

EXHIBIT B

Preliminary Official Statement

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PRELIMINARY OFFICIAL STATEMENT DATED _____, 2016

NEW ISSUE
BOOK-ENTRY-ONLY

RATINGS: Moody's: "____" (____ outlook)
Fitch: "____" (____ outlook)
See "RATINGS" herein

In the opinion of Bond Counsel, interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes. Such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. Such Series 2016A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein. See "Tax Matters" herein.



\$ _____ *

CITY OF HOLLYWOOD, FLORIDA
CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS,
SERIES 2016A

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The City of Hollywood, Florida Capital Improvement Revenue and Refunding Bonds, Series 2016A (the "Series 2016A Bonds") will be issued by the City of Hollywood, Florida (the "City") as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2016A Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2016A Bonds purchased. Interest on the Series 2016A Bonds is payable commencing on July 1, 2016 and on each January 1 and July 1 thereafter. Principal, redemption premium, if any, and interest on the Series 2016A Bonds will be paid to DTC or its nominee, which will remit such payments in accordance with its normal procedures, as described herein. See "DESCRIPTION OF THE SERIES 2016A BONDS - Book-Entry-Only System" herein. While the Series 2016A Bonds are registered through the DTC Book-Entry-Only System, principal of and interest on the Series 2016A Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Paying Agent (the "Paying Agent"), to DTC.

The Series 2016A Bonds are being issued pursuant to the Constitution and laws of the State of Florida (the "State"), including Chapter 166, Florida Statutes, Chapter 202, Florida Statutes, Chapter 212, Florida Statutes, Chapter 218, Florida Statutes and the Home Rule Charter of the City and other applicable provisions of Florida law, each as amended, (the "Act"), and pursuant and subject to the terms and conditions of Resolution No. R-2016-____ adopted by the City Commission of the City (the "City Commission") on February 3, 2016, as supplemented by Resolution No. R-2016-____ adopted by the City Commission on February 3, 2016 (collectively, the "Resolution").

Certain of the Series 2016A Bonds are subject to redemption by the City prior to maturity as set forth herein. See "DESCRIPTION OF THE SERIES 2016A BONDS — Redemption Provisions" herein.

The Series 2016A Bonds are being issued for the purpose of providing funds, together with other available funds, to (A) finance or reimburse the City for the costs of acquiring, constructing, and installing all or a portion of the Series 2016A Project (as defined herein), (B) refund certain loans to the City from the proceeds of certain revenue bonds of the First Florida Governmental Financing Commission (the "FFGFC") consisting of all or a portion of the following obligations: (i) the loan from FFGFC to the City pursuant to a Loan Agreement dated June 1, 2006 and currently outstanding in the aggregate principal amount of \$11,000,000 (the "2006 Loan"), and (ii) the loan from FFGFC to the City pursuant to a Loan Agreement dated April 1, 2007 and currently outstanding in the aggregate principal amount of \$1,060,000 (the "2007 Loan"), (C) prepay the following promissory notes of the City in favor of Branch Banking and Trust Company ("BB&T"): (i) the promissory note issued pursuant to the Loan Agreement dated May 1, 2009, in the original principal amount of \$12,245,660 and currently outstanding in the aggregate principal amount of \$6,022,592.31 (the "2009B Note"), and (ii) the promissory note issued pursuant to the Loan Agreement dated January 1, 2010, in the original principal amount of \$8,700,000 and currently outstanding in the aggregate principal amount of \$5,913,834.31 (the "2010 Note", together with the 2006 Loan, the 2007 Loan and the 2009B Note, the "Prior Obligations"), and (D) pay certain costs associated with the issuance of the Series 2016A Bonds and the refunding of the Prior Obligations. See "PURPOSE OF THE SERIES 2016A BONDS" herein.

See the inside cover page for maturities, principal amounts, interest rates, prices or yields and initial CUSIP numbers.

The Series 2016A Bonds are payable from the Pledged Revenues, which includes the Half-Cent Sales Tax Revenues and the Simplified Communications Tax Revenues and from City Moneys, which includes Non-Ad Valorem Revenues budgeted, appropriated and deposited pursuant to the Resolution for such purpose. See "SECURITY FOR THE SERIES 2016A BONDS" herein.

THE SERIES 2016A BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES AND THE CITY MONEYS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY SUCH SERIES 2016A BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE CITY. FURTHERMORE, NO BONDHOLDER SHALL EVER HAVE A LIEN ON THE PROJECT OR ANY OTHER REAL OR PERSONAL PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES AND THE CITY MONEYS.

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 Series 2016A Bonds are offered for delivery when, as and if issued and accepted by the Underwriter, subject to the delivery of an approving opinion as to the legality of the Series 2016A Bonds by Greenberg Traurig, P.A., Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by Jeffrey P. Sheffel, Esq., City Attorney, City of Hollywood, Florida. Certain matters relating to disclosure will be passed upon for the City by Bryant Miller Olive P.A., Miami, Florida, Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida. FirstSouthwest Company, LLC Orlando, Florida is serving as

01/22/20

Financial Advisor to the City. It is expected that the Series 2016A Bonds in book-entry form will be available for delivery through the facilities of DTC, New York, New York on or about _____, 2016.

BofA Merrill Lynch

Dated: _____, 2016.

*Preliminary, subject to change.

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

\$_____ * **Serial Bonds**

<u>Year</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Price</u> <u>or Yield</u>	<u>Initial</u> <u>CUSIP</u> <u>Number**</u>
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				

*Preliminary, subject to change.

**The City is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

RED HERRING LANGUAGE:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, the Series 2016A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

CITY OF HOLLYWOOD, FLORIDA

CITY COMMISSIONERS

Peter Bober, Mayor

Peter D. Hernandez, Vice Mayor — District 2

Patricia Asseff, Commissioner — District 1

Traci L. Callari, Commissioner — District 3

Richard S. Blattner, Commissioner — District 4

Kevin D. Biederman, Commissioner — District 5

Linda Sherwood, Commissioner — District 6

CITY MANAGER

Dr. Wazir Ishmael

CITY ATTORNEY

Jeffrey P. Sheffel, Esq.

DIRECTOR OF FINANCIAL SERVICES

Matthew Lalla

BOND COUNSEL

Greenberg Traurig, P.A.

Miami, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.

Miami, Florida

FINANCIAL ADVISOR

FirstSouthwest Company, LLC

Orlando, Florida

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SERIES 2016A 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 SERIES 2016A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE SERIES 2016A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY, DTC AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE UNDERWRITER. THE UNDERWRITER LISTED ON THE COVER PAGE HEREOF HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS PART OF ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. 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.

IN CONNECTION WITH THIS OFFERING OF THE SERIES 2016A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2016A 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 SERIES 2016A 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 SERIES 2016A 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 SERIES 2016A 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. SUCH FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS "ESTIMATED SOURCES AND USES OF FUNDS" AND "INVESTMENT CONSIDERATIONS." 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.

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**OFFICIAL STATEMENT
OF
CITY OF HOLLYWOOD, FLORIDA**

\$_____*
CAPITAL IMPROVEMENT REVENUE AND REFUNDING BONDS
SERIES 2016A

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page, and all appendices, is to set forth certain information in connection with the sale by the City of Hollywood, Florida (the "City") of its \$_____ * principal amount of Capital Improvement Revenue and Refunding Bonds, Series 2016A (the "Series 2016A Bonds").

The Series 2016A Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, Chapter 202, Florida Statutes, Chapter 212, Florida Statutes, Chapter 218, Florida Statutes, the Home Rule Charter of the City (the "Charter") and other applicable provisions of law, each as amended (the "Act"), and pursuant and subject to the terms and conditions of Resolution No. R-2016-____ adopted by the City Commission of the City (the "City Commission") on February 3, 2016, as supplemented by Resolution No. R-2016____ adopted by the City Commission on February 3, 2016 (collectively, the "Resolution").

The Series 2016A Bonds are being issued for the purpose of providing funds, together with other available funds, to (A) finance or reimburse the City for the costs of acquiring, constructing, and installing all or a portion of the Series 2016A Project (as defined herein), (B) refund certain loans to the City from the proceeds of certain revenue bonds of the First Florida Governmental Financing Commission (the "FFGFC") consisting of all or a portion of the following obligations: (i) the loan from FFGFC to the City pursuant to a Loan Agreement dated June 1, 2006 and currently outstanding in the aggregate principal amount of \$11,000,000.00 (the "2006 Loan"), and (ii) the loan from FFGFC to the City pursuant to a Loan Agreement dated April 1, 2007 and currently outstanding in the aggregate principal amount of \$1,060,000.00 (the "2007 Loan"), (C) prepay the following promissory notes of the City in favor of Branch Banking and Trust Company ("BB&T"): (i) the promissory note issued pursuant to the Loan Agreement dated May 1, 2009, in the original principal amount of \$12,245,660 and currently outstanding in the aggregate principal amount of \$6,022,592.31 (the "2009B Note"), and (ii) the promissory note issued pursuant to the Loan Agreement dated January 1, 2010, in the original principal amount of \$8,700,000 and currently outstanding in the aggregate principal amount of \$5,913,834.31 (the "2010 Note" and the 2006 Loan, the 2007 Loan and the 2009B Note, the "Prior Obligations"), and (D) pay certain costs associated with the issuance of the Series 2016A Bonds and the refunding of the Prior Obligations. See "PURPOSE OF THE SERIES 2016A BONDS" herein.

The Bonds, including the Series 2016A Bonds, are payable solely from and secured by a lien on and pledge of the (i) Half-Cent Sales Tax Revenues and Simplified Communications Tax Revenues deposited into the Revenue Fund, the Sinking Fund or any other Fund established under the Resolution, (ii) any proceeds of the Bonds originally deposited with the City and all moneys deposited and held from

*Preliminary, subject to change.

time to time by the City in the funds and accounts established under the Resolution (except the Rebate Fund), (iii) investment income received by the City in the funds and accounts (except the Rebate Fund) established under the Resolution and (iv) any other moneys received by the Paying Agent in connection with repayment of the Bonds, as more particularly described herein under the heading "SECURITY FOR THE SERIES 2016A BONDS" (collectively, the "Pledged Revenues"). Further, solely to the extent that the Pledged Revenues are insufficient to pay debt service on the Series 2016A Bonds, the City Moneys (as defined herein) are pledged. See "SECURITY FOR THE SERIES 2016A BONDS" herein.

Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Resolution. The City's fiscal year begins on October 1 and ends on September 30 of the following calendar year ("Fiscal Year").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Resolution, this Official Statement and other disclosure documents described herein may be obtained from the office of the Director of Financial Services, City of Hollywood, 2600 Hollywood Boulevard, Hollywood, Florida 33020.

The City has not provided the information regarding The Depository Trust Company, New York ("DTC") and does not certify as to the accuracy or sufficiency of the disclosure practices of or content provided by DTC, and is not responsible for the information provided by DTC.

Descriptions of the Series 2016A Bonds, the Resolution and other agreements and documents contained herein constitute summaries of certain provisions thereof, and do not purport to be complete. Reference is made to the Resolution and such other agreements and documents for a more complete description of such provisions, copies of which are on file at the offices of the City.

PURPOSE OF THE SERIES 2016A BONDS

General

The Series 2016A Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) finance or reimburse the City for the costs of acquiring, constructing, and installing all or a portion of the Series 2016A Project (as defined herein), (ii) refund the Prior Obligations, and (iii) pay certain costs associated with the issuance of the Series 2016A Bonds and the refunding of the Prior Obligations.

Series 2016A Project

A portion of the proceeds of the Series 2016A Bonds will be used for the financing of various capital projects within the City, including but not limited to: fire engine refurbishment and replacement, police vehicles, public safety vehicles, closed caption television acquisition and installation, backup system replacement, garden club building restoration, hvac heat pump replacement, parks and roadway lighting, playground equipment replacement and repairs, roof replacement, sidewalk replacement, street lighting, turtle lighting, acquisition of chiller, street resurfacing, railroad crossings, purchase of land, construction of fire station and complete street improvements (collectively, the "Series 2016A Project").

Plan of Refunding

Concurrently with the delivery of the Series 2016A Bonds, a portion of the proceeds of the Series 2016A Bonds, together with other legally available funds of the City, shall be deposited into respective accounts in an escrow deposit trust fund (the "Escrow Fund") pursuant to the terms and provisions of an escrow deposit agreement (the "Escrow Deposit Agreement"), between the City and The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Escrow Agent. The moneys deposited into the Escrow Fund shall be held in cash and United States Treasury Obligations and used to pay the principal of and interest on the Prior Obligations as the same become due and payable. Upon the deposit of such moneys and the application thereof all in accordance with the Escrow Deposit Agreement, the Prior Obligations will be deemed defeased and no longer outstanding for purposes of the loan agreements pursuant to which they were issued and the holders of the Prior Obligations shall be entitled to payment solely out of the moneys deposited in the Escrow Fund pursuant to the Escrow Deposit Agreement. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein. The refunding of the Prior Obligations is being undertaken to effect debt service savings to the City.

The City will prepay its obligations under the 2006 Loan on July 1, 2016, its obligations under the 2007 Loan on July 1, 2017, its obligations under the 2009B Note on December 1, 2016 and its obligations under the 2010 Note on January 1, 2017. After the issuance of the Series 2016A Bonds, payment of all amounts due from the City on the Prior Obligations shall be made from the respective accounts in the Escrow Fund. On the date of issuance of the Series 2016A Bonds, Bond Counsel will deliver its opinion to the effect that, upon issuance of the Series 2016A Bonds and the application of proceeds thereof in accordance with the terms of the Resolution and the Escrow Deposit Agreement, the Prior Obligations will no longer be deemed to be outstanding under the 2006 Loan Agreement, the 2007 Loan Agreement, the 2009B Loan Agreement or the 2010 Loan Agreement, as the case may be.

The moneys held pursuant to the Escrow Deposit Agreement will not be available to pay debt service on the Series 2016A Bonds.

DESCRIPTION OF THE SERIES 2016A BONDS

General

The Series 2016A Bonds are being issued pursuant to the Act, and are subject to the terms and conditions of the Resolution.

Authorized Denominations; Interest Payment Dates

The Series 2016A Bonds are being issued as fully registered bonds, in denominations of \$5,000 or any multiple thereof and when issued, will be registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository for the Series 2016A Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2016A Bonds purchased. The Series 2016A Bonds will be dated their date of delivery and will bear interest at the rates, and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2016A Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Series 2016A Bonds is payable commencing on July 1, 2016 and semi-annually thereafter on each January 1 and July 1. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, shall serve as the Paying Agent and Registrar for the Series 2016A Bonds.

Redemption Provisions

Optional Redemption. The Series 2016A Bonds maturing on or after July 1, 20__ are subject to optional redemption prior to maturity, in such manner as the City shall determine, on or after July 1, 20__ as a whole, or in part by lot on any date, at a redemption price equal to 100% of the principal amount of the Series 2016A Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

Redemption Notice. In the event any of the Series 2016A Bonds are called for redemption, the Paying Agent shall give notice, in the name of the City, of the redemption of such Series 2016A Bonds, which notice shall (i) specify the Series 2016A Bonds to be redeemed, the CUSIP numbers, the Date of Issue, interest rate, maturity dates of the Series 2016A Bonds redeemed, the redemption date, the date of notice of redemption, the redemption price and the place or places where amounts due upon such redemption will be payable (which shall be the designated corporate trust office of the Paying Agent or of its agent or, if the City is serving as Paying Agent, the address of the City, including the name and telephone number of a representative of such Paying Agent) and, if less than all of a maturity of the Series 2016A Bonds is to be redeemed, the numbers of the Series 2016A Bonds, and the portions of a maturity of Series 2016A Bonds, so to be redeemed, and (ii) state that on the redemption date, the Series 2016A Bonds to be redeemed shall cease to bear interest.

Notice of redemption shall be given by the Paying Agent in the name of the City by mailing a copy of an official redemption notice not less than 30 days nor more than 60 days prior to the date fixed for redemption (i) by first class mail to the respective Owners of the Series 2016A Bonds designated for redemption at their addresses appearing on the bond registration books of the City maintained by the Registrar; provided that such notice shall be sent by certified mail, return receipt requested, to the Bondholders of \$1,000,000 or more in aggregate principal amount; (ii) by certified mail, return receipt requested, to the Securities Depository, and (iii) by certified mail, return receipt requested, to at least two nationally recognized information services. Notwithstanding the foregoing, with respect to clause (ii) notice shall be given two (2) Business Days prior to the date notice of redemption is mailed to the Bondholders.

A second notice of redemption shall be given within 60 days after the redemption date in the manner required above to the registered Bondholders of redeemed Series 2016A Bonds which have not been presented for payment within 30 days after the redemption date. However, failure to give such notice shall not affect the validity of the redemption of the Series 2016A Bonds for which proper notice has been given as provided in the preceding paragraph.

Notwithstanding anything herein to the contrary, notice of optional redemption may be conditioned upon the occurrence or nonoccurrence of such event or events as shall be specified in the notice of optional redemption and may also be subject to rescission by the City if expressly set forth in such notice.

Anything contained in the Resolution to the contrary notwithstanding, failure to mail any such notice (or any defect therein) to one or more Bondholders shall not affect the validity of any proceedings for such redemption with respect to Bondholders to which notice was duly mailed under the Resolution.

Book-Entry-Only System

The Series 2016A Bonds will be available only in book-entry form in authorized denominations of \$5,000 and any integral multiple thereof. Purchasers of the Series 2016A Bonds will not receive certificates representing their interests in the Series 2016A Bonds purchased. The City has entered into a letter of representations with DTC providing for such book-entry system.

DTC, will act as securities depository for the Series 2016A Bonds. The Series 2016A 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 Series 2016A Bond certificate will be issued for each maturity of the Series 2016A Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's Rating Services ("S&P") rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016A 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 Series 2016A 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 Series 2016A Bonds, except in the event that use of the book-entry system for the Series 2016A Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2016A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as

may be requested by an authorized representative of DTC. The deposit of the Series 2016A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2016A 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 the Series 2016A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2016A Bonds may wish to ascertain that the nominee holding the Series 2016A 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 Series 2016A 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 the Series 2016A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2016A 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 Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2016A Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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 Series 2016A Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2016A 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, Series 2016A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2016A BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2016A BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds associated with the issuance of the Series 2016A Bonds:

Sources of Funds

Principal Amount of Series 2016A Bonds	\$
[Less: Original Issue Discount][Plus: Net Original Issue Premium]	_____
Other legally available funds	_____
Total Estimated Sources of Funds	\$ _____

Use of Funds

Deposit to Escrow Accounts in Escrow Fund	\$
Deposit to Project Fund	_____
Cost of Issuance ⁽¹⁾	_____
Total Estimated Uses of Funds	\$ _____

⁽¹⁾ Includes underwriter's discount, financial advisory fees, legal fees, rating agency fees, printing costs and other miscellaneous costs of issuance.

DEBT SERVICE SCHEDULE

Fiscal Year (September 30)	<u>Series 2016A Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
Total			

SECURITY FOR THE SERIES 2016A BONDS

General

The Series 2016A Bonds are limited obligations of the City, payable solely from and secured by a lien upon and pledge of the Pledged Revenues and the City Moneys, solely to the extent that the Pledged Revenues are insufficient to pay debt service on the Series 2016A Bonds, in the manner and to the extent provided in the Resolution.

"Pledged Revenues" means (a) Half-Cent Sales Tax Revenues and Simplified Communications Tax Revenues deposited into the Revenue Fund, the Sinking Fund or any other Fund established under the Resolution, (b) any proceeds of Bonds originally deposited with the City and all moneys deposited and held from time to time by the City in the funds (other than the Rebate Fund) and accounts established under the Resolution in each case until applied in accordance with the Resolution, (c) investment income received by the City in the funds (other than the Rebate Fund) and accounts established under the Resolution, and (d) any other moneys received by the Paying Agent in connection with repayment of the Bonds.

"Half-Cent Sales Tax Revenues" means the revenues received by the City from the levy of the half-cent sales tax authorized under Chapter 218, Part VI, Florida Statutes, as amended, or any successor provisions thereto.

"Simplified Communications Tax Revenues" means the revenues received by the City from the levy of the simplified communications tax authorized under Chapter 202, Florida Statutes, as amended, and Section 105.20(A) of the City of Hollywood Code of Ordinances or any successor provisions thereto.

"City Moneys" means the moneys budgeted and appropriated by the City, and deposited into the Sinking Fund or any other Fund established under the Resolution, from Non-Ad Valorem Revenues pursuant to the City's covenant to budget and appropriate Non-Ad Valorem Revenues contained in the Resolution.

"Non-Ad Valorem Revenues" means legally available revenues of the City derived from any source whatever, other than ad valorem taxation on real and personal property, which are legally available for payment by the City of debt service on the Bonds, after the payment from the sources of Non-Ad Valorem Revenues pledged thereto of the principal of and interest on any obligations of the City heretofore or hereafter issued which have a prior pledge on any source of the Non-Ad Valorem Revenues. For purposes of the Resolution, fees imposed by the City in connection with new construction, which fees are used to pay for the cost of new facilities and equipment, the need for which is in whole or in part the result of such new construction (commonly referred to as "impact fees"), are not considered legally available.

THE SERIES 2016A BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE PLEDGED REVENUES AND THE CITY MONEYS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE RESOLUTION. NO BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR TAXATION IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY SUCH SERIES 2016A BONDS OR THE INTEREST THEREON, NOR SHALL ANY BONDHOLDER BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL OR INTEREST FROM ANY OTHER FUNDS OF THE CITY OTHER THAN AS PROVIDED IN THE RESOLUTION. FURTHERMORE, NO BONDHOLDER SHALL EVER HAVE A LIEN ON THE PROJECT OR ANY OTHER REAL OR PERSONAL PROPERTY OF THE CITY, EXCEPT FOR THE PLEDGED REVENUES AND THE CITY MONEYS.

Half-Cent Sales Tax Revenues

Chapter 212, Florida Statutes, authorizes the levy and collection by the State of a sales tax upon, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the Florida Legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet strict eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized. As of October 1, 2001, the Local Government Half-Cent Sales Tax Clearing Trust Fund (the "Half-Cent Sales Tax Trust Fund") began receiving a portion of certain taxes imposed by the State on communications services pursuant to Chapter 202, Florida Statutes. Accordingly, moneys distributed from the Half-Cent Sales Tax Trust Fund now consist of funds derived

from both general sales tax proceeds and certain taxes imposed on the sales of communications services required to be deposited into the Half-Cent Sales Tax Trust Fund.

The Half-Cent Sales Tax is collected on behalf of the State by businesses at the time of sale at retail, use, consumption, or storage for use or consumption, of taxable property and remitted to the State on a monthly basis. Chapter 218, Part VI, Florida Statutes, (the "Sales Tax Act") provides for penalties and fines, including criminal prosecution, for non-compliance with the provisions thereof.

The general rate of sales tax in the State is currently 6%. Section 212.20, Florida Statutes, provides for the distribution of 8.9744% of sales tax revenues to the Half-Cent Sales Tax Trust Fund, after providing for certain transfers to the State's General Fund. Such amount deposited in the Half-Cent Sales Tax Trust Fund is earmarked for distribution to the governing body of such county and each eligible municipality within that county pursuant to the following distribution formula:

County Share

$$\begin{array}{lcl} \text{(percentage of total Half-Cent Sales Tax receipts)} & = & \frac{\text{unincorporated area population} + \frac{2}{3} \text{ incorporated area population}}{\text{total county population} + \frac{2}{3} \text{ incorporated area population}} \end{array}$$

Municipality Share

$$\begin{array}{lcl} \text{(percentage of total Half-Cent Sales Tax receipts)} & = & \frac{\text{municipality population}}{\text{total county population} + \frac{2}{3} \text{ incorporated area population}} \end{array}$$

For purposes of the foregoing formula, "population" is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year. Should the City annex any area or should any area of the City de-annex from the City, the share of the Half-Cent Sales Tax received by the City would be respectively increased or decreased according to the foregoing formula.

The Half-Cent Sales Tax is distributed from the Half-Cent Sales Tax Trust Fund on a monthly basis to participating units of local government in accordance with the Sales Tax Act. The Sales Tax Act permits the City to pledge its share of the Half-Cent Sales Tax for the payment of principal of and interest on any capital project.

The City must comply with certain Eligibility Requirements (defined below) to receive certain non-ad valorem revenues distributed by the State, including the Half-Cent Sales Tax revenues. Those requirements include, but are not limited to, the following: (i) reported its finances for its most recently completed fiscal year to the Florida Department of Financial Services ("FDFS") as required by Florida law; (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law; (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of 3 mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to

that which would otherwise be produced by such 3 mill ad valorem tax, to have received certain revenues from a county (in a case of a municipality), collected an occupational license tax or utility tax, or levied an ad valorem tax, or any combination of those four sources; (iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation; (v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation; (vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and (vii) certified to the Florida Department of Revenue ("FDOR") that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law. The requirements described in (i) through (vii) are referred to herein as the "Eligibility Requirements".

If the City does not comply with the Eligibility Requirements, the City would lose its Half-Cent Sales Tax Trust Fund distributions for twelve (12) months following a "determination of noncompliance" by FDOR. The City has continuously maintained eligibility to receive the Half-Cent Sales Tax.

Although the Sales Tax Act does not impose any limitation on the number of years during which municipalities or counties can receive distribution of the Half-Cent Sales Tax revenues from the Half-Cent Sales Tax Trust Fund, there may be amendments to the Sales Tax Act in subsequent years imposing additional requirements of eligibility for counties and municipalities participating in the Half-Cent Sales Tax Program, or the distribution formulas in Sections 212.20(6)(d) or 218.62, Florida Statutes, may be revised.

The amount of Half-Cent Sales Tax revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within Broward County, (the "County") (ii) legislative changes relating to the overall sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Half-Cent Sales Tax Trust Fund, (iii) changes in the relative population of the City, which affect the percentage of Half-Cent Sales Tax received by the City, and (iv) other factors which may be beyond the control of the City, including but not limited to the potential for increased use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State and then distributed to the City.

See "SECURITY FOR THE SERIES 2016A BONDS - City Moneys - Non Ad Valorem Revenues — *Recent Legislation Regarding Sales Tax and Communications Services Tax*" below for a description of certain recent legislation that could have an adverse effect on the amount of Half-Cent Sales Tax revenues received by the City in the future.

See also "City Moneys - Non Ad Valorem Revenues — *Recent Court Ruling Concerning State Communications Services Tax*" below for information regarding recent litigation.

Simplified Communications Tax Revenues

The Communications Services Tax Simplification Act, enacted by Chapter 2000-260, Laws of Florida, as amended by Chapter 2001-140, Laws of Florida, and now codified in part as Chapter 202, Florida Statutes (the "CSTA") established, effective October 1, 2001, a local communications services tax on the sale of "communications services" as defined in Section 202.11, Florida Statutes, and as of the same date repealed Section 166.231(9), Florida Statutes, which previously granted municipalities the authority to levy a utility services tax on the purchase of telecommunications services. See "SECURITY FOR THE

SERIES 2016A BONDS - City Moneys - Non-Ad Valorem Revenues - *Utilities Services Tax Revenues*" below. Pursuant to Resolution No. R-2001-281 adopted by the City on January 1, 2001, the City has imposed the local communications services tax at a rate of 5.1%.

The proceeds of the local communications services tax, less FDOR's cost of administration which may not exceed 1% of the total tax generated, are deposited in the Local Communications Services Tax Clearing Trust Fund (the "CST Trust Fund") and distributed monthly to the appropriate jurisdiction. The local communications services tax revenues received by the City are deposited into the City's General Fund and may be used for any public purpose. The revenues that are received by the City from such communications services tax which derive from the CST Trust Fund created with the FDOR pursuant to Section 202.193, Florida Statutes may be pledged for the repayment of current or future bonded indebtedness.

One effect of the CSTA was to replace the former utilities tax on telecommunications, including pre-paid calling arrangements, as well as any revenues from franchise fees on cable and telecommunications service providers and permit fees relating to placing or maintaining facilities in rights-of-way collected from providers of certain telecommunications services, with the local communications services tax. This change in law was intended to be revenue neutral to the counties and municipalities. The communications services tax applies to a broader base of communications services than the former utilities tax on telecommunications.

The local communications services tax applies to the purchase of "communications services" which originated or terminated within the City, with certain exemptions described below. "Communication services" under the CSTA are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.
- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar on-line services.

However, such services have historically been taxed if the charges for such services are not stated separately from the charges for communications services, on a customer's bill.

The sale of communications services to (i) the federal government, or any instrumentality or agency thereof, or any entity that is exempt from state taxes under federal law, (ii) the State or any county, municipality or political subdivision of the State when payment is made directly to the dealer by the governmental entity, and (iii) any home for the aged or educational institution (which includes state tax-supported and nonprofit private schools, colleges and universities and nonprofit libraries, art galleries and museums, among others) or religious institutions (which includes, but is not limited to, organizations having an established physical place for worship at which nonprofit religious services and activities are regularly conducted) that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), are exempt from the local communications services tax. In addition, the local communications services tax does not apply to any direct home satellite service.

The CSTA provides that, to the extent that a provider of communications services is required to pay to a local taxing jurisdiction a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the local communications services tax, such provider is entitled to a credit against the amount of such local communications services tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. The amount of such credit is deducted from the amount that such local taxing jurisdiction is entitled to receive under Section 202.18(3), Florida Statutes.

Under the CSTA, local governments must work with the FDOR to properly identify service addresses in each municipality and county. If a jurisdiction fails to provide the FDOR with accurate service address information, the local government risks losing tax proceeds that it should properly receive. The City believes it has provided the FDOR with all information that the FDOR has requested as of the date hereof and that such information is accurate.

Providers of communications services collect the local communications services tax and may deduct 0.75% as a collection fee (or 0.25% in the case of providers who do not employ an enhanced zip code database or a data base that is either supplied or certified by the FDOR). The communications services providers remit the remaining proceeds to the FDOR for deposit into the CST Trust Fund. The FDOR then makes monthly contributions from the CST Trust Fund to the appropriate local governments after deducting up to 1% of the total revenues generated as an administrative fee.

The amount of local communications services tax revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the City, (ii) legislative changes, and/or (iii) technological advances which could affect consumer preferences.

The amount of the local communications services tax revenues collected within the City may be adversely affected by de-annexation. Such de-annexation would decrease the number of addresses contained within the City. At this time there are no de-annexations anticipated within the City.

The federal Internet Tax Freedom Act ("ITFA") imposes a moratorium through October 1, 2016 on taxation of Internet Access by states and political subdivisions. As amended by the Internet Tax Nondiscrimination Act ("ITNA"), "Internet Access" includes telecommunications services (unregulated non-utility telecommunications, such as cable services) purchased, used or sold by a provider of internet access to provide Internet Access, including related communication services, such as email and instant messaging. H.R. 235 (the "Permanent ITFA") was introduced and passed by the House in June, 2015 but was not passed by the Senate. At this time it is not certain whether the Permanent ITFA or any future bill will be approved and signed into law. The negative impact on future collections of local

communications services tax revenues because of the ITFA, the Permanent ITFA or the ITNA cannot be determined at this time.

The table below represents the City's historical Pledged Revenues for the Fiscal Years ended September 30, 2010 through September 30, 2014 (audited) and September 30, 2015 (unaudited).

**CITY OF HOLLYWOOD, FLORIDA
HISTORICAL HALF-CENT SALES TAX REVENUES AND
SIMPLIFIED COMMUNICATIONS TAX REVENUES AND
PRO-FORMA DEBT SERVICE COVERAGE**

	Fiscal Year Ended September 30 th (Thousands)					
	2010	2011	2012	2013	2014	2015 (unaudited)
Half-Cent Sales Tax Revenues	\$7,217	\$7,523	\$7,738	\$8,246	\$8,769	\$9,252
Simplified Communications Tax Revenues	7,539	6,958	6,809	6,478	5,868	5,682
Total	\$14,756	\$14,481	\$14,547	\$14,724	\$14,637	\$14,934
Pro-forma Debt Service Coverage ⁽¹⁾	2.77x	2.72x	2.73x	2.76x	2.75x	2.80x

Source: City of Hollywood, Florida Financial Services Department.

(1) Calculated based on an estimated Maximum Debt Service on the Series 2016A Bonds of \$5,330,000.

City Moneys

To the extent that an insufficiency, whether projected or actual, in the amount of Pledged Revenues to be received or actually received in a given Fiscal Year to pay Debt Service on the Series 2016A Bonds due and payable in such year (a "Debt Service Funding Deficiency") exists, the City has agreed to pledge City Moneys, which derive mainly as a result of a covenant to budget and appropriate from Non-Ad Valorem Revenues to pay Debt Service on the Series 2016A Bonds. The covenant to budget and appropriate and certain of the City's Non-Ad Valorem Revenues are described below.

Covenant to Budget and Appropriate. Until the Series 2016A Bonds are no longer Outstanding pursuant to the provisions of the Resolution, the City has covenanted that if during the preparation of the City's annual budget for any Fiscal Year, it is projected that a Debt Service Funding Deficiency will exist during such Fiscal Year, then the City shall appropriate in its annual budget for such Fiscal Year, by amendment if necessary, Non-Ad Valorem Revenues in amounts sufficient to cure the Debt Service Funding Deficiency and, if applicable, to restore any deficiency in the Debt Service Reserve Account or any other fund or account created and established under the Resolution for the Series 2016A Bonds (including, without limitation, through reimbursement of a Reserve Account Credit Facility Issuer).

Notwithstanding the foregoing covenant of the City, the City has not covenanted to maintain any services or programs, now provided or maintained by the City, which generate Non-Ad Valorem Revenues other than such services or programs which are for essential public purposes affecting the health, welfare, and safety of the inhabitants of the City.

Not later than 60 days prior to each Interest Payment Date, the City shall review the amount of Pledged Revenues and City Moneys received to date or projected to be received prior to the next succeeding Interest Payment Date. If, based on such review, the City determines that a Debt Service Funding Deficiency is expected to exist in connection with such next succeeding Interest Payment Date, the City shall immediately amend its annual budget for such Fiscal Year and shall budget and appropriate pursuant to the provisions of the Resolution, an amount of Non-Ad Valorem Revenue sufficient to cure such Debt Service Funding Deficiency. The Non-Ad Valorem Revenues so budgeted and appropriated shall be deposited into the Principal and Interest Account of the Sinking Fund not later than 12:00 Noon on the last Business Day before the Interest Payment Date in question, as provided in the Resolution.

To the extent that the City is in compliance with the covenant referenced above and the covenant in the Resolution related to the issuance of additional debt, the Resolution and the obligations of the City contained therein shall not be construed as a limitation on the ability of the City to pledge or covenant with respect to the Non-Ad Valorem Revenues (or any portion thereof) for other indebtedness or other legally permissible purposes.

The covenant to budget and appropriate Non-Ad Valorem Revenues is not a pledge by the City of such Non-Ad Valorem Revenues and is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereinafter entered into, including the payment of debt service on bonds or other obligations. The covenant to budget and appropriate is subject to the provisions of Section 166.241(2), Florida Statutes, which provides, in part, that in the budget for each Fiscal Year, the amount available from taxation and other sources must equal the total appropriations for expenditures and reserves. The covenant does not require the City to levy and collect any particular source of Non-Ad Valorem Revenues nor to maintain or increase any regulatory fees or user charges with respect to any particular source of Non-Ad Valorem Revenues. The covenant does not give the Paying Agent a prior claim on such Non-Ad Valorem Revenues as opposed to claims of general creditors of the City until such time as a deposit of such Non-Ad Valorem Revenues is made into the Sinking Fund or other fund under the Resolution for the purposes of the Resolution.

Non-Ad Valorem Revenues. The City generally receives two primary sources of revenue: ad valorem taxes and non-ad valorem revenues. Ad valorem taxes may not be pledged for the payment of debt obligations of the City maturing more than twelve months from the date of issuance thereof without approval of the electorate of the City. *The ad valorem tax revenues of the City are not pledged as security for the payment of the Series 2016A Bonds and the City is not obligated to budget and appropriate ad valorem tax revenues for the payment of the Series 2016A Bonds.*

Non-Ad Valorem Revenues of the City may be pledged or applied, subject to certain limitations, for the payment of debt obligations of the City. Such Non-Ad Valorem Revenues include a broad category of revenues, including, but not limited to, revenues received from the federal and state governments, investment income and income produced from certain services and facilities of the City, the major sources of which are described herein. In addition to the non-ad valorem revenues classified as Pledged Revenues, the following are other major sources of non-ad valorem revenues available to the City.

Utilities Services Tax Revenues. The "Utilities Tax" (also, commonly referred to as the "Public Service Tax") is imposed by the City pursuant to the Constitution of the State and Section 166.231, Florida Statutes, and other applicable provisions of law. Florida law authorizes any municipality in the State to

levy a utilities tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Services competitive with those enumerated in the previous sentence, as defined by ordinance, shall be taxed on a comparable basis at the same rates. However, fuel oil shall be taxed at a rate not to exceed four cents per gallon.

Pursuant to Ordinance No. 1385 enacted by the City Commission on July 19, 1955, as amended and codified as Section 105.20 of the City Code, the City levied a utilities tax on the purchase of electricity, metered or bottled gas (natural, liquefied petroleum gas, or manufactured), water service and telegraph service at a rate of ten percent (10%) of the total amount of charges made by the seller of such service or commodity. These taxes shall in each case be paid by the purchaser thereof for the use of the City to the seller of such electricity, metered or bottled gas (natural, liquefied petroleum gas, or manufactured) and water service at the time of paying the charge therefor, but not less than monthly.

Florida law provides that a municipality may exempt from the utilities tax the first 500 kilowatts of electricity per month purchased for residential use, metered or bottled gas or fuel oil for agricultural purposes, purchases of electricity, natural gas, liquefied petroleum gas or manufactured gas by industrial customers for use in industrial manufacturing or processing facilities in the City and electrical energy used in a facility located in a designated enterprise zone. The City has not adopted any such exemptions but it does exempt purchases by the United States, the State, and all political subdivisions and agencies thereof and all religious or educational organizations that are exempt from federal income tax under Section 501(c)(3) of the Code and that are situated within the City limits from the levy of such tax.

The utilities tax is not applied against any fuel adjustment charge. The term "fuel adjustment charge" means all increases in the cost of utility services to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

The utilities tax is required to be collected by the seller from purchasers at the time of sale and remitted to the City on a monthly basis. Taxes on most utility services are separately itemized on the bill rendered to customers, but separate disclosure is not required. A failure by a consumer to pay that portion of the bill attributable to the utilities tax may result in a suspension of the service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

The amount of utilities tax collected by the City may fluctuate as the price of fuel, gas, electricity and the other services subject to the utilities tax fluctuates and a sustained increase in the price thereof may have an adverse effect on the amount of utilities tax collected.

Local Business Tax Receipts. The "Business Tax" (formerly called the "Occupational License Tax") includes the business taxes levied and collected by the City pursuant to Chapter 205, Florida Statutes, and Chapter 110 of the City Code. Section 205.042, Florida Statutes, authorizes the City to levy "a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction." The Business Tax may be levied on:

(1) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any business within its jurisdiction.

(2) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any profession or occupation within its jurisdiction.

(3) Any person who does not qualify under subsection (1) or subsection (2) and who transacts any business or engages in any occupation or profession in interstate commerce, if the Business Tax is not prohibited by the United States Constitution.

All Business Tax receipts are issued for payment by the City beginning August 1 of each year and such taxes are due and payable on or before September 30 of each year. Each Business Tax receipt expires on September 30 of the succeeding year. Business Tax receipts that are not renewed when due and payable are delinquent and subject to a delinquency penalty of 10 percent for the month of October, plus an additional 5 percent penalty for each subsequent month of delinquency until paid. However, the total delinquency penalty may not exceed 25 percent of the Business Tax for the delinquent establishment.

Any person who engages in or manages any business, occupation, or profession without first paying the required Business Tax is subject to a penalty of 25 percent of the tax due, in addition to any other penalty provided by law or ordinance. Any person who engages in any business, occupation, or profession covered by Chapter 205, Florida Statutes, who does not pay the required Business Tax within 150 days after the initial notice of tax due, and who does not obtain the required Business Tax receipt, is subject to civil actions and penalties, including court costs, reasonable attorneys' fees, additional administrative costs incurred as a result of collection efforts, and a penalty of up to \$250.

Chapter 205, Florida Statutes, provides that the City may only increase by ordinance the rates of Business Taxes every other year by up to five percent. The increase, however, may be enacted only by a majority plus one vote of the City Commission. The City last increased its Business Tax rates in Fiscal Year 2010 by five percent, the maximum allowed by Chapter 205, Florida Statutes.

Municipal Revenue Sharing Revenues. A portion of certain taxes levied and collected by the State is shared with local governments under the provisions of Sections 212.20(6)(d)(5), and 218.215, Florida Statutes. The amount deposited by the FDOR into the State Revenue Sharing Trust Fund for Municipalities created pursuant to Section 218.215, Florida Statutes (the "State Revenue Sharing Trust Fund for Municipalities") is 1.3653% of available sales and use tax collections after certain required distributions, and the net collections from the one-cent municipal fuel tax.

The amount of the State Revenue Sharing Trust Fund for Municipalities distributed to any one municipality is the average of three factors: an adjusted population factor; a sales tax collection factor, which is the proportion of the local city's ordinary sales tax distribution the municipality would receive if the distribution were strictly population-based; and a relative revenue-raising ability factor, which measures the municipality's ability to raise revenue relative to other qualifying municipalities in the State.

The sales and use tax provides the majority of the receipts for the guaranteed entitlement from the State Revenue Sharing Trust Fund for Municipalities. The proceeds of the municipal fuel tax imposed pursuant to Section 206.41(1)(c), Florida Statutes, after deducting certain service charges and administrative costs is also transferred into the Revenue Sharing Trust Fund for Municipalities. Funds derived from the municipal fuel tax on motor fuel may only be used to pay debt service allocable to transportation facilities. For the State's 2015 fiscal year, approximately 75.14% of the deposits of the State Revenue Sharing Trust Fund for Municipalities were from sales and use taxes and approximately 24.86% were from the municipal fuel tax.

See "*Recent Court Ruling Concerning State Communications Services Tax*" below for information regarding recent litigation that could have an effect on amounts deposited into the State Revenue Sharing Trust Fund for Municipalities.

Franchise Fee Revenues. The City has a non-exclusive franchise agreement granting Florida Power & Light Company ("FPL") use of the public streets, alleys, highways, waterways, bridges, easements and other public ways of the City for the construction, maintenance and operation of FPL's electric system. In consideration for this privilege, FPL has agreed to pay 5.9 percent (5.9%) of its gross revenues from the sale of electric energy to all customers in the City, excluding only those sales of electricity as contemplated in the agreement entered into between the City and FPL, on July 29, 2003 less any adjustments for uncollectible accounts. This agreement is currently due to be renegotiated in 2033.

The City has a non-exclusive franchise agreement granting Peoples Gas System, Inc. ("Peoples") use of the public streets, alleys, highways, waterways, bridges, easements and other public ways of the City for the construction, maintenance and operation of People's gas system. In consideration for this privilege, Peoples has agreed to pay six percent (6.0%) of its gross revenues from the sale of gas to all customers in the City, as contemplated in the agreement entered into between the City and Peoples on May 11, 2011 less any adjustments for uncollectible accounts. This agreement is currently due to be renegotiated in 2021, which is prior to the final maturity date of the Series 2016A Bonds.

Additionally, pursuant to Section 50.05 of the Code of Ordinances, the City may grant non-exclusive commercial solid waste franchises to permit the collection of garbage, solid waste, rubbish, construction and demolition material, rocks and soil within the City and levies certain fees thereunder against commercial solid waste service providers.

Building Fee Revenues. On all buildings, structures, electrical, plumbing, mechanical and gas systems or alterations within the City requiring a permit, a fee for each permit shall be paid as required at the time of filing the permit application, in accordance with the fee schedule adopted on July 8, 2012 by the City Commission pursuant to Resolution No. R-2012-226.

Charges for Services. All revenues resulting from the City's charges for services are reflected in this category and include those charges received from private individuals or other governmental units. The following functional areas include such charges:

- General government – document reproduction fees, sales of maps & publications
- Public safety – fees for police and fire protection services
- Physical environment
- Planning and zoning – fees for zoning changes and planning reviews
- Indirect services – fees associated with services provided to City Proprietary Funds
- Transportation and parking – including decals
- Recreation and culture – fees for special events, parks and recreation activities such as athletics programs, golf course usage and swimming pool usage.
- Other – fees for services not specifically mentioned above

Judgments, Fines and Forfeitures. Fines and forfeitures reflect those penalties and fines imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Forfeitures include revenues resulting from court fines as well as proceeds from the sale of contraband property seized by law enforcement agencies.

Miscellaneous Revenues. This category includes a variety of revenues and transfers from other funds, including:

- Interest earnings
- Gains (or losses) on sale of investments
- Rents and royalties
- Disposition of fixed assets
- Sales of surplus materials and scrap
- Contributions from private sources

Recent Legislation Regarding Sales Tax and Communication Services Tax. On June 15, 2015, the Florida Legislature passed House Bill 33A ("HB 33A"), relating to taxation. On June 16, 2015, Governor Rick Scott signed into law HB 33A. Among the several provisions contained in HB 33A are expanded sales tax exemptions and a reduction in the State communications services tax. Some of the moneys distributed from the State Revenue Sharing Trust Fund for Municipalities include certain proceeds of the State communications services sales tax. The provisions of HB 33A with respect to the reduction of the State communications services tax ensure that local governments will continue to receive the same amount of revenues they receive under current law. The City does not believe that HB 33A will have a material adverse impact on the City's receipt of revenues from the State Revenue Sharing Fund for Municipalities or any other non-ad valorem revenues.

Recent Court Ruling Concerning State Communications Services Tax. On June 11, 2015, the First District Court of Appeal held, in *DirectTV, Inc. v. State*, Section 202.12(1), Florida Statutes, unconstitutional as a violation of the dormant commerce clause. This relates to the State communications services tax. The State appealed this decision to the Florida Supreme Court on July 7, 2015 and the First District Court of Appeal granted a stay of its decision pending the appeal. Some of the moneys distributed from the State Revenue Sharing Trust Fund for Municipalities and the Half-Cent Sales Tax Revenues include certain proceeds of the State communications services sales tax. If the decision is upheld, it is possible the amount of revenues received by the City from the State Revenue Sharing Trust Fund for Municipalities and the Half-Cent Sales Tax Revenues will be reduced. At this time the City cannot predict whether such decision will be upheld, and if upheld what effect it will have on the revenues received from the State Revenue Sharing Trust Fund for Municipalities and the Half-Cent Sales Tax Revenues. The City also cannot predict whether the basis for an unfavorable ruling could also apply to the local communications services tax.

The table below represents the City's historical major sources of Non-Ad Valorem Revenues (excluding Pledged Revenues) for the Fiscal Years ended September 30, 2010 through September 30, 2014 (audited) and September 30, 2015 (unaudited).

CITY OF HOLLYWOOD, FLORIDA
HISTORICAL MAJOR SOURCES OF NON-AD VALOREM REVENUES

	Fiscal Year Ended September 30 th					
	(Thousands)					
	2010	2011	2012	2013	2014	2015 (unaudited)
Utilities Services Tax Revenues	\$11,983	\$12,463	\$12,824	\$13,649	\$14,757	\$14,913
Local Business Tax Receipts	2,246	1,771	1,885	1,949	2,002	1,723
Municipal Revenue Sharing Revenues ⁽¹⁾	3,936	4,144	4,205	4,164	4,407	4,719
Franchise Fee Revenues	12,080	12,072	11,141	11,064	11,749	11,955
Other ⁽¹⁾	46,546	46,552	50,341	54,540	57,008	54,349
Total	\$76,791	\$77,002	\$80,396	\$85,366	\$89,923	\$87,659

Source: City of Hollywood, Florida Financial Services Department.

(1) Includes municipal fuel tax which may only be used for transportation purposes.

(2) Includes only General Fund Non-Ad Valorem Revenue sources.

(3) The reduction in revenues between fiscal year 2012 and fiscal year 2013 is due to the elimination of red light camera revenue and the reduction between fiscal year 2014 and fiscal year 2015 is due to the reduction in community redevelopment funds.

The table above is only an indication of the relative amounts of Non-Ad Valorem Revenues of the City which may be available for the payment of principal of and interest on the Series 2016A Bonds and other general governmental expenditures. The ability of the City to appropriate Non-Ad Valorem Revenues in sufficient amounts to pay the principal of and the interest on the Series 2016A Bonds is subject to a variety of factors, including the City's satisfaction of funding requirements for obligations having an express lien on or pledge of such revenues and after satisfaction of funding requirements for essential governmental services of the City. No representation is being made by the City that any particular Non-Ad Valorem Revenues will be available in future years, or if available, will be budgeted and appropriated to pay Debt Service on the Series 2016A Bonds.

Continued consistent receipt of Non-Ad Valorem Revenues is dependent upon a variety of factors, including annexation and/or de-annexation policies by the City or greater growth in the unincorporated areas of the County as compared to the City which could have an adverse effect on Non-Ad Valorem Revenues. The amounts and availability of any of the non-ad valorem revenues to the City are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem revenues are allocated. In addition, the amount of certain of the non-ad valorem revenues collected by the City is directly related to the general economy of the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem revenues collected by the City. The City may also specifically pledge certain of the non-ad valorem revenues or covenant to budget and appropriate legally available Non-Ad Valorem Revenues of the City to future obligations that it issues. In the case of a specific pledge, such Non-Ad Valorem Revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2016A Bonds.

The City is not obligated to pay the Series 2016A Bonds or the interest thereon except from the Pledged Revenues and the City Moneys and neither the full faith and credit nor any physical properties of the City are pledged to the payment of the principal of, redemption premium, if any, or interest on the

Series 2016A Bonds. The issuance of the Series 2016A Bonds does not directly or indirectly or contingently obligate the City to levy any ad valorem taxes whatsoever therefor or to make any appropriation for their payment except from Pledged Revenues and the City Moneys. Neither the full faith and credit nor the taxing power of the City, the State of Florida or any political subdivision thereof is pledged to the payment of the Series 2016A Bonds.

Other Debt of the City

Debt Secured by a Covenant to Budget and Appropriate.

Set forth below is a table showing debt that is payable from non-ad valorem revenues of the City. As of the date hereof, the City has approximately \$11,936,526.62 aggregate principal amount of debt secured by only a covenant to budget and appropriate non-ad valorem revenues.

<u>Description</u>	<u>Amount Outstanding</u>
Promissory Note, Series 2009B ⁽¹⁾	\$6,022,592.31
Special Obligation Note, Series 2010 ⁽¹⁾	\$5,913,834.31

- ⁽¹⁾ Amounts will be deposited in an escrow account upon issuance of the Series 2016A Bonds to pay principal of and interest on such debt until paid in full upon maturity or earlier redemption. See "PURPOSE OF THE SERIES 2016A BONDS – Plan of Refunding" herein.

Beach Community Redevelopment Agency Interlocal Agreement. In 2015 the City of Hollywood, Florida Community Redevelopment Agency (the "Agency") issued its City of Hollywood, Florida Community Redevelopment Agency Redevelopment Revenue and Revenue Refunding Bonds (Beach CRA), Series 2015 (the "Series 2015 CRA Bonds") secured by certain tax increment revenues. In connection therewith, the City and the Agency entered into an Interlocal Agreement (the "CRA Interlocal Agreement") pursuant to which the City covenanted to adopt a resolution that would pledge certain designated non-ad valorem revenues of the City to the payment of the Series 2015 CRA Bonds under certain conditions in order to secure a rating confirmation on the Series 2015 CRA Bonds. In the event that such designated revenues do not satisfy the conditions set forth in the CRA Interlocal Agreement, the City has also covenanted to budget and appropriate non-ad valorem revenues for the payment of the Series 2015 CRA Bonds. The Series 2015 CRA Bonds are currently outstanding in the principal amount of \$49,075,000.

General Fund

The General Fund is the general operating fund of the City. It accounts for all financial resources except for those required to be accounted for in another fund. The largest source of revenue in this fund is ad valorem taxation (ad valorem taxes are not legally available to pay debt service on the Series 2016A Bonds). Revenues deposited in the General Fund do not directly correspond to the Pledged Revenues or the Non-Ad Valorem Revenues from which debt service on the Series 2016A Bonds is payable as some General Fund revenues are not legally available to pay debt service on the Series 2016A Bonds and some Non-Ad Valorem Revenues are not deposited into the General Fund, but rather other Governmental Funds. Operations are removed from the General Fund only when they are deemed to be true enterprise operations.

Although the Series 2016A Bonds are not payable from ad valorem taxation, approximately 29.5% of General Fund revenues which are collected by the City currently come from ad valorem taxes (net of taxes transferred to the Agency districts within the City). To the extent that the future collection of ad valorem tax revenues or non-ad valorem revenues is adversely affected, a larger portion of non-ad valorem revenues would be required to balance the budget and provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are mandated by applicable law.

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The following chart shows information regarding the General Fund for the City's Fiscal Years ended September 30, 2011 through and including September 30, 2014 (audited) and September 30, 2015 (unaudited):

CITY OF HOLLYWOOD, FLORIDA
GENERAL FUND REVENUES AND EXPENSES
 (Modified Accrual Basis of Accounting) (\$ in thousands)

	<u>2015</u> (Unaudited)	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES:					
Property Taxes	\$64,889,559	\$61,164,997	\$59,776,395	\$59,286,936	\$54,018,950
Utilities Service Taxes	20,595,235	20,625,018	20,127,388	19,728,534	19,650,111
Franchise Taxes	11,955,255	11,748,425	11,064,132	11,140,892	12,071,776
License and Permits	8,054,079	6,687,642	5,951,882	5,416,334	5,148,558
Intergovernmental	16,960,035	18,898,346	17,571,057	16,865,323	15,783,747
Charges for Services	43,512,655	43,822,564	41,311,393	40,474,377	36,163,139
Fines and Forfeitures	0	0	0	0	0
Miscellaneous	1,384,804	2,691,778	4,053,376	1,312,046	2,658,540
Interest Earnings	131,367	85,993	10,528	5,141	7,319
Total Revenues	<u>\$167,482,989</u>	<u>\$165,724,763</u>	<u>\$159,866,151</u>	<u>\$154,229,583</u>	<u>\$145,502,140</u>
EXPENDITURES:					
General Government	\$15,427,384	\$14,352,212	\$12,609,232	\$11,318,957	\$15,250,224
Public Safety	124,245,579	117,901,027	110,687,759	100,583,826	114,086,616
Public Works	11,747,594	11,975,144	11,442,549	9,062,515	10,466,486
Transportation	2,002,668	2,027,734	495,565	284,688	313,586
Economic Environment	640,496	565,270	493,757	1,438,829	1,605,955
Physical Environment	0	0	0	0	0
Culture and Recreation	9,958,224	9,552,274	9,196,049	9,794,729	9,886,398
Human Services	0	0	0	0	0
Other	2,114,747	2,371,384	2,832,647	452,002	3,875,607
Total Expenditures	<u>\$166,136,692</u>	<u>\$158,745,045</u>	<u>\$147,757,558</u>	<u>\$132,935,546</u>	<u>\$155,484,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$1,346,297</u>	<u>\$6,979,718</u>	<u>\$12,108,593</u>	<u>\$21,294,037</u>	<u>(\$9,982,732)</u>
Other Financing Sources (Uses)					
Proceeds from Debt Issuance		\$0	\$0	\$0	\$0
Transfers In	6,530,111	5,762,614	5,770,654	5,826,422	10,143,777
Transfers Out	(7,609,557)	(5,440,039)	(5,299,933)	(6,139,914)	(5,186,393)
Total Other Financing Sources (Uses)	<u>(\$1,079,446)</u>	<u>\$322,575</u>	<u>\$470,721</u>	<u>(\$313,492)</u>	<u>\$4,957,384</u>
Change in Fund Balance	\$266,851	\$7,302,293	\$12,579,314	\$20,980,545	(\$5,025,348)
Fund Balance – Beginning	\$45,138,151	\$37,835,858	\$25,256,544	\$4,275,999	\$9,301,347
Fund Balance – Ending	\$45,405,002	\$45,138,151	\$37,835,858	\$25,256,544	\$4,275,999

Source: City of Hollywood, Florida Comprehensive Annual Financial Reports for Fiscal Years ended September 30, 2011 through and including 2014 and for Fiscal Year ended 2015, City of Hollywood, Florida Financial Services Department.

City's Fiscal Year 2016 Budget

The City's adopted Fiscal Year 2016 all funds (citywide) budget net of interfund transfers is \$489,623,379 – which represents a decrease of 1.6 percent or \$8.1 million from the Fiscal Year 2015 all funds (citywide) budget. The Fiscal Year 2016 budget reflects a net decrease of 12 full-time staff positions. Included in the Fiscal Year 2016 budget is the Fiscal Year 2016 General Fund budget of \$229,949,563 – which reflects an increase of approximately 4.8 percent or \$10.49 million above the adopted Fiscal Year 2015 General Fund operating budget. The adopted Fiscal Year 2016 budget also includes capital improvement project spending of approximately \$24.3 million.

The City's operating millage rate of 7.4479 for Fiscal Year 2016 remains unchanged (same operating millage rate for the City since Fiscal Year 2012). The City's overall millage rate of 7.7677 for Fiscal Year 2016 is reduced due to a debt service millage reduction from 0.3528 to 0.3198 mills. There is no change in the residential Fire Assessment fee of \$209 and a reduction in the residential Fire Inspection fee from \$22 to \$17. The net impact of the adopted Fiscal Year 2016 budget on a median homeowner with a homestead exemption is \$4 or 0.31 percent.

Flow of Funds

The Resolution establishes the following funds and accounts: (1) the Revenue Fund (the "Revenue Fund"), (2) the Sinking Fund (the "Sinking Fund"), (3) the Rebate Fund (the "Rebate Fund"), and (4) the Project Fund (the "Project Fund"). Within the Sinking Fund there are created the following separate accounts: (a) a Principal and Interest Account (the "Principal and Interest Account"), (b) a Bond Redemption Account (the "Bond Redemption Account"), and (c) a Debt Service Reserve Account (the "Debt Service Reserve Account"). Within the Debt Service Reserve Account, there shall be established a separate subaccount for each Series of Bonds that has a Debt Service Reserve Requirement. No Debt Service Reserve Account is being established for the Series 2016A Bonds. Within the Rebate Fund, there shall be established separate accounts for each Series of Bonds if determined to be necessary by Bond Counsel to preserve the exclusion of the interest on the Bonds (other than Taxable Bonds) from gross income for federal income tax purposes. The Sinking Fund and the Project Fund, and all accounts and subaccounts therein, shall constitute trust funds for the purposes of the Resolution.

(a) The City has covenanted in the Resolution that it shall deposit to the credit of the Revenue Fund the portion of the Pledged Revenues comprised of Half-Cent Sales Tax Revenues and Simplified Communications Tax Revenues as received by the City from the State. Moneys in the Revenue Fund shall be applied as described below and, pending such application, shall be subject to a lien in favor of the Holders of the Bonds issued and Outstanding under the Resolution and for the further security of such Holders until paid out or withdrawn as provided in the Resolution.

(b) On or before 12:00 Noon on each Deposit Day, the City shall transfer from the Revenue Fund to the Sinking Fund an amount of Pledged Revenues and, to the extent of a Debt Service Funding Deficiency, an amount of Non-Ad Valorem Revenues (which at the time of such deposit become City Moneys) in an aggregate amount that, together with an equal amount assumed to be deposited on one Deposit Day of each succeeding calendar month prior to the next Interest Payment Date, shall cause the amount credited to the Sinking Fund to equal (or as shall be estimated to equal with respect to Bonds that bear interest at a floating or variable rate) the Accrued Aggregate Debt Service calculated to such Interest Payment Date, and to the extent applicable, any amounts necessary to satisfy any deficiency in a subaccount of the Debt Service Reserve Account or reinstatement of a Reserve Account Credit Facility.

(c) As soon as practicable after the deposit of Pledged Revenues and, to the extent of any deficiency, City Moneys in the Sinking Fund, as provided in paragraph (a) above, and in any case no later than the close of business on the Business Day preceding such Interest Payment Date, the City shall credit moneys therein to the following purposes in the following order of priority (such application to be made in such a manner so as to assure sufficient moneys on deposit in such Funds):

(i) To the Principal and Interest Account, the amount, if any, required so that the balance in said Account shall equal the amount of principal of and interest on the Bonds coming due on the next Interest Payment Date; provided, that, for the purposes of computing the amount to be deposited in the Principal and Interest Account, there shall be taken into account the amount, if any, set aside in said account from the proceeds of Bonds;

(ii) To the Redemption Account, the amount, if any, required so that the balance in said account shall equal the principal of and premium, if any, on the Bonds then coming due by reason of redemption on the next Interest Payment Date or earlier date of redemption;

(iii) To the extent applicable, to each Reserve Account Credit Facility Issuer the amount, if any, required to reimburse such issuer for the amounts drawn under the applicable Reserve Account Credit Facility and for other amounts due such Reserve Account Credit Facility Issuer to be paid to reinstate the amount available thereunder (on a pro rata basis if there is more than one Reserve Account Credit Facility);

(iv) To the extent applicable, to the appropriate subaccount or subaccounts of the Debt Service Reserve Account, the amount, if any, required for the amount on deposit in each such subaccount to equal the Debt Service Reserve Requirement for the applicable Series of Bonds (on a pro rata basis if more than one subaccount has a shortfall).

(d) In addition, subject to the foregoing, the City shall pay from Pledged Revenues and, to the extent of any deficiency, Non-Ad Valorem Revenues, the fees and expenses, at such times as are necessary, of the Paying Agent, the Registrar, the Credit Facility Issuer, if any, and the Reserve Account Credit Facility Issuer, if any, and any other fees and expenses of the City relating to the Bonds.

(e) On or before 12:00 Noon on each Deposit Day, but only after having made all of the transfers from the Revenue Fund described in paragraph (b) above, the City may transfer or withdraw any moneys remaining in the Revenue Fund and may apply the moneys so transferred or withdrawn toward any lawful purpose of the City, free and clear of the lien of the Resolution.

No Reserve Account

Pursuant to the Resolution, the Series 2016A Bonds will not have a Debt Service Requirement and no subaccount of the Debt Service Reserve Account shall be established with respect to the Series 2016A Bonds. If a Debt Service Reserve Account is established for any future series of Bonds, the Series 2016A Bonds will not be secured by such Debt Service Reserve Account.

Additional Indebtedness

(1) The City has covenanted and agreed in the Resolution, that it will not issue or incur any indebtedness payable from or supported by a pledge of the Half-Cent Sales Tax Revenues or the Simplified Communications Tax Revenues unless the total amount of the Half-Cent Sales Tax Revenues

and Simplified Communications Tax Revenues as certified by the Chief Financial Officer as actually received during the immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the City of the eighteen (18) months immediately preceding the issuance or incurrence of such indebtedness was at least equal to one hundred fifty percent (150%) of the Maximum Annual Debt Service on (i) the principal amount of the Bonds originally issued pursuant to this Resolution and then Outstanding, (ii) any additional Bonds theretofore issued and then Outstanding, and (iii) any other indebtedness theretofore issued or incurred and then outstanding that is payable from or supported by a pledge of the Half-Cent Sales Tax Revenues or the Simplified Communications Sales Tax Revenues, and (iv) the additional Bonds or other indebtedness then proposed to be issued. For purposes of this covenant, any such indebtedness bearing a variable interest rate or proposed to bear a variable interest rate will be assumed to bear interest at the greater of (a) 100 basis points over the current interest rate borne by such variable rate debt and/or the initial interest rate of proposed variable rate debt, or (b) five percent (5%) per annum.

(2) The Resolution provides that the City need not comply with the covenant described in paragraph (1) above in the issuance or incurrence of additional indebtedness if and to the extent the indebtedness to be issued or incurred is issued or incurred for the purpose of refunding Bonds, that is, delivered in lieu of or in substitution for Bonds originally issued under the Resolution or previously issued additional Bonds, if the City shall cause to be delivered a certificate of the Chief Financial Officer setting forth (i) the Maximum Annual Debt Service (A) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such refunding indebtedness, and (B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (ii) that the Maximum Annual Debt Service as described in (B) above is no greater than that described in (A) above.

The Resolution does not restrict the City from issuing or incurring additional indebtedness that is payable from or secured by Non-Ad Valorem Revenues.

INVESTMENT CONSIDERATIONS

The following discussion provides information relating to certain risks that could affect payments of the principal of, redemption premium, if any, and interest on the Series 2016A Bonds. The order in which the following information is presented is not intended to reflect the relative importance of the risks discussed. The following information is not, and is not intended to be, exhaustive and should be read in conjunction with all of the other sections of this Official Statement, including its appendices. Prospective purchasers of the Series 2016A Bonds should carefully analyze the information contained in this Official Statement, including its appendices (and including the additional information contained in the form of the complete documents referenced or summarized herein), for a more complete description of the investment considerations relevant to purchasing the Series 2016A Bonds. Copies of any documents referenced or summarized in this Official Statement are available from the City.

(1) Payment from Pledged Revenues. The Series 2016A Bonds are payable from and secured by a lien on and pledge of Pledged Revenues. The ability of the City to make timely payments of the principal of, redemption premium, if any, and interest on the Series 2016A Bonds depends substantially upon the ability of the City to collect Half-Cent Sales Tax Revenues and Simplified Communications Tax Revenues which, together with earnings thereon and on amounts held in the funds and accounts created under the Resolution, will be adequate to make such payments. The Series 2016A Bonds are not general

obligations supported by the full faith and credit of the City or the State or any political subdivision of the foregoing, but are payable solely from and secured by an irrevocable lien on the Pledged Revenues and the City Moneys. Neither the State, the County, or the City nor any other political subdivision of the State, has any obligation or power under the Resolution or under Florida law to levy any taxes in order to pay debt service on the Series 2016A Bonds or to avail or cure any default in any such payments.

(2) Limited Replenishment of Deficiencies. There is no fund or account under the Resolution which is required to contain amounts to make up for any deficiencies in the amounts otherwise available for the payment of Debt Service on the Series 2016A Bonds in the event of one or more defaults by the City in making payments of Debt Service on the Series 2016A Bonds. There is no source from which the Sinking Fund will be replenished, except the Pledged Revenues, the City Moneys and investment income on moneys in the funds and accounts held under the Resolution. There has been no deposit to the Debt Service Reserve Account for the benefit of the Holders of the Series 2016A Bonds.

(3) Adverse Legislative, Judicial or Administrative Action. The State legislature, the courts or an administrative agency with appropriate jurisdiction could enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the collection, distribution, definition or accumulation of Half-Cent Sales Tax Revenues, Simplified Communications Tax Revenues, and Non-Ad Valorem Revenues in a fashion that would adversely affect the ability of the City to pay Debt Service on the Series 2016A Bonds.

(4) Impact of Future Financing Plans. As described above under "SECURITY FOR THE BONDS -- Additional Indebtedness," the City has reserved the right, upon satisfaction of certain conditions set forth in the Resolution, including demonstrated historic debt service coverage at certain established levels, to issue additional debt payable out of and secured by the Pledged Revenues, on a parity with the Series 2016A Bonds that may be then Outstanding.

[While the City has no current plans to incur additional indebtedness], it is possible that it may seek to do so in the future. Any additional parity debt issued by the City would negatively impact the City's debt service coverage ratios.

(5) City's Pledged Revenues. The amount of Pledged Revenues available to make payments on the Series 2016A Bonds by the City may be effectively limited by, among other things, (i) a decrease in one or more of the sources of Pledged Revenues, for example, a fluctuation in the Half-Cent Sales Tax collections due to changes in economic activity and a decrease in the dollar volume of purchases in the City and (ii) legislative, judicial or administrative action. Further, the City is only restricted in its ability to pledge all or a portion of the Pledged Revenues for other purposes or to issue additional debt specifically secured by all or a portion of the Pledged Revenues by compliance with the additional debt test. See "SECURITY FOR THE SERIES 2016A BONDS -- Additional Indebtedness" herein.

All of these factors may limit the availability of Pledged Revenues to pay Debt Service on the Series 2016A Bonds. In the event judicial proceedings were required to enforce the City's obligations, there can be no certainty as to the outcome of any judicial proceedings to enforce the City's obligations under the Resolution.

(6) City's Non-Ad Valorem Revenues. The amount of Non-Ad Valorem Revenues available to make payments on the Series 2016A Bonds by the City pursuant to its covenant to budget and appropriate may be effectively limited by (i) the statutory requirement for a balanced budget, (ii) funding

requirements for essential governmental services of the City, (iii) a decrease in one or more of the sources of Non-Ad Valorem Revenues, (iv) legislative, judicial or administrative action, and (v) the inability of the City to expend revenues not appropriated or in excess of funds actually available after the use of such funds to satisfy obligations having an express lien or pledge on such funds. Further, the City is not restricted in its ability (i) to pledge Non-Ad Valorem Revenues for other purposes or to issue additional debt specifically secured by Non-Ad Valorem Revenues or by a covenant to budget and appropriate similar to that contained in the Resolution or (ii) to reduce or discontinue services that generate Non-Ad Valorem Revenues.

All of these factors may limit the availability of Non-Ad Valorem Revenues to pay debt service on the Series 2016A Bonds. In the event judicial proceedings were required to enforce the City's obligations, there can be no certainty as to the outcome of any judicial proceedings to enforce the City's obligations under the Resolution.

THE CITY

The City is a municipal corporation incorporated in 1925. The City is located on the southeast coast of Florida in the County and has a land area of approximately 30 square miles. The permanent population of the City is estimated at 144,310 people with the seasonal peak approaching 200,000, as of September 2014.

The City is governed by the provisions of the Charter. Under the Charter, the City functions as a home rule government under the Florida Constitution and general laws of the State.

The seven-member City Commission is the legislative body of the City government. The City Commission is chaired by the Mayor or, in his/her absence, the Vice Mayor who serves as a presiding officer. Currently, the elections are held every four years; however, commencing in 2016, elections will be held every two years to provide for staggered terms of the City Commissioners. The Mayor is elected at large to a four-year term and the other commissioners are elected by districts to four-year terms. Each candidate must be a duly qualified elector and legal resident of the City.

<u>Name</u>	<u>Title</u>	<u>End of Current Term</u>
Peter Bober	Mayor	November, 2016
Peter D. Hernandez	Vice Mayor -District 2	November, 2016
Patricia Asseff	Commissioner-District 1	November, 2018
Traci L. Callari	Commissioner- District 3	November, 2018
Richard S. Blattner	Commissioner- District 4	November, 2016
Kevin D. Biederman	Commissioner- District 5	November, 2018
Linda Sherwood	Commissioner - District 6	November, 2016

City Management

The City Manager, appointed by the City Commission, is the chief administrative officer of the City government. The City Manager directs the functions of the City government through 12 major departments: Police; Fire Rescue and Beach Safety; Development Services; Public Affairs; Public Works; Financial Services; Parks, Recreation and Cultural Arts; Public Utilities; Parking; Human Resources; Labor Relations; and Information Technology; and various divisions within each department.

Dr. Wazir Ishmael was appointed City Manager in December 2014. He joined the City as Assistant City Manager for Sustainable Development in August 2014. He is one of two employees appointed directly by the City Commission (the other being the City Attorney). Dr. Ishmael has over thirty years of experience as a local government administrator, planner, educator and international business executive with the City of Miramar; Broward County Planning Council; Clark County, Washington; Wigan County Council, Lancashire, United Kingdom; and PlanLogical Corporation. During his 16 year tenure with Miramar, he progressively held the positions of Planning Manager, Community Development Director, Assistant City Manager for Development Services, Deputy City Manager and Interim City Manager.

Dr. Ishmael received his Bachelor's Degree with Honors in Development Studies (focusing on Economics and Natural Resources) from the University of East Anglia, Norwich, England; his Master's of Urban Regional Planning from the University of Miami, Florida; and his Doctorate in Urban Studies from Portland State University, Oregon.

Legal services are provided to the City by the Office of the City Attorney. The City Attorney is appointed by the City Commission. The City Attorney, supported by a staff of a Deputy City Attorney, Assistant City Attorneys, administrative personnel, and specialized outside counsel, as necessary, represents the City Commission and all other departments, divisions, boards and offices in all legal matters affecting the City.

Financial and Budgetary Support Systems

The City's Financial Services Director is responsible for the fiscal affairs, financial management and related systems for the City. The Financial Services Director is supported by staff under the City Treasurer and the Director of General Accounting. The City maintains sophisticated systems for the effective management of its debt, investments, pensions, risk management, and related reporting thereon.

Matthew Lalla is the Financial Services Director for the City. Mr. Lalla is a Certified Public Finance Officer with over 30 years of experience in public finance. He has served as the City's Financial Services Director for the past five years. As Financial Services Director, Mr. Lalla is responsible for administering, directing, and coordinating all financial activities of the City associated with accounting and financial statement preparation, debt management, operating and capital budget development, treasury management, procurement of goods and services, and the billing and collection of City revenues. Mr. Lalla also serves as a member of the City's labor negotiations team. Mr. Lalla has been involved in the issuance of over 76 bond issues totaling over \$8.9 billion. Mr. Lalla earned a Bachelor of Arts degree in Policy Studies and Economics from Syracuse University in 1984. Mr. Lalla earned a Master of Public Administration degree from the Maxwell School of Syracuse University in 1985.

The Budget Administration Division, under the direction of the Financial Services Director, is the unit responsible for the development of the City's annual budget. The Budget Administration Division annually administers the budget development system and subsequently monitors quarterly reporting against the goals and objectives for each of the City's budgetary programs. The budget development process is highly computerized and the systems enable the Budget Administration Division to perform a series of alternative combination analyses regarding various growth factors on numerous categories of expenditures.

PENSION PLANS

Employees, Fire and Police Retirement Plans

The City participates in three defined benefit pension plans for general, fire and police employees. City contributions are determined by actuarial valuations adopted by the respective Board of Trustees for those retirement benefits provided by the City's Code of Ordinances. Each retirement plan provides retirement, disability and death benefits and certain cost of living adjustments to plan members and beneficiaries.

The City's annual pension cost for the Fiscal Year 2014 and related information for each plan is as follows:

	<u>Employees Retirement Fund</u>	<u>Fire Pension Fund</u>	<u>Police Retirement Fund</u>
Contribution Rates:			
City	67.51%	97.66%	79.15%
State of Florida	0.00%	14.27%	8.81%
Employees	9.00%	7.93%	8.00%
Annual Pension Cost	\$19,842,467	\$10,431,023	\$11,231,410
Contributions Made	\$19,834,090	\$10,432,675	\$11,229,154
Actuarial Valuation Date	10/01/12	10/01/12	10/01/12
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent	Level Percent	Level Percent
	Closed	Closed	Closed
Remaining Amortization	29 Years	29 Years	29 Years
Asset Valuation Method	5 Year Smoothed Market	(a)	5 Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	8.00%	7.70%	8.00%
Projected Salary Increases*	4.00% to 9.00%	6.20% to 34.20%	5.03% to 10.67%
* Includes Inflation at	3.50%	3.00%	3.50%
Cost-of-Living Adjustments	N/A	(b) (c)	2.00% (c)
(a) Actuarial value of assets is equal to the market value of assets adjusted to reflect a five-year phase-in of the net investment gain or loss. However, the actuarial value of assets may not be less than 90% of market value of assets or more than 110% of market value of assets.			
(b) Any retiree previously covered by the Supplemental Plan or hired after October 1, 1989 will receive a 2% annual increase in benefit payments commencing three years after the retiree's benefit payments have begun. Retirees receiving benefit payments as of October 1, 1988 will receive a 1% annual increase in benefit payments commencing the later of October 1, 1989 or three years after the retiree's benefit payment began. All beneficiaries will receive a 2% annual increase in benefit payments regardless of the magnitude of the COLA the retired member was receiving. Retirees hired on or after July 16, 2009 and their associated beneficiaries will not receive a COLA.			
(c) All benefits accrued after October 1, 2011 will not be subject to any cost of living adjustment.			

Source: _____

The tables below show the annual pension costs for each retirement fund for the Fiscal Years ended September 30, 2014, 2013, 2012 and 2011.

Employees Retirement Fund

<u>Fiscal Year Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Cost Contributed</u>	<u>Net Pension Obligation (a)</u>
September 30, 2014	\$ 19,842,467	99.9%	\$ (234,804)
September 30, 2013	17,920,578	99.9%	(243,181)
September 30, 2012	13,062,549	99.9%	(250,285)
September 30, 2011	16,748,923	99.9%	(261,956)

Fire Retirement Fund

<u>Fiscal Year Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Cost Contributed</u>	<u>Net Pension Obligation (a)</u>
September 30, 2014	\$ 10,431,023	100.0%	\$ (128,104)
September 30, 2013	9,583,797	100.0%	(126,452)
September 30, 2012	10,401,085	99.9%	(126,132)
September 30, 2011	11,121,920	99.9%	(128,000)

Police Retirement Fund

<u>Fiscal Year Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Cost Contributed</u>	<u>Net Pension Obligation (a)</u>
September 30, 2014	\$ 11,231,410	99.9%	\$ (175,685)
September 30, 2013	9,266,964	99.9%	(177,941)
September 30, 2012	9,935,133	99.9%	(179,829)
September 30, 2011	12,921,854	99.9%	(183,688)

(a) These amounts reflect cumulative net over-contributions (assets) from October 1, 1987 to date of the required APC at fiscal year end.

Source: City of Hollywood, Florida Comprehensive Annual Financial Reports for the Fiscal Years ended September 30, 2011 through and including 2014.

The tables below show the unfunded actuarial liability as of October 1, 2014, 2013, 2012 and 2011 for the Employees Retirement Fund, the Fire Retirement Fund and the Police Retirement Fund.

Employees Retirement Fund

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
October 1 2014	\$243,861,301	\$438,745,548	\$194,884,247	55.6%	\$31,028,415	
2013	227,700,385	424,004,184	196,303,799	53.7	28,007,058	
2012	217,907,548	387,472,215	169,564,667	56.2	29,111,818	582.5

2011	224,237,503	376,225,569	151,988,066	59.6	29,823,518	509.6
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Source: City of Hollywood General Employee's Retirement System Actuarial Valuation Report as of October 1, 2014.

Fire Retirement Fund

Actuarial Valuation Date October 1	Actuarial Value of Assets*	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
2014	\$	\$	\$	%	\$	%
2013	170,201,000	314,689,000	144,489,000	54.1	13,939,000	1,036.6
2012	90,389,165	219,158,683	128,769,518	41.2	10,371,171	1,241.6
2011	88,720,994	212,537,752	123,816,758	41.7	12,338,453	1,003.5

*Prior to October 1, 2013, Deferred Retirement Option Plans (DROP) balances were not included in Assets or Liabilities.

Police Retirement Fund

Actuarial Valuation Date October 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
2014	\$172,701,186	\$318,942,862	\$146,241,676	54.1%	\$16,504,396	886.1%
2013	165,773,329	312,769,339	146,996,010	53.0	14,581,728	1,008.1
2012	166,024,436	303,650,726	137,626,290	54.7	13,707,806	1,004.0
2011	163,376,325	289,627,228	126,250,903	56.4	15,230,825	828.9

Source: _____

Defined Contribution Plans

The City has a contract with the ICMA-RC for a defined contribution pension plan covering certain employees with an employment agreement with the City. The plan is established under the provisions of Section 401(a) of Internal Revenue Code as Money Purchase Plans and Trusts. In addition, there is a second 401(a) plan between the Hollywood Community Redevelopment Agency ("CRA") and ICMA-RC covering the executive director and employees of the agency. Benefits depend solely on the amounts contributed to the plans plus investment return. The plans do not require or permit employee contributions. During Fiscal Year 2014, the City and the CRA contributed approximately \$279,000 to these defined contribution plans.

Deferred Compensation Plans

The City offers certain employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit employees to defer a portion of their salary until future years. At the employee's election, such amounts may be invested in mutual funds which represent varying levels of risk and return. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under

plans are held in trust for the exclusive benefit of the plans' participants and their beneficiaries. Because the City has no control over these assets, they are not reflected in the City's statements.

OTHER POST EMPLOYMENT BENEFITS

The City provides health care benefits, including prescription drug coverage, for its retired employees ("OPEB"). Pursuant to Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City's self-funded health and hospitalization plan for medical, prescription and drug coverage. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The City also provides an explicit subsidy for retirees depending on their employment group and date of hire. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. At October 1, 2011, 945 retirees and 288 eligible dependents were receiving these benefits.

Similar to most jurisdictions, the City has historically funded these benefits on a pay-as you-go basis, but has been in compliance with Governmental Accounting Standard's Board's Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45) since Fiscal Year ended September 30, 2008. GASB 45 applies accounting methodology similar to that used for pension liabilities (GASB 27) to other post-employment benefits and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded. The City has not advanced funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Required contributions are based on projected pay-as-you-go financing.

Annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for the Fiscal Years ended September 30, 2015, 2014, 2013, 2012 and 2011 are shown below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB</u>		<u>Percentage of OPEB</u>	<u>Net OPEB</u>
	<u>Costs</u>	<u>Contribution</u>	<u>Cost Contributed</u>	<u>Obligation</u>
September 30, 2015	\$ 30,647,000	\$ 10,652,000	34.8%	\$ 163,862,543
September 30, 2014	29,095,000	10,242,000	35.2	143,867,543
September 30, 2013	29,092,887	9,419,309	32.4	125,014,453
September 30, 2012	27,318,512	8,212,242	30.1	105,340,965
September 30, 2011	30,029,771	7,756,270	25.8	86,234,695

Source: The City of Hollywood Post-Retirement Medical Actuarial Valuation as required by GASB 45 dated February 25, 2015.

The table below shows the unfunded actuarial liability as of October 1, 2014, 2013, 2012, 2011 and 2010 for OPEB.

Actuarial Valuation Date <u>October 1</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liability (AAL)</u>	Unfunded <u>AAL (UAAL)</u>	Funded <u>Ratio</u>	Covered <u>Payroll</u>	UAAL as % of Covered <u>Payroll</u>
2014	0	\$405,131,000	\$405,131,000	0%		
2013	0	389,593,000	389,593,000	0		
2012	0	388,256,996	388,256,996	0	\$82,754,752	469.2%
2011	0	369,686,728	369,686,728	0	81,867,257	451.6
2010	0	433,363,309	433,363,309	0	95,506,755	453.8

Source: For Fiscal Years ended September 30, 2011 through and including 2014, City of Hollywood, Florida Comprehensive Annual Financial Report for Fiscal Year ended September 30, 2014 and for Fiscal Year ended September 30, 2015, _____.

INVESTMENT POLICY

The City adopted a detailed written investment policy on July 6, 2005, as amended on May 21, 2013, that applies to all funds (cash, cash equivalents and investments) held by or for the benefit of the City except for proceeds of refunded bond issues which are deposited in escrow, debt service funds or reserve funds governed by their establishing documents and the assets of the City's three employee retirement systems.

The objectives of the investment program are: a) preservation of capital, b) liquidity, c) yield maximization and d) investment responsibility.

Subject to certain restrictions in the City's investment policy concerning maximum allowable percentages, the City may invest in the following types of securities: (a) the Local Government Surplus Trust Fund administered by the State Board of Administration of the State of Florida, (b) U.S. Treasury Obligations, (c) U.S. Government Agency Obligations, guaranteed by the U.S. Government, (d) U.S. Government instrumentalities, guaranteed by the issuing corporation and not by the U.S. Government, (e) Certificates of Deposit, Savings Accounts, NOW Checking Accounts or Money Market Accounts, (f) Repurchase Agreements, (g) Commercial Paper, (h) Mutual Funds consisting of U.S. Government Obligations, (i) Money Market Mutual Funds, and (j) Intergovernmental Investment Pools. All other investments not specifically stated by the investment policy as "Authorized Investments" are unauthorized.

The City utilizes portfolio diversification as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. To control risk of illiquidity, a minimum of \$20 million, or the equivalent of two months of projected payroll and operating expenditures, will be invested in short-term investment vehicles.

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

LITIGATION AND OTHER MATTERS

Litigation

There is no litigation pending or, to the knowledge of the City, threatened, seeking to restrain or enjoin the issuance or delivery of the Series 2016A Bonds or questioning or affecting the validity of the Series 2016A Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members of the City Commission or other officers of the City to their respective offices is being contested.

In the opinion of the City Attorney, any pending or threatened litigation against the City, which represents potential liability to the City, will not have a material effect on its financial position and its ability to perform its obligations to the Bondholders.

Other Matters

[Description of Pension Board Litigation to come]

TAX MATTERS

Generally. The Code includes requirements which the City must continue to meet after the issuance of the Series 2016A Bonds in order that interest on the Series 2016A Bonds not be included in gross income for federal income tax purposes. The failure by the City to meet these requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Resolution to comply with the requirements of the Code in order to maintain the exclusion of interest on the Series 2016A Bonds from gross income for federal income tax purposes.

In the opinion of Bond Counsel, assuming continuing compliance by the City with the tax covenant referred to above, under existing statutes, regulations, rulings and court decisions interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes. Interest on the Series 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations.

Except as described herein, 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 Series 2016A Bonds. Prospective purchasers of Series 2016A Bonds should be aware that the ownership of Series 2016A Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2016A Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on a Series 2016A Bond, (ii) the reduction of loss reserve deduction for property and casualty insurance companies by 15% of certain items, including interest on the Series 2016A Bonds, (iii) the inclusion of interest on the Series 2016A Bonds in the effectively connected earnings and profits (with adjustments) of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on the Series 2016A Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the

taxable year, and (v) the inclusion of interest on the Series 2016A Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits.

Original Issue Premium. The Series 2016A Bonds (the "Noncallable Premium Bonds") were sold at a price in excess of the amount payable at maturity. Under the Code, the difference between the amount payable at maturity of the Noncallable Premium Bonds and the tax basis to the purchaser (other than a purchaser who holds a Noncallable Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized for federal income tax purposes over the term of a Noncallable Premium Bond. A purchaser of a Noncallable Premium Bond is required to decrease his adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year is determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of the Noncallable Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Noncallable Premium Bonds and with respect to the state and local consequences of owning and disposing of Noncallable Premium Bonds.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds such as the Series 2016A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2016A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2016A Bonds, under certain circumstances, to "backup withholding" at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2016; and (ii) the rate of 31% for taxable years beginning after December 31, 2016, with respect to payments on the Series 2016A Bonds and proceeds from the sale of Series 2016A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2016A Bonds. This withholding generally applies if the owner of Series 2016A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2016A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Florida Taxes. The Series 2016A Bonds and the income thereon are not subject to taxation under the laws of the State, except estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein.

Florida laws governing the imposition of estate taxes do not provide for an exclusion of State or local bonds from the calculation of the value of the gross estate for tax purposes. Florida's estate tax is generally calculated on the basis of the otherwise unused portion of the federal credit allowed for state estate taxes. Under Chapter 198, Florida Statutes, all values for state estate tax purposes are as finally determined for federal estate tax purposes. Since state and local bonds are included in the valuation of the gross estate for federal tax purposes, such obligations would be included in such calculation for

Florida estate tax purposes. Prospective owners of the Series 2016A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the Series 2016A Bonds for estate tax purposes.

The Series 2016A Bonds and the income thereon are subject to the tax imposed by Chapter 220, Florida Statutes, on interest, income, or profits on debt obligations owned by corporations and other specified entities.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2016A Bonds are subject to the approval of Greenberg Traurig, P.A., Bond Counsel, whose approving opinion in the form attached hereto as "Appendix D - Form of Bond Counsel Opinion" will be furnished without charge to the purchasers of the Series 2016A Bonds at the time of their delivery. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery.

Certain legal matters will be passed upon for the City by the Office of the City Attorney, Hollywood, Florida. Certain matters relating to disclosure will be passed upon for the City by Bryant Miller Olive P.A., Miami, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale, Florida as Underwriter's Counsel.

The legal opinions to be delivered concurrently with the delivery of the Series 2016A 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 on 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.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department"). Pursuant to Rule 3E-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

FINANCIAL ADVISOR

FirstSouthwest Company, LLC, Orlando, Florida is serving as financial advisor to the City (the "Financial Advisor") and has acted in such capacity with respect to the sale and issuance of the Series

2016A Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2016A Bonds. The Financial Advisor did not engage in any underwriting activities with regard to the issuance and sale of the Series 2016A Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch") are expected to assign their municipal bond ratings of "____" (___ outlook) and "____" (___ outlook), respectively, to the Series 2016A Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2016A Bonds.

FINANCIAL STATEMENTS

The basic financial statements of City of Hollywood, Florida for the Fiscal Year ended September 30, 2014 appended hereto as Appendix B as part of this Official Statement have been audited by McGladrey LLP, independent certified public accountants, as set forth in their report dated April 30, 2015 which report is also included in Appendix B. McGladrey LLP has not participated in the preparation or review of this Official Statement. The financial statements are attached hereto as a matter of public record. Such financial statements speak only as of September 30, 2014. The consent of McGladrey LLP has not been sought. **[Discuss when 2015 Audit will be available]**

VERIFICATION OF ARITHMETICAL COMPUTATIONS

At the time of the delivery of the Series 2016A Bonds, _____, as the Verification Agent, will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them and prepared by Merrill Lynch, Pierce, Fenner & Smith Incorporated on behalf of the City relating to (a) the sufficiency of the anticipated cash and maturing principal amounts and interest on the funds deposited in the respective accounts in the Escrow Fund to pay, when due, the principal, whether at maturity or upon prior redemption, interest and call premium requirements, if any, of the respective Prior Obligations and (b) the "yield" on the Series 2016A Bonds and on the federal securities considered by Bond Counsel in connection with its opinion that the Series 2016A Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code, as amended.

UNDERWRITING

The Series 2016A Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated at an aggregate purchase price of \$_____ (representing the par amount of \$_____ [plus net original issue premium][less net original issue discount] of \$_____ and less Underwriter's discount of \$_____). The Underwriter's obligations are subject to certain conditions precedent described in the Bond Purchase Agreement with the City, and they will be obligated to purchase all of the Series 2016A Bonds if any Series 2016A Bonds are purchased. The Series 2016A Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2016A Bonds into investment trusts) at prices lower than such public offering prices set forth on the inside cover page, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments if the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the Series 2016A Bondholders to provide certain financial information and operating data relating to the City and the Series 2016A 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 its audited financial statements with the Municipal Securities Rulemaking Board (the "MSRB"). The City has agreed to file notices of certain enumerated material events, when and if they occur, with the MSRB.

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" hereto. The Continuing Disclosure Certificate shall be executed by the City prior to the issuance of the Series 2016A Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

With respect to the Series 2016A 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. At various times during the past five years, the City has inadvertently failed to file notices of material events regarding the ratings changes of the insurers of their respective indebtedness and certain ratings recalibrations. The City subsequently filed notices indicating the current ratings of the bond insurers which insure their currently outstanding indebtedness. Further, the City, under certain continuing disclosure certificates for loans obtained through the First Florida Governmental Financing Commission ("FFGFC"), filed certain annual financial information late due to the unavailability of unaudited and audited financial statements (the "Financial Statements") prior to the City's FFGFC filing date of March 15, and the Financial Statements were inadvertently not filed on EMMA under the FFGFC CUSIP numbers. The City has subsequently filed the Financial Statements under the FFGFC CUSIP numbers.

The City intends to fully satisfy all obligations in connection with its present and prior continuing disclosure undertakings in the future. Digital Assurance Certification ("DAC") acts as the City's Dissemination Agent.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2016A Bonds. Payment of the fees of Bond Counsel, Disclosure Counsel, the Financial Advisor and an underwriting discount to the Underwriter, including the fees of its counsel, are each contingent upon the issuance of the Series 2016A Bonds.

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 Series 2016A Bonds, the security for the payment of the Series 2016A Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made

hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the City from the date hereof.

FORWARD-LOOKING STATEMENTS

This Official Statement contains certain "forward-looking statements" concerning the City's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the City. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements.

MISCELLANEOUS

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 Series 2016A Bonds.

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 Series 2016A 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 MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2016A 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.

This Official Statement has been duly executed and delivered by the Mayor of the City of Hollywood, Florida and by the Director of Financial Services of the City.

CITY OF HOLLYWOOD, FLORIDA

By: _____
Mayor

By: _____
Director of Financial Services

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF HOLLYWOOD, FLORIDA

History and Area

The City is a municipal corporation incorporated in 1925. The City is located on the southeast coast of Florida in Broward County and has a land area of approximately 30 square miles. The permanent population of the City is estimated at 144,310 people with the seasonal peak approaching 200,000, as of September 2014. While the City is primarily a residential community, it also contains light industry, varied shopping and office complexes and 7 linear miles of beach front which attracts tourists from around the world.

Population

According to the 2010 Census, Florida continued to experience growth between 2000 and 2010 and is the fourth most populous state in the nation (after California, Texas and New York). Except for managed growth added through annexation of unincorporated land areas that are contiguous to the City's northern limits, the City is substantially built-out, so that its future population increases are projected to be at a slower rate than the State of Florida as a whole.

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>School Enrollment</u>
2014	144,310	5.5%	20,368
2013	143,935	6.3	20,172
2012	142,374	8.4	19,822
2011	140,930	10.0	19,752
2010	142,397	10.7	19,986
2009	141,942	8.5	20,098
2008	143,172	4.9	21,108
2007	142,943	3.6	22,508
2006	143,287	3.2	23,642
2005	143,025	4.3	24,490

Source: City of Hollywood, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

PRINCIPAL TAXPAYERS
As of Fiscal Year ended September 30, 2014
(\$ in thousands)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value ⁽¹⁾</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Diplomat Properties LTD Partnership	Hotel	\$ 271,497	2.43%
Florida Power & Light Company	Utility	161,113	1.44
Michael Swerdlow Properties	Commercial and Residential Development	94,615	0.85
Equity One LLC	Commercial Property Leasing	75,770	0.68
Distribution Funding, Inc.	Financial Asset Mgmt.	49,571	0.44
WRI/Hollywood Hills LLC	Residential Property Mgmt.	37,901	0.34
Park Colony	Residential Property Mgmt.	37,160	0.33
Windsor Hollywood LLC	Residential Rental Mgmt.	36,454	0.33
CDR Presidential LLC	Commercial Property Leasing	36,247	0.32
SNH SE Properties Trust	Medical Property Mgmt.	<u>33,660</u>	<u>0.30</u>
Total		<u>\$ 833,988</u>	<u>7.46%</u>
Total Taxable Assessed Value		<u>\$11,155,573</u>	

Source: City of Hollywood, Florida

⁽¹⁾ Value of non-exempt real and personal property subject to taxation at January 1, 2013.

PRINCIPAL EMPLOYERS
As of Fiscal Year ended September 30, 2014

Employer	Employees	Product/Business	Percentage of Employment
Memorial Healthcare System	12,000	Hospital	15.4%
City of Hollywood	1,184	Government	1.5
Publix Supermarkets	1,151	Supermarket Chain	1.5
Westin Diplomat Resort & Spa	1,024	Hotel	1.3
Memorial Regional Hospital South	600	Hospital	0.8
Brandsmart U.S.A.	400	Retail Consumer Electronics	0.5
Great Health Works, Inc.	348	Health Care Products	0.5
FirstServices Residential	300	Property Management	0.4
Sheridan Technical Center	282	Educational Facility	0.4
HEICO Corporation	269	Aircraft Parts	0.4

Source: City of Hollywood, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2014.

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Years ended September 30

(\$ in thousands)

Fiscal Year	Real Property			Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (mills)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Property						
2014	\$9,710,175	\$4,826,893	\$3,551	\$587,328	\$4,669,012	\$10,458,935	7.8436	\$15,127,947	69.14%
2013	9,039,943	4,754,324	3,139	656,880	4,361,073	10,093,213	7.7519	14,454,286	69.83
2012	9,074,429	4,815,235	3,320	647,910	4,433,935	10,106,959	7.8928	14,540,895	69.51
2011	9,175,890	4,977,610	3,224	649,744	4,387,855	10,418,613	7.1368	14,806,468	70.37
2010	11,489,326	5,114,805	3,860	641,398	5,425,371	11,824,018	6.3375	17,249,389	68.55
2009	14,861,489	4,871,175	4,367	640,406	6,892,235	13,485,202	5.9317	20,377,437	66.18
2008	16,303,090	4,517,797	2,278	665,464	7,326,505	14,162,124	5.9545	21,488,629	65.91
2007	14,554,597	3,854,208	2,073	732,511	6,472,201	12,671,188	7.0344	19,143,389	66.19
2006	11,247,872	3,483,541	1,718	697,962	4,881,616	10,549,477	7.0663	15,431,093	68.37
2005	9,122,102	3,013,110	2,080	682,882	3,761,072	9,059,102	6.9163	12,820,173	70.66

Source: City of Hollywood, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2014.

PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Years ended September 30
(\$ in thousands)

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percent of Levy Collected
2015	\$87,700	\$87,011	99.2%	0	\$87,011	99.2%
2014	82,093	81,711	99.5	(372) ⁽¹⁾	81,339	99.1
2013	78,279	77,984	99.6	(318) ⁽¹⁾	77,666	99.2
2012	79,803	78,948	98.9	(291) ⁽¹⁾	78,657	98.6
2011	74,415	72,825	97.9	18	72,843	97.9
2010	74,996	73,313	97.8	917	74,230	99.0
2009	79,456	78,440	98.7	1,169	79,609	100.2
2008	83,965	83,508	99.5	544	84,052	100.1
2007	88,803	88,010	99.1	495	88,505	99.7
2006	73,993	73,603	99.5	292	73,895	99.9

Source: City of Hollywood, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2014.

- (1) Negative collections resulted from Broward County adjustments processed during the fiscal year after initial levy.

Constitutional Amendments Related to Ad Valorem Exemptions

General. On January 29, 2009, in a special election held in conjunction with State's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. These amendments were effective beginning with the 2008 tax year (Fiscal Year 2008-09 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 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.

Over the last few years, 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 State 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 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. Any potential impact on the City or its finances as a result of such challenges cannot be ascertained at this time.

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 the State, which, among other things, do the following: (a) allow the State 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 real property that is perpetually used for conservation (began in 2010); and, (d) for land not perpetually encumbered, require the State 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 State Legislature.

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

During the State Legislature's 2012 Regular Session, it passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount

of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property.

Also during the State Legislature's 2012 Regular Session, it passed House Joint Resolution 169 ("HJR 169") allowing the State Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than \$250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than \$27,300. [The City has not enacted an ordinance granting this additional homestead exemption.]

Each of the above described proposals were approved as amendments to the Florida Constitution by the voters on November 6, 2012 and became effective January 1, 2013. There can be no assurance that similar or additional legislative 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 Trust Fund Revenues.

During the State Legislature's 2013 Regular Session, it passed Senate Bill 1830 ("SB 1830"), which created a number of changes affecting ad valorem taxation and 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, provided it is the permanent residence of another person legally or materially dependent upon such owner. 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 State 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.

Also during the State Legislature's 2013 Regular Session, it passed House Bill 277 ("HB 277"), which was signed into law by the State 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.

Also during the State Legislature's 2013 Regular Session, it passed House Bill 1193 ("HB 1193"), which was signed into law by the State Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193

relieves the value adjustment board of the authority to review the property appraisers in certain circumstances. HB 1193 was effective immediately and will apply retroactively to January 1, 2013.

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

Recreation and Culture

The City is home to more than 38 City parks, five golf courses, seven miles of pristine beaches, and the one-of-a-kind Hollywood Beach Broadwalk, a promenade that stretches nearly 2.5 miles along the Atlantic Ocean. The City's Broadwalk was designated a Top 10 Great Public Space for 2013 by the American Planning Association. This brick-paved thoroughfare hosts pedestrians, joggers, bicyclists, rollerbladers, and millions of others every year. Dozens of eateries and inns line the Broadwalk and the promenade also features the Hollywood Beach Theatre, a children's water playground at Charnow Park, and many other attractions. Hollywood Beach also offers dozens of luxury hotels and condominiums such as the Westin Diplomat and the Margaritaville Hollywood Beach Resort, with more planned for the area.

The City has steadily grown into a dynamic business hub with more than 10,000 companies located in the City. Approximately 80 percent of Port Everglades, the world's second-busiest cruise port, is located in Hollywood and the port is home to Royal Caribbean's *Allure of the Seas* and *Oasis of the Seas*, the largest cruise liners in the world. Hollywood also provides easy access to Fort Lauderdale-Hollywood International Airport and Miami International Airport, a major gateway to Latin America. The City is also home to the Memorial Healthcare System, the nation's fifth-largest healthcare network, its flagship hospital, Memorial Regional, and the Joe DiMaggio Children's Hospital, the largest free-standing children's healthcare facility in Broward County.

Historic Downtown Hollywood is a lively commercial, entertainment and cultural arts district. Highlighted by the ArtsPark at Young Circle and dozens of bars and restaurants, Downtown Hollywood hosts hundreds of concerts, music festivals, dance exhibitions, shows, art exhibits, and much more. A wide variety of music and entertainment from live jazz, blues, rock, Latin and R&B are all just a few steps apart.

Tourism

Tourism is an important economic factor in the City. The combination of favorable climate, together with diverse recreational opportunities located within the City and surrounding communities, including parks, public beaches, yacht basins, fishing, golf, tennis, restaurants, thoroughbred racing, jai alai, casinos and water recreational facilities, have made the City a tourist center. Tourists now visit the City year round instead of merely during winter months, and the tourism industry is currently drawing from an international market, particularly Canada.

Construction

The City is primarily a residential community with most of its area already developed. From 2004 to 2014, building permits issued for construction ranged from a high of 18,309 in 2006 to a low of 8,960 in 2009. As of September 17, 2015, a total of 12,660 building permits were issued.

Education

The public school system in the City is operated by the Broward County School District. Hollywood is home to 27 public and charter elementary, middle and high schools. Hollywood Hills High School hosts Broward County's first public military academy. Hollywood also has more than 11 private schools. Nationally renowned higher learning institutions such as Barry University, Nova Southeastern University, and City College have research and educational facilities in Hollywood.

There are 3 four-year colleges and universities in Broward County: Florida Atlantic University and Florida International University, which are public, and Nova Southeastern University, which is private. Florida Atlantic University and Florida International University are two of the twelve universities in the State of Florida University System. Nova Southeastern University is the second largest independent university in Florida. There are 14 other colleges in Broward County offering a variety of education options with associate and/or bachelor degrees or certificate programs providing vocational and technical education.

Transportation

Surface Transportation. The City is served by the Broward County Transit System with twelve bus routes going into or through the City. The City is also served by two railroads (Florida East Coast Railway and CSX) and major freight carriers. The road system within the City totals approximately 426 miles. The County-operated bus system, with a total operating fleet of 299 transit vehicles, served over 38.1 million passengers county wide in fiscal year 2014. Tri-Rail, a commuter rail system, provides service along a 66 mile corridor from Palm Beach County to Miami-Dade County.

Sea Transportation. Port Everglades, the State's deepest harbor and a leading international cruise port, is located primarily within the City's municipal boundaries. Broward County, Florida is responsible for administering the Port. However, the City has concurrent jurisdiction over that portion of Port Everglades that lies within the City's municipal boundaries. A portion of Port Everglades has been designated a Foreign Trade Zone ("FTZ"), where foreign components can be assembled, packaged and shipped without usual customs duties. Since its establishment in 1977, the FTZ has attracted clean, light industry to the Port. FTZ facilities include over 450,000 square feet of protected warehousing, a customs and security building, an executive center, a computer system for inventory control, as well as land prepared for lease to private builders. Port Everglades is located two miles from Fort Lauderdale-Hollywood International Airport and is served by major motor freight carriers and two railroads. In fiscal year 2014, a total of 4,001,354 cruise ship passengers went through Port Everglades on 877 sailings. In addition, 107.2 million barrels of petroleum and 6.5 million tons of containerized cargo were handled.

Air Transportation. The area's primary international airport, the Fort Lauderdale-Hollywood International Airport, is used by most major national commercial airlines and several foreign commercial airlines. For the calendar year ended December 31, 2014, the Fort Lauderdale-Hollywood International Airport served more than 24.6 million passengers and has served more than 16.2 million passengers through September 4, 2015.

Employee Relations

As of October 1, 2014, the City is the second largest employer located in the City of Hollywood, with 1,299 employees. There are five organized collective bargaining units: American Federation of State, County and Municipal Employees (AFSCME) General, AFSCME Professional, AFSCME Supervisory, International Association of Firefighters (IAFF) and Broward County Police Benevolent Association (PBA).

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of City property; errors and omissions; injuries to employees; and natural disasters. The City's Insurance Fund (an internal service fund) accounts for and finances its uninsured risks of loss. Under this program, the Insurance Fund provides coverage for up to a maximum of \$600,000 for each workers' compensation claim, \$400,000 for each general liability claim and \$350,000 for each health insurance claim. The Master Property Program (excluding Water and Sewer Utility properties) has \$193 million for property coverage with a deductible of \$25,000 for each property damage claim, except wind/hail which has a deductible of 5%, but not less than \$250,000 for direct damage. Wind has a cap of \$30 million. The Water and Sewer Utilities program has \$150 million of property coverage with a deductible of \$25,000 for each property damage claim, except for wind/hail which has a deductible of 5%, but not less than \$500,000 for direct damage. Wind has a cap of \$50 million. The City purchases commercial insurance for workers' compensation, general liability, property damage and health claims in excess of coverage provided by the Insurance Fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts to pay prior and current-year claims.

APPENDIX B

**BASIC FINANCIAL STATEMENTS OF THE CITY FOR
FISCAL YEAR ENDED SEPTEMBER 30, [2014][2015]**

APPENDIX C

FORM OF THE RESOLUTION

APPENDIX D

FORM OF BOND COUNSEL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE