

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **IMMUNITY - FLORIDA**

### **Beach Community Bank v. City of Freeport**

**Supreme Court of Florida - November 13, 2014 - So.3d - 2014 WL 5856331**

Bank that had issued loan to developer brought negligence action against city, alleging that city, in approving development of residential project, had failed to ensure that developer posted adequate security and failed to determine legitimacy of purported surety that had issued fraudulent or uncollectible letter of credit as bond for project. The Circuit Court denied city's motion to dismiss based on sovereign immunity. City petitioned for writ of certiorari. The District Court of Appeal granted petition. Bank appealed.

The Supreme Court of Florida held that:

- Certiorari review of non-final order denying motion to dismiss based on sovereign immunity was permitted, and
- City was entitled to sovereign immunity.

Action related to a discretionary function of government, rather than an operational function, and therefore city was entitled to sovereign immunity in negligence action brought by bank that had issued loan to real estate developer, alleging that city failed to ensure developer posted adequate security for completion of infrastructure and failed to conduct reasonable investigation to ascertain authenticity and adequacy of a letter of credit. City's decision that receipt of written guarantee of security was sufficient compliance with municipal code fell within municipality's inherent, fundamental policy-making authority.