landings for the year ending September 30, 2016. The airport is its own enterprise fund, has a significant impact on the local economy, and provides convenient access to the community for residents, businesses and visitors. VNC has two 5,000-foot runways and traffic consists of almost equal amounts of general aviation and transit general aviation use. The two runways are Runway 5-23 (formerly Runway 4-22) and Runway 13-31.

VNC completed the Runway 4-22, Taxiway E and PSA/ROFA Improvements Project during fiscal year 2013. The project was awarded 2013 General Aviation Project of the Year from the Florida Department of Transportation. In Fiscal Year 2014, the airport completed an \$8.3 million project to improve that same runway on Runway 5-23. This significant undertaking included redefining the airport's fence-line and support modifications to the adjoining Lake Venice Golf Course. In Fiscal Year 2015, the airport completed a \$4.1 million project for rehabilitation of Taxiways A and C. In Fiscal Year 2016, Runway 13-31 was shifted approximately 700 feet to the southeast in order to remove the departure end Runway Protection Zone (RPZ) from 24 neighboring homes and an Engineered Materials Arresting System (EMAS) was installed at the departure end at a cost of \$8.3 million.

The Sarasota-Bradenton International Airport is located about 40 minutes north of the City.

Education

The Sarasota County School System operates as a separate political entity with its own taxing authority. The Sarasota County School Board is an elected body of five members which establishes educational policy. An appointed superintendent reports to the Sarasota County School Board and is responsible for the administration of the system.

Three four-year colleges and universities serve Sarasota County: New College of Florida, University of South Florida Sarasota-Manatee, and Ringling College of Art and Design.

Cultural and Recreational Facilities

Venice has been listed in many publications as being the "Shark's Tooth Capital of the World." It hosts an annual festival, the Shark's Tooth Festival, to celebrate the abundance of fossilized shark's teeth that can be found on its coastal shores.

Venice has more than 30 parks ranging in size from tiny pocket parks to the beach along the Gulf of Mexico. Venetian Waterway Park, a linear park that parallels both sides of the Intracoastal Waterway, provides almost 10 miles of waterfront view for exercise and recreational use. The recently restored Venice Train Depot is at the northeast end of the park. More history is available at the Historic Spanish Point in Osprey, an attraction that provides insight into the life and times of early pioneers.

Sarasota, about 30 minutes north of the City, is the home of the Sarasota Orchestra, the John and Mable Ringling Museum of Art, the Florida State University Center for the Performing Arts, the Sarasota French Film Festival, the Sarasota Ballet, Sarasota Opera, Asolo Repertory Theatre and the Mote Marine Laboratory, a marine rescue, research facility and aquarium.

Sport fishing attracts numerous enthusiasts to the area.

In 2012, the City earned the Silver Bicycle Friendly Community designation from the League of American Bicyclists.

Tax and Demographic Statistics

The following is information on the City's tax and demographic profile.

City of Venice, Florida Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended 09/30	Real Property	Personal Property	Less Tax- Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2016	\$3,643,753,887	\$195,366,001	\$610,975,231	\$3,228,144,657	3.277	\$3,228,144,657
2015	3,417,689,098	192,979,601	586,116,448	3,024,552,251	3.292	3,024,552,251
2014	3,213,484,644	189,768,403	578,857,865	2,824,395,182	3.302	2,824,395,182
2013	3,123,945,509	180,194,496	604,960,792	2,699,179,213	3.227	2,699,179,213
2012	3,132,796,468	178,139,329	600,923,287	2,710,012,510	3.195	2,710,012,510
2011	3,320,275,654	180,426,958	639,821,153	2,860,881,459	3.004	2,860,881,459
2010	3,868,939,303	188,981,800	888,744,784	3,169,176,319	3.004	3,169,176,319
2009	4,559,933,132	204,905,380	1,112,393,345	3,652,445,467	2.984	3,652,445,467
2008	5,451,896,503	204,688,587	1,290,519,118	4,366,065,972	2.939	4,366,065,972
2007	5,381,912,021	183,470,126	1,415,068,870	4,150,313,277	3.400	4,150,313,277

Source: City of Venice, Florida Finance Department.

Note: The basis of assessed value required by the state is 100% of actual value. For each fiscal year ending September 30, property is valued as of the preceding January 1st.

City of Venice, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year Ended September 30,	City of Venice			Overlapping Rates ⁽¹⁾		Southwest Florida Water Management District Millage	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Sarasota County Millage	Sarasota School District Millage		
2016	3.100	0.177	3.277	5.143	7.763	0.349	16.532
2015	3.100	0.192	3.292	5.177	7.777	0.366	16.612
2014	3.100	0.202	3.302	5.177	7.970	0.382	16.831
2013	2.965	0.262	3.227	5.177	7.816	0.393	16.613
2012	2.935	0.260	3.195	5.124	7.635	0.393	16.347
2011	2.779	0.225	3.004	5.273	7.901	0.377	16.555
2010	2.779	0.225	3.004	5.273	7.427	0.387	16.091
2009	2.779	0.205	2.984	5.127	7.045	0.387	15.543
2008	2.779	0.160	2.939	5.127	7.123	0.387	15.576
2007	3.129	0.215	3.344	5.554	7.210	0.422	16.530

Source: City of Venice, Florida Finance Department.

City of Venice, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Levy
2016	\$10,595,490	\$10,244,464	96.7%	\$1,963	\$10,246,427	96.7%
2015	9,944,109	9,601,711	96.6	7,385	9,609,096	96.6
2014	9,257,988	8,934,711	96.5	3,066	8,937,777	96.5
2013	8,717,002	8,390,344	96.3	23,551	8,413,895	96.5
2012	8,650,774	8,333,155	96.3	56,412	8,389,567	97.0
2011	8,593,327	8,249,561	96.0	25,903	8,275,464	96.3
2010	9,531,621	9,190,963	96.4	5,183	9,196,146	96.5
2009	10,898,897	10,492,073	96.3	3,872	10,495,945	96.3
2008	12,839,323	12,338,368	96.1	6,292	12,344,660	96.1
2007	13,828,494	13,382,891	96.8	3,069	13,385,960	96.8

Source: City of Venice, Florida Finance Department.

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of the tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes are sold at public auction prior to June 1 each year, and the proceeds collected are remitted to the City.

City of Venice, Florida
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2016	21,849	\$822,483,756	\$37,644	4.7%
2015	21,418	852,821,924	39,818	5.0
2014	21,188	795,863,656	37,562	6.0
2013	21,117	761,310,084	36,052	6.8
2012	20,918 ⁽⁵⁾	747,295,550	35,725	8.9
2011	20,752 ⁽⁵⁾	725,884,208	34,979	11.0
2010	22,176	749,526,624	33,799	12.5
2009	22,146	1,068,655,230	48,255	11.6
2008	22,149	1,029,618,414	46,486	4.3
2007	21,584	897,397,968	41,577	3.0

(1) Bureau of Economic and Business Research, University of Florida. Resident population used by the City's Planning and Zoning Department.

(2) Determined by multiplying population by per capita personal income.

(3) U.S. Census Bureau - American FactFinder.

(4) U.S. Department of Labor, Bureau of Labor Statistics - Local Area Unemployment Statistics.

(5) Population revised based on revisions to the 2010 Census.

Notes: Statistics for unemployment rate are not available for City of Venice. Therefore, figures from North Port-Bradenton-Sarasota, Florida Metropolitan Statistical Area were used.

Source: City of Venice, Florida Finance Department.

City of Venice, Florida
Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

The following table shows the Principal Taxpayers Located within the City for fiscal year ended September 30, 2016.

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
PGT Industries	\$56,998,368	1	1.77%	\$20,375,000	5	0.49%
Venice HMA Inc. (Venice Regional Medical Center)	56,859,949	2	1.76	61,908,700	1	1.49
MHC Bay Indies LLC	56,696,900	3	1.76	51,539,900	2	1.24
Aston Gardens Venice Senior Housing LLC	55,045,465	4	1.71	34,702,600	3	0.84
Florida Power & Light Co.	29,214,253	5	0.90	-	-	-
Southwest Florida Retirement Center Inc.	21,847,122	6	0.68	-	-	-
Tervis Tumbler Co.	17,536,910	7	0.54	-	-	-
Publix Supermarkets Inc.	15,659,560	8	0.49	-	-	-
Neal Communities	13,990,436	9	0.43	-	-	-
WCI Communities	13,419,851	10	0.42	11,668,300	8	0.28
Csh-ing Bella Vita LP	-	-	-	20,860,000	4	0.50
Sarasota County Health Facilities Authority Retirement Center	-	-	-	13,720,054	6	0.33
Waterford at Laurel Park N LLC	-	-	-	13,705,130	7	0.33
Healthcare Realty Trust, Inc.	-	-	-	10,269,100	9	0.25
Venice Plaza Shopping Ctr. Ltd.	-	-	-	9,618,700	10	0.23
Totals	<u>\$337,268,814</u>		<u>10.46%</u>	<u>\$248,367,484</u>		<u>5.98%</u>

Source: Sarasota County Property Appraiser.

Total taxable assessed value of Venice for 2016 - \$3,228,144,657

Total taxable assessed value of Venice for 2007 - \$4,150,313,277

**City of Venice, Florida
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	2016			2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
School Board of Sarasota County	5,611	1	3.23%	5,447	1	3.08%
Sarasota Memorial Hospital	3,958	2	2.28	4,128	2	2.33
Sarasota County Government	3,501	3	2.01	3,552	3	2.01
Publix Super Markets	2,677	4	1.54	3,042	4	1.72
PGT Industries	1,924	5	1.11	1,780	5	1.01
Venice Regional Medical Center	1,200	6	0.69	927	7	0.52
Sunset Automotive Group	715	7	0.41	-	-	-
Sun Hydraulics Corporation	683	8	0.39	-	-	-
Tervis Tumbler Co.	679	9	0.39	-	-	-
Goodwill Industries	509	10	0.29	-	-	-
Wal-Mart	-	-	-	1,277	6	0.72
Nielsen Media Research	-	-	-	700	8	0.40
Target	-	-	-	659	9	0.37
Sarasota Herald Tribune	-	-	-	533	10	0.30
	<u>21,457</u>		<u>12.34%</u>	<u>22,045</u>		<u>12.46%</u>
Total Sarasota County Employment	<u>173,581</u>			<u>176,797</u>		

Source: City of Venice, Florida Finance Department.

Note: Statistics are for Sarasota County; not available for City of Venice.

Florida Retirement System

All full-time City employees, and all firefighters and police officers hired after October 1, 2014, are participants in the FRS.

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Reports available at www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports and the Florida Comprehensive Annual Financial Reports available at www.myfloridacfo.com/division/aa/Reports/. No representation is made by the City as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans – the FRS defined benefit pension plan (the "FRS Pension Plan") and the FRS defined contribution plan (the "FRS Investment Plan"). The FRS Pension Plan was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees ("FRS Pension Plan").

Florida Retirement System Pension Plan

Membership. FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class ("EOC") may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.
- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, SMSC, and EOC Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after

completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

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

The Deferred Retirement Option Program ("DROP") became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2016, the FRS Trust Fund held \$2,322,967,354 in accumulated benefits for 34,160 DROP participants. Of these 34,160 DROP participants, 29,602 were active in the DROP with balances totaling \$1,871,732,532. The remaining 4,558 participants were no longer active in the DROP with balances totaling \$451,234,822 to be processed after June 30, 2016, pending a qualifying event. Of the total accumulated DROP benefits, \$411,260,011 was due and payable as of June 30, 2016.

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

Contributions. All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2016, was \$141,780,920,515. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Effective July 1, 2011, both employees and employers of the FRS Fare required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The uniform rates for Fiscal Year 2015-16 are as follows:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate⁽¹⁾</u>	<u>Total Contribution Rate</u>
Regular	3.00%	5.56%	8.56%
Special Risk	3.00	20.34	23.34
Special Risk Administrative Support	3.00	31.25	34.25
Elected Officers – Judges	3.00	34.01	37.01
Elected Officers -			
Legislators/Attorneys/Cabinet	3.00	44.10	47.10
Elected Officers – County, City,			
Special Districts	3.00	40.57	43.57
Senior Management Service	3.00	19.73	22.73
Deferred Retirement Option Program	N/A	11.22	11.22

⁽¹⁾ These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the HIS and the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

The contributions of the City are established and may be amended by the State Legislature. The City's contributions, including employee contributions, to the FRS Pension Plan totaled \$1,337,626 for the Fiscal Year ended September 30, 2016.

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Pension Amounts for the FRS Pension Plan.

**Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)**

Total Pension Liability	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Service cost	\$2,256,738	\$2,114,047	\$2,132,906
Interest on total pension liability	11,489,921	11,721,563	12,109,114
Effect of plan changes	0	0	32,310
Effect of economic/demographic (gains) or losses	(448,818)	1,620,863	980,192
Effect of assumption changes or inputs	1,256,045	0	1,030,667
Benefit payments	<u>(8,714,251)</u>	<u>(10,201,501)</u>	<u>(10,624,925)</u>
Net change in total pension liability	5,839,635	5,254,972	5,660,264
 Total pension liability, beginning	<u>150,276,128</u>	<u>156,115,763</u>	<u>161,370,735</u>
Total pension liability, ending (a)	<u>\$156,115,763</u>	<u>\$161,370,735</u>	<u>167,030,999</u>
 Fiduciary Net Position			
Employer contributions	\$2,190,424	\$2,438,085	\$2,438,659
Member contributions	682,507	698,304	710,717
Investment income net of investment expenses	22,812,286	5,523,287	820,583
Benefit payments	(8,714,250)	(10,201,500)	(10,624,925)
Administrative expenses	<u>(18,352)</u>	<u>(18,074)</u>	<u>(18,507)</u>
Net change in plan fiduciary net position	16,952,615	(1,559,898)	(6,673,473)
 Fiduciary net position, beginning	<u>133,061,677</u>	<u>150,014,292</u>	<u>148,454,394</u>
Fiduciary net position, ending (b)	<u>\$150,014,292</u>	<u>\$148,454,394</u>	<u>\$141,780,921</u>
 Net pension liability, ending = (a) – (b)	\$6,101,471	\$12,916,341	\$25,250,078
 Fiduciary net position as a % of total pension liability	96.09%	92.00%	84.88%
 Covered payroll ⁽¹⁾	\$24,723,565	\$32,726,034	33,214,217
 Net pension liability as a % of covered payroll	24.68%	39.47%	76.02%

⁽¹⁾ For June 30, 2014, covered payroll shown includes defined benefit plan actives and members in DROP, but excludes the payroll for FRS Investment Plan members and payroll on which only UAL rates are charged. For June 30, 2015, and later, covered payroll shown includes the payroll for FRS Investment Plan members and payroll on which only UAL rates are charged.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

Actuarial Methods and Assumptions for the FRS Pension Plan. The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2016, calculated based on the discount rate and actuarial assumptions below:

	June 30, 2014	June 30, 2015	June 30, 2016
Discount rate	7.65%	7.65%	7.60%
Long-term expected rate of return, net of investment expense	7.65%	7.65%	7.60%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	N/A	N/A	N/A

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in the determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used to determine the total pension liability as of June 30, 2016, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2016
Measurement Date	June 30, 2016
Asset Valuation Method	Fair Market Value
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age Normal

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

Sensitivity Analysis for the FRS Pension Plan. The following presents the net pension liability of the FRS, calculated using the discount rate of 7.60%, as well as what the FRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$188,268,024,512	\$167,030,999,000	\$149,353,979,968
Fiduciary net position	141,780,920,515	141,780,920,515	148,454,393,902
Net pension liability	\$46,487,103,997	\$25,250,078,485	\$7,573,059,453

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

Retiree Health Insurance Subsidy

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66% of payroll pursuant to Section 112.363, F.S. The State contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

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Pension Amounts for the HHS.

**Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)**

Total Pension Liability	June 30, 2014	June 30, 2015	June 30, 2016
Service cost	\$190,371	\$217,519	\$256,710
Interest on total pension liability	409,907	405,441	390,757
Effect of plan changes	0	0	0
Effect of economic/demographic (gains) or losses	0	0	(30,826)
Effect of assumption changes or inputs	386,383	607,698	1,352,459
Benefit payments	(407,276)	(425,086)	(449,857)
Net change in total pension liability	579,385	805,572	1,519,243
Total pension liability, beginning	8,864,244	9,443,629	10,249,201
Total pension liability, ending (a)	\$9,443,629	\$10,249,201	\$11,768,445
Fiduciary Net Position			
Employer contributions	\$342,566	\$382,454	\$512,564
Member contributions	0	0	0
Investment income net of investment expenses	219	208	565
Benefit payments	(407,275)	(425,085)	(449,857)
Administrative expenses	(54)	(188)	(188)
Net change in plan fiduciary net position	(64,544)	(42,611)	63,084
Fiduciary net position, beginning	157,929	93,385	50,774
Fiduciary net position, ending (b)	93,385	50,774	113,859
Net pension liability, ending = (a) – (b)	\$9,350,244	\$10,198,427	\$11,654,586
Fiduciary net position as a % of total pension liability	0.99%	0.50%	0.97%
Covered payroll	\$29,676,340	\$30,340,449	\$30,875,274
Net pension liability as a % of covered payroll	31.51%	33.61%	37.75%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

Actuarial Methods and Assumptions for the HHS. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67. The same demographic and economic

assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2016 ("funding valuation") were used for the HIS program, unless otherwise noted. In a given membership class and tier, the same assumptions for both FRS Investment Plan members and for FRS Pension Plan members were used.

	June 30, 2014	June 30, 2015	June 30, 2016
Discount rate	4.29%	3.80%	2.85%
Long-term expected rate of return, net of investment expense	N/A	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	4.29%	3.80%	2.85%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used in the 2016 valuation was updated from 3.80% to 2.85%, reflecting the change in the Bond Buyer General Obligation 20- Bond Municipal Bond Index as of June 30, 2016.

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2016.

Valuation Date	July 1, 2016
Measurement Date	June 30, 2016
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

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Sensitivity Analysis for the HIS. The following presents the net pension liability of the HIS, calculated using the discount rate of 2.85%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate.

	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Total pension liability	\$13,484,316,752	\$11,768,444,801	\$10,344,364,746
Fiduciary net position	113,859,055	113,859,055	113,859,055
Net pension liability	\$13,370,457,697	\$11,654,585,746	\$10,230,505,691

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016.

FRS Investment Plan

The State Board of Administration administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

Employee Retirement Systems

The City maintains two single-employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans. Each plan is accounted for as a pension trust fund in the City's financial statements, which are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are due and a formal commitment has been made by the employer. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Firefighters' and Police Officers' Pension Plans issue financial reports that include financial statements and required supplementary information. The reports may be obtained from the City of Venice Finance Director.

Certain employees of the City also participate in the Florida Retirement System, a multiple-employer cost-sharing, public retirement system as described above.

Firefighters' Pension Plan - General Information about the Firefighters' Pension Plan

Plan Description

The City of Venice, Municipal Firefighters' Pension Plan (the "Firefighters' Plan"), a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 175. The Firefighters' Plan is administered by a Board of Trustees comprised of:

- (a) Two City Council appointees who are City residents,
- (b) Two elected members of the City's fire department, and
- (c) Fifth member elected by the other four and appointed by Council.

Eligible members of the Firefighters' Plan are full-time employment with the City as a firefighter. The Firefighters' Plan is closed to firefighters hired after September 30, 2014.

Following is a brief description of the changes in benefit terms and/or actuarial assumptions in the past year:

Benefit Changes:

- None

Changes in Actuarial Assumptions:

- For the year ended September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the FRS for special risk employees.
- Also, the inflation assumption rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption used by the Firefighters' Plan's investment consultant.
- The combined effect of these changes was an increase of \$1,320,858 in the total pension liability.

Plan Membership as of October 1, 2016:

Inactive Plan members or beneficiaries currently receiving benefits	42
Inactive Plan members entitled to but not yet receiving benefits	17
Active Plan members	<u>22</u>
Total	<u>81</u>

Benefits Provided

The Firefighters' Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of age 55 and 10 years of credited service, or 25 years of credited service, regardless of age.

Benefit Amount: 3.50% of average final compensation times years of credited service, plus \$175 per month for members eligible for normal retirement as of October 1, 2014. The benefit accrual rate is 2.75% for credited service on and after October 1, 2014 for members not eligible for normal retirement as of that date.

Early Retirement:

Eligibility: Earlier of age 50 and 10 years of credited service, or the completion of 20 years of credited service regardless of age for members with 10 or more years of credited service as of October 1, 2014. Early retirement is not available for members with less than 10 years of credited service as of that date.

Benefit: Deferred benefit payable at normal retirement date or reduced 2% per year and payable immediately.

Disability:

Eligibility: Total and permanent as determined by the Board of Trustees. Members are covered from date of employment for service-incurred disabilities and after five years of service for non-service disabilities.

Benefit: Greater of 2% times average final compensation times credited service, or 50% of average final compensation. Benefits are payable as a 100% joint and survivor annuity to spouse or children. Optional forms are available.

Pre-Retirement Death:

Eligibility: Coverage in effect from date of employment for service-incurred deaths and after five years of service for non-service incurred.

Benefit: 50% of average final compensation paid to spouse until death, if service incurred, or until death or remarriage, if non-service incurred.

Minimum Benefit for Vested Members: Accrued benefit, less any spouse or surviving children benefits payable.

Cost-of-Living Adjustment:

Normal and early service retirees who retire after October 1, 1998 receive a 3.0% increase each year after retirement through age 65. For members not eligible for normal retirement as of October 1, 2014, no cost-of-living adjustments are applicable to benefits based on credited service after that date.

Vesting (Termination):

Less than 10 years of contributing service: Refund of member contributions.

10 years or more: Accrued benefit payable at early retirement age or later if member contributions left in Fund; otherwise, refund of member contributions. Additionally, members are 100% vested for benefits accrued prior to October 1, 2014, regardless of accrued service as of that date.

Contributions:

Employee: Required to contribute 7.00% of salary to the Firefighters' Plan.

State of Florida: 1.85% property insurance premium tax.

City of Venice: Remaining amount necessary for payment of normal (current year's) cost and amortization of the accrued past service liability, as provided in Part VII of Florida Statutes, Chapter 112.

During the year ended September 30, 2016, contributions totaling \$3,408,022 were made in accordance with contribution requirements determined by an actuarial valuation of the Firefighters' Plan as of October 1, 2014, and a subsequent actuarial impact statement ("AIS") dated December 7, 2015. The City contributed \$3,047,697, members contributed \$114,049, and the State contributed \$246,276. Payments of fringe benefits and salaries on-behalf of the City's employees are recognized as revenues and expenditures/expenses during the period.

Net Pension Liability of the City (Firefighter's Plan)

The measurement date for the total/net pension liability is September 30, 2016, same as the reporting date. The measurement period for pension expense was October 1, 2015 to September 30, 2016. The components of the City's net pension liability at September 30, 2016, related to the Firefighters' Plan, were as follows:

Total pension liability	\$39,144,607
Plan fiduciary net position	<u>(20,245,156)</u>
City's net pension liability	<u>\$18,899,451</u>
Plan fiduciary net position as a Percentage of total pension liability	51.72%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2016, using the following actuarial assumptions:

Inflation	2.50% (reduced from 3.00% in prior valuations)
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

The assumed mortality rates in the October 1, 2016 valuation were changed to the assumptions used by the FRS for special risk employees, as required by Chapter 2015-157, Laws of Florida. These are:

Mortality Rate Healthy Lives:

- Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
- Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

- Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale.
- Male: 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.

Prior actuarial valuations were based on the RP-2000 Combined Healthy assumptions, without projection, sex distinct. Disabled lives were set forward five years.

The other significant actuarial assumptions used in the October 1, 2016 valuation were based upon the most recent actuarial experience study dated April 29, 2007, for the period 2000-2006.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. (For 2016, the inflation rate assumption of the investment advisor was 2.5%). These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Firefighters' Plan's target asset allocation as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.50%
International Equity	15	8.50
Broad Market Fixed Income	25	2.50
Global Fixed Income	5	3.50
Real Estate	<u>10</u>	4.50
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Firefighters' Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Firefighters' Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of

return on Firefighters' Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Firefighters' Plan):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2015	\$38,553,253	\$17,706,658	\$20,846,595
<i>Changes for the Year:</i>			
Service cost	702,057	-	702,057
Interest	2,661,396	-	2,661,396
Change in excess State money	(155,521)	-	(155,521)
Differences between expected and actual experience	(1,795,453)	-	(1,795,453)
Changes of assumptions	1,320,858	-	1,320,858
Changes of benefit terms	-	-	-
Contributions - employer	-	3,047,697	(3,047,697)
Contributions - State	-	246,276	(246,276)
Contributions - employee	-	114,049	(114,049)
Net investment income	-	1,321,617	(1,321,617)
Benefit payments, including refunds of employee contributions	(2,141,983)	(2,141,983)	
Administrative expense	-	(66,382)	66,382
Accrual adjustments	-	17,224	17,224
Net Changes	591,354	2,538,498	(1,947,144)
Balances at September 30, 2016	\$39,144,607	\$20,245,156	\$18,899,451

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what the Firefighters' Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability – Firefighters' Pension	\$26,296,412	\$18,899,451	\$15,240,982

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Firefighters' Pension Plan

For the year ended September 30, 2016 the City recognized pension expense of \$2,431,945 for the Firefighters' Plan. At September 30, 2016 the City has deferred outflows of resources and deferred inflows of resources related to the Firefighters' Plan as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$2,141,375	\$(1,134,509)
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	<u>637,765</u>	<u>-</u>
Total	<u>\$2,779,140</u>	<u>\$(1,134,509)</u>

Net deferred outflows/inflows of resources shown above will be amortized to pension expense in the following years:

<u>Year ended September 30:</u>	
2017	\$571,564
2018	808,863
2019	271,995
2020	<u>(7,791)</u>
Total	<u>\$1,644,631</u>

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Municipal Firefighters' Pension Trust Fund
Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year			
	2016	2015	2014	2013
Total Pension Liability				
Service Cost	702,057	1,139,410	\$672,304	\$623,948
Interest	2,661,396	2,653,780	2,581,984	2,487,337
Change in excess State money	(155,521)	-	8,861	
Changes of benefit terms ⁽¹⁾		(797,774)	-	-
Difference between expected and actual experience	(1,795,453)	(473,564)	-	-
Changes of assumptions ⁽²⁾	1,320,858	2,961,891	-	-
Benefit payments, including refunds of employee contributions	(2,141,983)	(1,991,123)	(2,003,310)	(1,873,445)
Net change in total pension liability	591,354	3,492,620	1,259,839	1,237,840
Total pension liability, beginning	38,553,253	35,060,633	33,800,794	32,562,954
Total pension liability, ending (a)	\$39,144,607	\$38,553,253	\$35,060,633	\$33,800,794
Plan Fiduciary Net Position				
Contributions - City	\$3,047,697	\$756,197	\$1,674,244	\$1,451,786
Contributions - State	246,276	272,353	304,802	270,222
Contributions - employee	114,049	116,523	269,968	269,835
Net investment income	1,321,617	9,360	1,727,970	1,723,100
Benefit payments, including refunds of employee contributions	(2,141,983)	(1,991,123)	(2,003,310)	(1,873,445)
Administrative expense	(66,382)	(67,814)	(42,308)	(42,357)
Accrual adjustments	17,224	(17,224)	-	-
Net change in Plan fiduciary net position	2,538,498	(921,728)	1,931,366	1,799,141
Plan fiduciary net position, beginning	17,706,658	18,628,386	16,697,020	14,897,879
Plan fiduciary net position, ending (b)	\$20,245,156	\$17,706,658	\$18,628,386	\$16,697,020
Net pension liability, ending (a) - (b)	\$18,899,451	\$20,846,595	\$16,432,247	\$17,103,774
Plan fiduciary net position as a percentage of the total pension liability	51.72%	45.93%	53.13%	49.40%
Covered employee payroll	\$1,629,271	\$1,710,697	\$2,768,905	\$2,767,537
Net pension liability as a percentage of covered employee payroll	1159.99%	1218.60%	593.46%	618.01%

[Footnotes continued on following page]

(1) *Changes of benefit terms:*

- For year ending September 30, 2015, amounts reported as changes of benefit terms were resulted from Ordinance 2014-22, adopted and effective August 26, 2014, which amended certain Plan provisions for current Firefighters, in addition to the closure of the Plan to Firefighters hired after September 30, 2014. Details of the impact of these changes are set forth in the Actuary's August 18, 2014 Actuarial Impact Statement. Furthermore as outlined in the Actuary December 7, 2015 Actuarial Impact Statement the below changes were included as well:

- 100% vesting for benefits accrued prior to October 1, 2014.
- A Salary definition using Base Pay, effective October 1, 2014 for Members not eligible for Normal Retirement as of that date. This definition is applicable only for service after October 1, 2014. Notwithstanding the foregoing, effective October 1, 2014, sick or vacation time which is accrued, but for which a member has not been paid prior to October 1, 2014, shall not be considered in determining the value of any future retirement benefit, including the calculation of any frozen benefit

(2) *Changes of assumptions:*

- For year ending September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. Also, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

- For year ending September, 30 2015, amounts reported as changes of assumptions were resulted from a reduction in the investment return assumption from 7.75% to 7.00%. Plus a change in funding method from percent of payroll to dollar funding. In addition, the load assumption for the projected salary at retirement to account for lump sum accrued sick and vacation leave payouts was modified from a fixed 0% per individual to an amount equal to their individual accrual, as provided by the City. The load assumption will be subject to further modification based on future experience. Subsequent changes will be reflected in future actuarial valuations.

Police Officers' Pension Plan - General Information about the Police Officers' Pension Plan

Plan Description

The City of Venice, Municipal Police Officers' Pension Plan (the "Police Officers' Plan"), a defined benefit single-employer public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 185. The Police Officers' Plan is administered by the Board of Trustees.

Eligible members of the Police Officers' Plan are full-time employment with the City as a sworn police officer. The Police Officers' Plan is closed to police officers hired after September 30, 2014. Members active on September 30, 2014, were given the option of participating prospectively in the FRS.

Following is a brief description of the changes in benefit terms and/or actuarial assumptions in the past year:

Benefit Changes:

- None

Changes in Actuarial Assumptions:

- For the year ended September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the FRS for special risk employees.
- Also, the inflation assumption rate was lowered from 3.0% to 2.5%, matching the long-term inflation assumption used by the Police Officers' Plan's investment consultant.
- The combined effect of these changes was an increase of \$1,343,437 in the total pension liability.

Plan Membership as of October 1, 2016:

Inactive Plan members or beneficiaries currently receiving benefits	56
Inactive Plan members entitled to but not yet receiving benefits	32
Active Plan members	<u>27</u>
Total	<u>95</u>

Benefits Provided

The Police Officers' Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of age 52 and 10 years of credited service, or 25 years of credited service, regardless of age.

Benefit Amount: 3.50% of average final compensation times credited service through September 30, 2014, plus 2.75% of average final compensation for credited service on and after October 1, 2014, plus \$175 per month supplement. Members eligible for normal retirement as of October 1, 2014 will continue to accrue benefits under Police Officers' Plan provisions in effect prior to Ordinance No. 2014-23.

Early Retirement:

Eligibility: 20 years of credited service, regardless of age. There is no early retirement option for members with less than 10 years of credited service as of October 1, 2014.

Benefit: Accrued benefit, reduced 2% per year preceding normal retirement date.

Disability:

Eligibility: Total and permanent as determined by the Board. Members are covered from date of employment for service-incurred disabilities and after five years of service for non-service disabilities.

Benefit: 62.5% (service incurred), or 50% (non-service incurred) of salary (base hourly pay, plus shift differential plus incentive pay) at time of disability plus \$175 per month. Benefits are paid as a 100% joint and survivor annuity.

Pre-Retirement Death Benefits:

Service Incurred: Covered from date of employment. 62.5% of earnings paid to spouse until death, or if no spouse, in equal shares to dependent children.

Non-Service Incurred: Eligible after 5 years of credited service. 50% of earnings paid to spouse until death or remarriage, or if no spouse, in equal shares to dependent children.

Vesting (Termination):

Members are 100% vested for benefits accrued prior to October 1, 2014.

Contributions:

Employee: Required to contribute 7.00% of their salary to the Plan.

State of Florida: 0.85% casualty insurance premium tax.

City of Venice: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total salary of the members.

During the year ended September 30, 2016, contributions totaling \$2,354,259 were made in accordance with contribution requirements determined by an actuarial valuation of the Police Officers' Plan as of October 1, 2014, and a subsequent actuarial impact statement (AIS) dated May 29, 2015 and revised August 17, 2015. The City contributed \$2,108,231, members contributed \$38,297, and the State contributed \$207,731. Payments of fringe benefits and salaries on-behalf of the City's employees are recognized as revenues and expenditures/expenses during the period.

Net Pension Liability of the City (Police Officers' Plan)

The measurement date for the total/net pension liability is September 30, 2016, same as the reporting date. The measurement period for pension expense was October 1, 2015 to September 30, 2016. The components of the City's net pension liability at September 30, 2016, related to the Police Officers' Plan, were as follows:

Total pension liability	\$40,533,065
Plan fiduciary net position	(32,787,833)
City's net pension liability	<u>\$7,745,232</u>
Plan fiduciary net position as a	
Percentage of total pension liability	80.89%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2016, using the following actuarial assumptions:

Inflation	2.50% (reduced from 3.00% in prior valuations)
Salary Increases	5.50% - 10.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

The assumed mortality rates in the October 1, 2016 valuation were changed were changed to the assumptions used by the FRS for special risk employees, as required by Chapter 2015-157, Laws of Florida. These are:

Mortality Rate Healthy Lives:

- Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
- Male: RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

- Female: 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale.
- Male: 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale.

Prior actuarial valuations were based on the RP-2000 Combined Healthy assumptions, without projection, sex distinct. Disabled lives were set forward five years.

The other significant actuarial assumptions are based upon the most recent experience study performed on December 9, 2011, for the period 1991-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. (For 2016, the inflation rate assumption of the investment advisor was 2.5%). These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Police Officers' Plan's target asset allocation as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.50%
International Equity	15	8.50
Broad Market Fixed Income	25	2.50
Real Estate	<u>10</u>	4.50
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Police Officers' Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Police Officers' Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Police Officers' Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Police Officers' Plan):

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at September 30, 2015	\$40,447,045	\$30,020,198	\$10,426,847
<i>Changes for the Year:</i>			
Service cost	203,840	-	203,840
Interest	2,751,065	-	2,751,065
Differences between expected and actual experience	(1,512,423)	-	(1,512,423)
Changes of assumptions	1,343,437	-	1,343,437
Changes of benefit terms	-	-	-
Contributions - employer	-	2,108,231	(2,108,231)
Contributions - State	-	207,731	(207,731)
Contributions - employee	-	38,297	(38,297)
Net investment income	-	3,176,622	(3,176,622)
Benefit payments, including refunds of employee contributions	(2,699,899)	(2,699,899)	
Administrative expense	-	(85,428)	85,428
Accrual adjustments	-	22,081	(22,081)
Net Changes	86,020	2,767,635	(2,681,615)
Balances at September 30, 2016	\$40,533,065	\$32,787,833	\$7,745,232

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following table presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the Police Officers' Plan's net pension liability would be if it were calculated using a

discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
City's net pension liability – Police Officers' Pension	\$12,295,367	\$7,745,232	\$3,975,999

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Police Officers' Pension Plan

For the year ended September 30, 2016 the City recognized pension expense of \$1,976,984. At September 30, 2016 the City has deferred outflows of resources and deferred inflows of resources related to the Police Officers' Plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$(212,697)
Changes of assumptions	1,092,609	-
Net difference between projected and actual earnings on Plan investments	<u>1,105,368</u>	<u>-</u>
Total	<u>\$2,197,977</u>	<u>\$(212,697)</u>

Net deferred outflows/inflows of resources shown above will be amortized to pension expense in the following years:

<u>Year ended September 30:</u>	
2017	\$1,252,342
2018	372,430
2019	578,567
2020	<u>(218,059)</u>
Total	<u>\$1,985,280</u>

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Municipal Police Officers' Pension Trust Fund
Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year		
	2016	2015	2014
Total Pension Liability			
Service Cost	\$203,840	597,047	560,060
Interest	2,751,065	2,850,130	2,760,145
Changes of benefit terms ⁽¹⁾	-	174,206	(1,837,786)
Difference between expected and actual experience	(1,512,423)	(638,090)	-
Changes of assumptions ⁽²⁾	1,343,437	3,277,827	-
Contributions - buy back	-	-	17,465
Benefit payments, including refunds of employee contributions	(2,699,899)	(2,240,847)	(2,578,773)
Net change in total pension liability	86,020	4,020,273	(1,078,889)
Total pension liability, beginning	40,447,045	36,426,772	37,505,661
Total pension liability, ending (a)	<u>\$40,533,065</u>	<u>\$40,447,045</u>	<u>\$36,426,772</u>
Plan Fiduciary Net Position			
Contributions - City	2,108,231	\$1,753,275	\$1,651,993
Contributions - State	207,731	189,276	178,617
Contributions - employee	38,297	40,508	205,801
Contributions - buy back	-	-	17,465
Net investment income	3,176,622	(1,481,414)	3,307,423
Benefit payments, including refunds of employee contributions	(2,699,899)	(2,240,847)	(2,578,773)
Administrative expense	(85,428)	(73,554)	(62,991)
Accrual adjustments	22,081	-	-
Net change in Plan fiduciary net position	2,767,635	(1,812,756)	2,719,535
Plan fiduciary net position, beginning	30,020,198	31,832,954	29,113,419
Plan fiduciary net position, ending (b)	<u>\$32,787,833</u>	<u>\$30,020,198</u>	<u>\$31,832,954</u>
Net pension liability, ending (a) - (b)	<u>\$7,745,232</u>	<u>10,426,847</u>	<u>4,593,818</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>80.89%</u>	<u>74.22%</u>	<u>87.39%</u>
Covered employee payroll	\$547,100	\$761,681	\$2,838,631
Net pension liability as a percentage of covered employee payroll	1415.69%	1368.93%	161.83%

[Footnotes continued on following page]

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- (1) *Changes of benefit terms:*
- For year ending September 30, 2015, amounts reported as changes of benefit terms were resulted from Ordinance 2015-17, adopted and effective June 23, 2015, which amended the definition of Salary, in addition to providing 100% vesting in benefits accrued prior to October 1, 2014.
 - For year ending September 30, 2014, amounts reported as changes of benefit terms were resulted from the March 6, 2015 Actuarial Impact Statement.
- (2) *Changes of assumptions:*
- For year ending September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. Also, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.
 - For year ending September 30, 2015, amounts reported as changes of assumptions were resulted from: (a) the net-of-fees investment return assumption was lowered from 7.9% to 7.0%, and (b) the final salary load assumption was increased from 0% to the below table, based on census data provided by the City:

<u>Service as of 10/1/12</u>	<u>Final Salary Load</u>
10 or more years	20%
More than 1, less than 10 years	10%
Less than 1 year	0%

Effective October 1, 2014, the City elected to join the Florida Retirement System for firefighters and police officers. Consequently, the City closed both the Municipal Firefighters' Pension Trust Fund and the Municipal Police Officers' Pension Trust Fund to new members effective October 1, 2014, and all firefighters and police officers hired on or after October 1, 2014, shall become members of the FRS in accordance with applicable state law and rules of the Florida Division of Retirement.

Other Post-Employment Benefits

Plan Description

The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan") available to retirees and their spouse/dependents. To be eligible for participation in the OPEB Plan, the employee must: (i) retire under the Florida Retirement System, the City of Venice, Municipal Police Officers' Pension Plan or the Municipal Firefighters' Pension Plan, (ii) attain the minimum service requirements under the OPEB Plan, and (iii) elect to continue medical coverage by paying the applicable monthly premium.

Participants in the City's OPEB Plan become participants in the City's group health self-insurance program. Pursuant to Section 112.0801, Florida Statutes, the City is required to offer participation in such a program at a cost to the retiree that is no greater than the cost at which coverage is available to active City employees (the average blended cost). In other words, the premium payments to the group health self-insurance program cannot be *age-adjusted*, and there is therefore an *implicit subsidy* of retirees by the

City and its active employees. As an alternative, the City also offers retirees or their spouse/dependents the option to purchase a reduced level of coverage under a Medicare supplement plan.

The City does not issue a stand-alone financial report on the OPEB Plan.

Participant data as of October 1, 2016, the latest actuarial valuation date, is as follows:

Retirees and beneficiaries	
currently receiving benefits	219
Active employees	<u>260</u>
Total	<u>479</u>

Funding Policy and Contributions

The OPEB Plan is not currently funded. Contributions to the OPEB Plan and payments of premiums to the City's self-insurance fund are made on a pay-as-you go ("PAYGO") basis.

PAYGO contributions to the OPEB Plan are shared by the retiree and the City. OPEB Plan participants who retire on or after January 1, 2016, must reimburse the City for the City's average blended cost (the City provides the implicit subsidy). OPEB Plan participants who retired prior to January 1, 2016, may continue coverage under the OPEB Plan at 50% of the average blended cost (the City pays the other 50%, plus the implicit subsidy). The monthly average blended costs of the various options for calendar year 2016 were \$644 for individual coverage, \$1,287 for individual plus one, \$1,995 for family coverage, and \$298 for the Medicare supplement plan.

Annual OPEB Cost and Net OPEB Obligation

The contribution required to support the OPEB Plan is the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover each year's normal cost.

The following table shows the ARC, the annual OPEB cost, amounts contributed, and the change in the City's net OPEB obligation for the year ended September 30, 2016:

Annual required contribution (ARC)	\$1,236,911
Interest on net OPEB obligation	509,899
Adjustments to ARC	<u>708,835</u>
Annual OPEB cost	1,037,975
Employer Contributions made	(760,968)
Employer Implicit rate subsidy	<u>(392,665)</u>
Change in net OPEB obligation	(115,658)
Net OPEB obligation – beginning of year	<u>12,747,465</u>
Net OPEB obligation – end of year	<u>\$12,631,807</u>

The implicit rate subsidy shown above reflects the City's contributions for active employees that go toward the retiree's ARC (because the monthly premiums are not age-adjusted).

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are shown below for the current and two preceding years:

<u>Year Ended September 30</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions and Implicit Subsidy</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$1,037,975	\$1,153,633	111.1%	\$12,631,807
2015	1,033,223	1,086,400	105.1	12,747,465
2014	1,377,161	1,053,390	76.5	12,800,642

Funded Status and Funding Progress

Information as to the funding progress of the OPEB Plan as of the most recent actuarial valuation is presented below. The schedule of funding progress is also presented with multi-year trend information in the required supplementary information section following the notes to financial statements, which shows whether the actuarial accrued liability is increasing or decreasing over time. Since the Plan is not currently being funded, the assets value and funded ratio are both zero.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL) Entry Age Normal (b)</u> Normal (b)	<u>Unfunded AAL (UAAL) (b-a)</u> (b-a)	<u>Funded Ratio (a/b)</u> (a/b)	<u>Annualized Covered Payroll (c)</u> (c)	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> ((b-a)/c)
October 1, 2016	\$-	\$10,860,905	\$10,860,905	0.0%	\$15,326,156	112.1%

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuary believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of the factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The entry-age normal actuarial cost method was used in the October 1, 2016 actuarial valuation, which is the latest valuation for the Plan. The actuarial assumptions included a 4.00% discount rate. Medical claims and premium rates are assumed to increase at a rate of 4.5% beginning in 2016, then at 4.5% annually thereafter. These increases include a general inflation assumption of 2.5% per year. The UAAL is being "funded" over a thirty-year period which was restarted October 1, 2010 (30-year closed).

Plan amendments are being amortized over 30 years. Subsequent gains and losses are amortized over a fifteen year period. Amortization payments are level dollar amounts, rather than level percentage of salaries.

**Schedule of Funding Progress
Other Post-Employment Benefit Plan**

Actuarial	Actuarial	Actuarial			Annualized	UAAL as a
Valuation Date	Value of Assets	Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
	(a)	Normal (b)	(b-a)	(a/b)	(c)	((b-a)/c)
October 1, 2016	\$-	\$17,179,100	\$17,179,100	0.0%	\$15,326,156	112.1%
October 1, 2014	-	23,202,300	23,202,300	0.0	14,147,701	164.0
October 1, 2012	-	23,052,600	23,052,600	0.0	13,690,287	168.4
October 1, 2010	-	77,624,083	77,624,083	0.0	15,255,027	508.8

Beginning October 1, 2012, retirees were required to pay a portion of the cost of their coverage. Employees retiring after January 1, 2016 must reimburse the City for the full cost (average blended cost).

APPENDIX B

Audited Basic Financial Statements for the Fiscal Year Ended September 30, 2016

APPENDIX C

Form of the Resolution

APPENDIX D

Form of Bond Counsel Opinion

APPENDIX E

Form of Continuing Disclosure Certificate

EXHIBIT C

FORM OF DISCLOSURE CERTIFICATE

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Venice, Florida (the "Issuer") in connection with the issuance of its \$_____ General Obligation Bonds (Transportation Improvements), Series 2017 (the "Bonds"). The Bonds are being issued pursuant to Ordinance No. 2016-08 adopted by the City Council of the Issuer (the "City Council") on May 24, 2016 (the "Referendum Ordinance"), and other applicable provisions of law and pursuant to Resolution No. 2017-02 adopted by the City Council on February 14, 2017, as amended or supplemented (the "Resolution").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access web portal of the MSRB, located at <http://www.emma.msrb.org>.

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

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by not later than April 30th following the end of the prior fiscal year, beginning with the fiscal year ending September 30, 2016 with respect to the report for the 2015-2016 fiscal year, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the date set forth in (a) above, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to any Repository and the Insurer an Annual Report as required in subsection (a), the Issuer (or the Dissemination Agent, if other than the Issuer) shall send a notice to any Repository, in electronic format as prescribed by such Repository, and to the Insurer, in substantially the form attached as Exhibit A, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

- (c) The Dissemination Agent shall:
- (i) determine each year prior to the date for providing the Annual Report the name and address of any Repository;
 - (ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided; and
 - (iii) if the Dissemination Agent has not received an Annual Report by 6:00 p.m. Eastern time on the annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated _____, 2017 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the historical financial and operating data set forth in the Official Statement in tables under the captions:

- (i) Assessed Value and Actual Value of Taxable Property;
- (ii) Property Tax Levies and Collections;
- (iii) Direct and Overlapping Property Tax Rates; and
- (iv) Principal Taxpayers.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent

necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C.

SECTION 9. AMENDMENT. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate provided that the following conditions are satisfied:

- (a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;
- (b) The undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment does not materially impair the interests of the holders, as determined either by parties unaffiliated with the Issuer (such as the trustee or bond counsel), or by approving vote of bondholders pursuant to the terms of the governing instrument at the time of the amendment.

In the event of any amendment of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Certificate. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

[Remainder of page intentionally left blank]

SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of _____, 2017

CITY OF VENICE, FLORIDA

By: _____

Name: John Holic

Title: Mayor

(SEAL)

Attestation:

By: _____

Name: Lori Stelzer, CMC

Title: City Clerk

ACKNOWLEDGED BY:

DIGITAL ASSURANCE CERTIFICATION L.L.C.,
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Venice, Florida

Name of Bond Issue: City of Venice, Florida General Obligation Bonds (Transportation Improvements), Series 2017

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate dated as of _____, 2017. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Dissemination Agent, on behalf of the Issuer

By: _____

Name: _____

Title: _____

EXHIBIT B
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____

Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____