

**TAX CERTIFICATE AS TO ARBITRAGE AND  
THE PROVISIONS OF SECTIONS 141-150 OF  
THE INTERNAL REVENUE CODE OF 1986, AS AMENDED**

Not to Exceed \$10,000,000  
City of Cooper City, Florida  
Emergency Line of Credit Revolving Note,  
Series 2024

In connection with the issuance by the City of Cooper City, Florida (the "City") of its Not to Exceed \$10,000,000 Emergency Line of Credit Revolving Note, Series 2024 (the "Note"), the City makes and enters into this Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, as amended (this "Tax Certificate").

The City acknowledges that the opinion of Bond Counsel regarding the exclusion of interest on the Note from gross income under Section 103(a) and Sections 141-150 of the Internal Revenue Code of 1986, as amended (the "Code") and the Income Tax Regulations promulgated thereunder (the "Regulations") is rendered in reliance upon the representations and statements of fact and expectations contained herein and assumes the City's continued compliance with the provisions of this Tax Certificate.

1. The Note is being issued pursuant to and under the authority of the Constitution of the State of Florida, Chapter 166, Part II, Florida Statutes, the Charter of the City, and other applicable provisions of law, Resolution No. 24-[\_\_] adopted by the City Commission of the City on December 10, 2024, and the Line of Credit Agreement dated December 13, 2024 (the "Line of Credit Agreement"), between City and TD Bank N.A. (the "Bank"). Unless otherwise specifically defined, all capitalized terms used in this Tax Certificate shall have the meanings set forth in the Line of Credit Agreement or the Regulations. The proceeds of the Note will be used to:

- (a) finance the costs of disaster recovery efforts related to hurricane damage and other natural disasters in anticipation of reimbursement for such costs by FEMA or the State of Florida following a declaration of a state of emergency (the "Project"); and
- (b) pay the costs of issuing the Note (the "Issuance Expenses").

2. The Note is being issued as a draw-down loan, as described in Section 1.150-1(c)(4)(i) of the Regulations, and the City will draw \$50,001.00 of proceeds under the Note on the date hereof. Pursuant to the Line of Credit Agreement, the aggregate principal amount outstanding under the Note shall not exceed \$10,000,000. The City does not expect to repay and reborrow any proceeds of the Note; however, in the event of any repayment and readvancement of the Note, the City agrees to coordinate with Bond Counsel to timely file IRS Form 8038-G not later than the 15th day of the second calendar month following the initial draw of any readvancement.

3. On the basis of the facts, estimates and circumstances in existence on the date hereof, we reasonably expect the following with respect to the Note being issued this day and as to the use of the proceeds thereof:

(a) Total proceeds in the amount of not more than \$10,000,000.00 (the "Sale Proceeds") are expected to be derived by the City on a draw-down basis from the sale of the Note to the Bank and are expected to be needed and fully expended as follows:

(i) \$50,001.00 of said proceeds will be used to pay the Issuance Expenses; and

(ii) \$9,949,999.00 of said proceeds will be used to pay costs of the Project.

(b) The total Sale Proceeds to be received from the sale of the Note to the Bank, together with the investment earnings thereon, if any, do not exceed the amount necessary for the purposes described above.

(c) The Project constitutes extraordinary, nonrecurring items that are not customarily payable from current revenues of the City. The City does not maintain a reserve for such items (i.e., a self-insurance fund) and has not set aside other available amounts for such expenses.

(d) The City does not expect to sell or otherwise dispose of any property comprising a part of the Project financed with the proceeds of the Note prior to the final maturity date of the Note, except such minor parts or portions thereof that may be disposed of due to natural wear, obsolescence or depreciation in the normal course of business.

4. Binding contracts or commitments obligating the expenditure of not less than 5 percent of the Sale Proceeds toward the cost of the Project will be entered into by the City within 6 months from the date hereof. Work on the Project and the allocation of the Sale Proceeds to the costs of the Project will proceed with due diligence. It is expected that the Project will be completed and at least 85 percent of the Sale Proceeds will be allocated to Project expenditures within three years of the date hereof. The City shall account for the allocation of Sale to Project expenditures not later than 18 months after the later of the date the expenditure is made or the date that the Project is placed in service, but in no event later than 5 years after the date of issuance of the Note. The City agrees to maintain records detailing the allocation of the Sale Proceeds to those Project costs financed by the Note throughout the term of the Note and for a period of three years thereafter.

5. Not more than 50 percent of the proceeds of the Note will be invested in obligations having a substantially guaranteed yield for 4 years or more.

6. The Debt Service Account will be used primarily to achieve a proper matching of the Pledged Revenues, the Legally Available Non-Ad Valorem Revenues and the debt service on the Note within each bond year, and amounts deposited in such account will be depleted at least once annually except for a reasonable carryover amount not to exceed the greater of (A) the earnings on such account for the immediately preceding Bond Year, or (B) 1/12 of the debt service on the Note for the immediately preceding Bond Year.

7. Other than the Debt Service Account, there are no funds or accounts established pursuant to the Line of Credit Agreement or otherwise which are reasonably expected to be used to pay debt service on the Note, or which are pledged as collateral for the Note (or subject to a negative pledge) and for which there is a reasonable assurance on the part of the Bank that amounts therein will be available to pay debt service on the Note if the City encounters financial difficulties.

8. Except for preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs, proceeds of the Note will not be used to reimburse the City for Project costs paid prior to 60 days before December [10], 2024, the date the City authorized the issuance of the Note. Except for preliminary expenditures, any Project costs paid prior to the date of issuance of the Note which are to be reimbursed from Sale Proceeds will be reimbursed not later than 18 months after the later of (a) the date the original expenditure was paid; or (b) the date that the portion of the Project to which the reimbursement relates was placed in service, but in no event more than 3 years after the date that the expenditure was paid.

9. In the event that amounts drawn under the Note are not immediately used to pay or reimburse costs of the Project, the following represents the expectations of the City with respect to the investment of such proceeds of the Note:

(a) Sale Proceeds to be applied to pay Issuance Expenses may be invested at an unrestricted yield for a period not to exceed three years from the date hereof, although it is reasonably expected that all such amounts will be expended within 90 days of the date hereof.

(b) Sale Proceeds to be applied to pay Project costs may be invested at an unrestricted yield for a period not to exceed three years from the date hereof.

(c) Investment earnings on obligations acquired with amounts described in subparagraphs (a) and (b) above may be invested at an unrestricted yield for a period of three years from the date hereof or one year from the date of receipt, whichever period is longer.

(d) Amounts described in subparagraphs (a) through (c) that may not be invested at an unrestricted yield pursuant to such subparagraphs, may be invested at an unrestricted yield to the extent such amounts do not exceed \$100,000 (the "Minor Portion").

(e) Amounts described in subparagraph (d), not invested at an unrestricted yield pursuant to such subparagraph, shall be invested at a yield not in excess of the yield on the Note plus 1/8 of one percentage point or be invested in tax-exempt obligations under Section 103(a) of the Code the interest on which is not an item of preference within the meaning of Section 57(a)(5) of the Code.

(f) Amounts deposited in the Debt Service Account allocated to the payment of debt service on the Note may be invested at an unrestricted yield for a period of 13 months from the date of first deposit of such amounts to such account. Investment earnings on such amounts which are retained in the Debt Service Account may be invested at an unrestricted yield for a period of 13 months from the date of receipt of the amount earned.

(g) Amounts described in subparagraph (f) that may not be invested at an unrestricted yield pursuant to such subparagraph may be invested at an unrestricted yield to the extent such amount does not exceed the Minor Portion reduced by the amounts described in subparagraph (d) that are invested at a yield in excess of the yield of the Note.

(h) Amounts described in subparagraph (g) that may not be invested at an unrestricted yield pursuant to such subparagraph shall be invested at a yield not in excess of the yield on the Note or be invested in tax-exempt obligations under Section 103(a) of the Code the interest on which is not an item of preference within the meaning of Section 57(a)(5) of the Code.

To the extent that any amounts described in this Paragraph 9 are not permitted to be invested at an unrestricted yield, the City may satisfy the applicable yield restriction by causing the appropriate amount of yield reduction payments to be made to the United States, but only to the extent permitted by Section 1.148-5(c) of the Regulations.

10. For purposes of this Tax Certificate, "yield" means that yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the purchase price of such obligation. The yield on obligations acquired with amounts described in Paragraph 9 hereof and the yield on the Note shall be calculated by the use of the same frequency interval of compounding interest. In the case of the Note, the purchase price is not to exceed \$10,000,000.00. The purchase price of the Note and the interest rate thereon were arrived at as a result of an arm's length negotiation between the City and the Bank. The Bank has represented to the City in its Certificate attached as Exhibit A hereto that it is acquiring the Note for its own account and is not acting as a broker or other intermediary for the purpose of reselling the Note to other investors. Any investments acquired with amounts that may not be invested at an unrestricted yield pursuant to Paragraph 9 above or which are subject to the rebate requirement described in Paragraph 12 below shall be purchased at prevailing market prices and shall be limited to securities for which there is an established market, shall be United States Treasury Obligations - State and Local Government Series, or shall be tax-exempt obligations under 103(a) of the Code the interest on which is not an item of tax

preference within the meaning of Section 57(a)(5) of the Code. Because the Note is issued as a draw-down loan, the yield on the Note is not determinable at this time and the yield of the Note will be determined for each Computation Period as set forth in Section 1.148-4(c) of the Regulations.

11. No portion of the proceeds of the Note will be used as a substitute for other moneys of the City which were otherwise to be used to finance the costs of the Project and which have been or will be used to acquire directly or indirectly, obligations producing a yield in excess of the yield on the Note.

12. The City has covenanted in the Line of Credit Agreement that so long as the Note remains outstanding, the moneys on deposit in any fund or account maintained in connection with the Note, will not be used in any manner that would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code or bonds not described under Section 103(a) of the Code and the applicable regulations promulgated from time to time thereunder. Accordingly, the City shall comply with the guidelines and instructions in the Arbitrage Letter of Instructions from Bond Counsel, dated the date hereof, by which the City shall, among other things, pay or cause to be paid to the United States an amount equal to the sum of (i) the excess of the aggregate amount earned from the investment of "Gross Proceeds" of the Note from the date of issue over the amount that would have been earned if such amounts had been invested at a yield equal to the yield of the Note, plus (ii) the income or earnings attributable to the excess amount described in (i). See Exhibit B attached hereto.

13. Neither the City nor any person related to the City has entered into or is expected to enter into any hedging transaction (such as an interest rate swap, cap or collar transaction) with respect to the Note.

14. The Note is being issued for the purpose of providing interim financing for costs of the Project until such time as the City receives reimbursement from FEMA, or the State of Florida, its agency or division thereof (the "Grant Proceeds"). Within 30 days of receipt of any Grant Proceeds, the City is required to use such Grant Proceeds to prepay the Note. As a result, the term of the issue is not longer than is reasonably necessary within the meaning of Section 1.148-10 of the Regulations.

15. None of the proceeds of the Note will be used (directly or indirectly) to acquire any property which prior to its acquisition was used (or held for use) by a person other than a state or local governmental unit in connection with an output facility. For purposes of this Tax Certificate, the term "output facility" means electric and gas generation, transmission, and related facilities.

16. None of the proceeds of the Note will be used (directly or indirectly) to make or finance a loan to any person.

17. The City will not take any action which would cause the Note to be a "private activity bond" within the meaning of Section 141 of the Code. The City will not permit any person other than a state or local governmental unit or as a member of the general public (a "Nonexempt Person") to use, through sale, lease, management contract, output contract or similar agreement portions of the Project, which in the aggregate exceed 10 percent of the Project (based upon the cost of such portions of the Project). The percentage limitation described in the preceding sentence shall be reduced to 5 percent if the private use of the Project is not related to any governmental use or is disproportionate to the governmental use, all as described in Section 141(b)(3) of the Code.

18. The City acknowledges that in determining whether all or any portion of the Project is used, directly or indirectly, in the trade or business of a Nonexempt Person for purposes of Paragraph 17 above, use of any portion of the Project by a Nonexempt Person pursuant to a lease, management contract, service contract, output contract or other arrangement must be examined. The City represents that all management and service contracts with persons who are not employees of the City for use of any portion of the Project will comply with the guidelines set forth in IRS Revenue Procedure 2017-13, unless the City receives an opinion from Bond Counsel that such contract will not adversely impact the exclusion of interest on the Note from gross income for purposes of federal income taxation. The City agrees to maintain copies of all leases, management contracts, service contracts, output contracts, and other preferential use arrangements with Nonexempt Persons with respect to the use of the Project throughout the term of the Note and for a period of three years thereafter.

19. The City reasonably expects that the Project will be owned and operated throughout the term of the Note in a manner which complies with the requirements set forth in Paragraph 17 above. The City will not change the ownership or use of all or any portion of the Project in a manner that fails to comply with Paragraph 17 above, unless it receives an opinion of Bond Counsel that such change of ownership or use will not adversely affect the exclusion of interest on the Note from gross income for federal income tax purposes.

20. The payment of the principal of and interest on the Note is not and will not be guaranteed directly or indirectly by the federal government within the meaning of Section 149(b) of the Code.

21. The City is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Bank in its Certificate attached as Exhibit A hereto.

22. This Tax Certificate is, in part, to serve as a guideline in implementing the requirements of Sections 141 to 150 of the Code. If regulations, rulings, announcements and notices validly promulgated under the Code contain requirements which differ from those outlined here which must be satisfied for the Note to be tax-exempt or in order to avoid the imposition of penalties under Section 148 of the Code, pursuant to the covenants contained in the Line of Credit Agreement, the City is obligated to take such steps as are necessary to comply with

such requirements. If under those pronouncements, compliance with any of the requirements of this Tax Certificate is not necessary to maintain the exclusion of interest on the Note from gross income and alternative minimum taxable income or to avoid the imposition of penalties on the City under Section 148 of the Code, the City shall not be obligated to comply with that requirement. The City has been advised to seek the advice of competent counsel with a nationally recognized expertise in matters affecting exclusion of interest on municipal bonds from gross income in fulfilling its obligations under the Code to take all steps as are necessary to maintain the tax-exempt status of the Note.

23. To the best of our knowledge, information and belief, the above expectations are reasonable.

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IN WITNESS WHEREOF, we have hereunto set our hands this 13th day of December, 2024.

**CITY OF COOPER CITY, FLORIDA**

By: \_\_\_\_\_  
Name: James Curran  
Title: Mayor

ATTEST:

By: \_\_\_\_\_  
Name: Tedra Allen  
Title: City Clerk

[Signature Page | Tax Certificate]



## EXHIBIT A

### CERTIFICATE OF THE BANK

Not to Exceed \$10,000,000  
City of Cooper City, Florida  
Emergency Line of Credit Revolving Note

December 13, 2024

The undersigned, on behalf of TD Bank, N.A. (the "Bank"), hereby certifies as set forth below with respect to the purchase of the above-captioned obligation (the "Note").

1. **Purchase of the Note.** On the date of this Certificate, the Bank is purchasing the Note for \$50,001.00 and has agreed to advance additional amounts not to exceed, in aggregate, \$10,000,000.00, the maximum cumulative aggregate principal amount of the Note. The Bank is not acting as an Underwriter with respect to the Note. The Bank has no present intention to sell, reoffer, or otherwise dispose of the Note (or any portion of the Note or any interest in the Note). The Bank has not contracted with any person pursuant to a written agreement to have such Person participate in the initial sale of the Note and the Bank has not agreed with the City pursuant to a written agreement to sell the Note to Persons other than the Bank or a related party to the Bank.

2. **Defined Terms.**

- (a) *City* means the City of Cooper City, Florida.
- (b) *Person* means natural persons, firms, trusts, estates, associations, corporations, partnerships, and public bodies.
- (c) *Public* means any Person other than an Underwriter or a related party. The term "related party" for purposes of this Certificate generally means any two or more Persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) *Underwriter* means (i) any Person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Note to the Public, and (ii) any Person that agrees pursuant to a written contract directly or indirectly with a Person described in clause (i) of this paragraph to participate in the initial sale of the Note to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Note to the Public).

The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the Bank's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Note, and by Bryant Miller Olive P.A. in connection with rendering its opinion that the interest on the Note is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Note.

**TD BANK, N.A.**

By: \_\_\_\_\_  
Name: Lance Aylsworth  
Title: Vice President/Senior Relationship  
Manager

Dated the day and year first written above.

[Signature Page | Certificate of the Bank]

## EXHIBIT B

December 13, 2024

Mayor and City Commission  
City of Cooper City, Florida

Re: Not to Exceed \$10,000,000 City of Cooper City, Florida  
Emergency Line of Credit Revolving Note

Ladies and Gentlemen:

This Letter instructs you as to certain requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the Not to Exceed \$10,000,000 City of Cooper City, Florida Emergency Line of Credit Revolving Note (the "Note"). Capitalized terms used in this Letter, not otherwise defined herein, shall have the same meanings as set forth in the City's Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, as amended (the "Tax Certificate") executed on the date hereof.

This Letter is intended to provide you with general guidance regarding compliance with Section 148(f) of the Code. Because the requirements of the Code are subject to amplification and clarification, you should seek supplements to this Letter from time to time to reflect any additional or different requirements of the Code. In particular, you should be aware that regulations implementing the rebate requirements of Section 148(f) (the "Regulations") have been issued by the United States Treasury Department. These regulations will, by necessity, be subject to continuing interpretation and clarification through future rulings or other announcements of the United States Treasury Department. You should seek further advice of Bond Counsel as to the effect of any such future interpretations before the computation and payment of any arbitrage rebate.

For the purposes of this Letter, (i) any instructions relating to a fund or account shall be deemed to apply only to the portion of such fund or account allocable to the Note and (ii) any reference to "the date hereof" shall be deemed to mean December 13, 2024.

**Section 1. Tax Covenants.** Pursuant to the Line of Credit Agreement (as defined in the Tax Certificate), the City has made certain covenants designed to assure that interest with respect to the Note is and shall remain excluded from gross income for federal income tax purposes. The City has agreed, and by this Letter does hereby covenant, that it will not directly or indirectly use or permit the use of any proceeds of the Note or any other funds or take or omit to take any action that would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and that would cause interest on the Note to be included in gross income for federal income tax purposes under the provisions of the Code. The City has further agreed by this Letter to comply with all other requirements as shall be determined by Bond Counsel (as

hereinafter defined) to be necessary or appropriate to assure that interest on the Note will be excluded from gross income for federal income tax purposes. To that end, the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Note. In particular, the City agrees to cause the proceeds of the Note and certain other amounts described in Paragraph 9 of the Tax Certificate to be invested in a manner that is consistent with the expectations set forth in such Tax Certificate. In the event that or at any time the City is of the opinion that for purposes of this Section 1 it is necessary to restrict or to limit the yield on the investment of any moneys held by the City, the City shall take such action as may be necessary.

**Section 2. Definitions.** Unless the context otherwise requires, in addition to the use of the terms defined in the Tax Certificate, the following capitalized terms have the following meanings:

"*Bond Counsel*" shall mean Bryant Miller Olive P.A., or other nationally recognized bond counsel.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder.

"*Computation Credit Amount*" means the amount, as of each Computation Credit Date, set forth in Section 1.148-3(d)(1)(iv) of the Regulations.

"*Computation Credit Date*" means the last day of each Note Year during which there are amounts allocated to Gross Proceeds of the Note that are subject to the rebate requirement of Section 148(f) of the Code, and the Final Computation Date.

"*Computation Date*" shall mean any date selected by the City as a computation date pursuant to Section 1.148-3(e) of the Regulations, and the Final Computation Date.

"*Delivery Date*" shall mean December 13, 2024.

"*Economic Accrual Method*" shall mean the method of computing yield that is based on the compounding of interest at the end of each compounding period (also known as the constant interest method or the actuarial method).

"*Final Computation Date*" shall mean the date that the last bond that is part of the Note is discharged.

"*Gross Proceeds*" shall mean with respect to the Note, any proceeds of the Note and any funds (other than the proceeds of the Note) that are a part of a reserve or replacement fund for the issue, which amounts include amounts which are (A) actually or constructively received by the City from the sale of the Note (other than amounts used to pay Accrued Interest on the Note as set forth in the Tax Certificate); (B) treated as transferred proceeds (as defined in Section 1.148-9(b) of the Regulations); (C) treated as Replacement Proceeds under Section 1.148-1(c) of the Regulations; (D) invested in a reasonably required reserve or replacement fund (as defined in

Section 1.148-2(f) of the Regulations); (E) pledged by the City as security for payment of debt service on the Note; (F) received with respect to obligations acquired with proceeds of the Note; (G) used to pay debt service on the Note; and (H) otherwise received as a result of investing any proceeds of the Note. The determination of whether an amount is included within this definition shall be made without regard to whether the amount is credited to any fund or account established under the Line of Credit Agreement or (except in the case of an amount described in (E) above) whether the amount is subject to the pledge of such instrument.

"*Guaranteed Investment Contract*" means any Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

"*Installment Payment Date*" shall mean a Computation Date that is not later than 5 years after the Delivery Date and subsequent Computation Dates which occur no later than 5 years after the immediately preceding Installment Payment Date.

"*Investment Property*" shall mean any security or obligation, any annuity contract or other investment-type property within the meaning of Section 148(b)(2) of the Code. The term Investment Property shall not include any obligation the interest on which is excluded from gross income (other than a Specified Private Activity Bond within the meaning of Section 57(a)(5)(C) of the Code) and shall not include an obligation that is a one-day certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series Program described in 31 CFR, part 344.

"*Issue Price*" shall mean not to exceed \$10,000,000.00 with respect to the Note.

"*Issue Yield*" shall mean the Note Yield unless the Note is described in Section 1.148-4(b)(3) or (4) of the Regulations, in which case, the Issue Yield shall be the Note Yield as recomputed in accordance with such provisions of the Regulations.

"*Nonpurpose Investment*" shall mean any Investment Property in which Gross Proceeds are invested, other than any Purpose Investment as defined in Section 1.148-1(b) of the Regulations. For purposes of this Letter, Investment Property acquired with revenues deposited in the Debt Service Account to be used to pay debt service on the Note within 13 months of the date of deposit therein shall be disregarded.

"*Nonpurpose Payment*" shall, with respect to a Nonpurpose Investment allocated to the Note, include the following: (1) the amount actually or constructively paid to acquire the Nonpurpose Investment; (2) the Value of an investment not acquired with Gross Proceeds on the date such investment is allocated to the Note, and (3) any yield reduction payment to the United States Government made pursuant to Section 1.148-5(c) of the Regulations. In addition, the Computation Credit Amount shall be treated as a Nonpurpose Payment with respect to the Note on each Computation Credit Date.

"*Nonpurpose Receipt*" shall mean any receipt or payment with respect to a Nonpurpose Investment allocated to the Note. For this purpose the term "receipt" means any amount actually or constructively received with respect to the investment. In the event a Nonpurpose Investment ceases to be allocated to the Note other than by reason of a sale or retirement, such Nonpurpose Investment shall be treated as if sold on the date of such cessation for its Value. In addition, the Value of each Nonpurpose Investment at the close of business on each Computation Date shall be taken into account as a Nonpurpose Receipt as of such date, and each refund of Rebatable Arbitrage pursuant to Section 1.148-3(i) of the Regulations shall be treated as a Nonpurpose Receipt.

"*Note Year*" shall mean the one year period that ends at the close of business on the day in the calendar year that is selected by the City. The first and last bond years may be short periods.

"*Note Yield*" shall be determined for each Computation Period as set forth in Section 1.148-4(c) of the Regulations.

"*Rebatable Arbitrage*" shall mean as of any Computation Date the excess of the future value of all Nonpurpose Receipts with respect to the Note over the future value of all Nonpurpose Payments with respect to the Note. The future value of a Nonpurpose Payment or a Nonpurpose Receipt as of any Computation Date is determined using the Economic Accrual Method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Issue Yield, using the same compounding interval and financial conventions used in computing that yield.

"*Retirement Price*" shall mean, with respect to a bond, the amount paid in connection with the retirement or redemption of the bond.

"*Value*" means value as determined under Section 1.148-5(d) of the Regulations for investments.

### **Section 3. Rebate Requirement.**

(a) Pursuant to this Letter there shall be established a fund separate from any other fund designated the Rebate Fund (the "Rebate Fund"). The City shall administer or cause to be administered the Rebate Fund and invest any amounts held therein in Nonpurpose Investments. Moneys shall not be transferred from the Rebate Fund except as provided in this Section 3.

(b) Unless one or more of the Spending Exceptions to Rebate described in Appendix I to this Letter is applicable to all or a portion of the Gross Proceeds of the Note, the City specifically covenants that it will pay or cause to be paid to the United States Government the following amounts:

(1) No later than 60 days after each Installment Payment Date, an amount which, when added to the future value of all previous rebate payments made with respect to the Note, equals at least 90 percent of the Rebatable Arbitrage calculated as of each such Installment Payment Date; and

(2) No later than 60 days after the Final Computation Date, an amount which, when added to the future value of all previous rebate payments made with respect to the Note, equals 100 percent of the Rebatable Arbitrage as of the Final Computation Date.

(c) Any payment of Rebatable Arbitrage made within the 60-day period described in Section 3(b)(1) and (2) above may be treated as paid on the Installment Payment Date or Final computation date to which it relates.

(d) On or before 55 days following each Installment Payment Date and the Final Computation Date, the City shall determine the amount of Rebatable Arbitrage to be paid to the United States Government as required by Section 3(b) of this Letter. Upon making this determination, the City shall take the following actions:

(1) If the amount of Rebatable Arbitrage is calculated to be positive, deposit the required amount of Rebatable Arbitrage to the Rebate Fund;

(2) If the amount of Rebatable Arbitrage is calculated to be negative and money is being held in the Rebate Fund, transfer from the Rebate Fund the amount on deposit in such fund; and

(3) On or before 60 days following the Installment Payment Date or Final Computation Date, pay the amount described in Section 3(b) of this Letter to the United States Government at the Internal Revenue Service Center, Ogden, Utah 84201. Payment shall be accompanied by Form 8038-T. A rebate payment is paid when it is filed with the Internal Revenue Service at the above location.

(e) The City shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the money related to the Note, including money derived from, pledged to, or to be used to make payments on the Note. Such records shall specify the account or fund to which each investment (or portion thereof) held by the City is to be allocated and shall set forth, in the case of each investment security, (a) its purchase price; (b) nominal rate of interest; (c) the amount of accrued interest purchased (included in the purchase price); (d) the par or face amount; (e) maturity date; (f) the amount of original issue discount or premium (if any); (g) the type of Investment Property; (h) the frequency of periodic payments; (i) the period of compounding; (j) the yield to maturity; (k) date of disposition; (l) amount realized on disposition (including accrued interest); and (m) market price data sufficient to establish the fair market value of any Nonpurpose investment as of any Computation Date, and as of the date such Nonpurpose Investment becomes allocable to, or ceases to be allocable to, Gross Proceeds of the Note.

**Section 4. Prohibited Investments and Dispositions.**

(a) No Investment Property shall be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment Property. No Investment Property shall be sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment Property.

(b) For purposes of subsection 4(a), the fair market value of any Investment Property for which there is an established market shall be determined as provided in subsection 4(c). Except as otherwise provided in subsections 4(e) and (f), any market especially established to provide Investment Property to an issuer of governmental obligations shall not be treated as an established market.

(c) The fair market value of any Investment Property for which there is an established market is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value is generally determined on the date on which a contract to purchase or sell the Investment Property becomes binding (i.e., the trade date rather than the settlement date). If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Treasury, such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(d) Except to the extent provided in subsections (e) and (f), any Investment Property for which there is not an established market shall be rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(e) In the case of a certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, the purchase price of such a certificate of deposit is treated as its fair market value on its purchase date if the yield on the certificate of deposit is not less than (1) the yield on reasonably comparable direct obligations of the United States; and (2) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(f) The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if the City complies with the competitive bidding procedures set forth in Section 1.148-5(d)(6)(iii) of the Regulations.

**Section 5. Accounting for Gross Proceeds.** In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the City must adopt a reasonable and consistently applied method of accounting for all Gross Proceeds.



**Section 6. Administrative Costs of Investments.**

(a) Except as otherwise provided in this Section, an allocation of Gross Proceeds of the Note to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

(b) In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of the City such as employee salaries and office expenses and costs associated with computing Rebatable Arbitrage are not Qualified Administrative Costs

(c) Qualified Administrative Costs include all reasonable administrative costs, without regard to the limitation on indirect costs stated in subsection (b) above, incurred by:

(i) A publicly offered regulated investment company (as defined in Section 67(c)(2)(B) of the Code); and

(ii) A commingled fund in which the City and any related parties do not own more than 10 percent of the beneficial interest in the fund.

(d) For a Guaranteed Investment Contract, a broker's commission paid on behalf of either the City or the provider is not a Qualified Administrative Cost to the extent that the commission exceeds the amount set forth in Section 1.148-5(e)(iii) of the Regulations.

**Section 7. Records; Bond Counsel Opinion.**

(a) The City shall retain all records with respect to the calculations and instructions required by this Letter for at least 3 years after the date on which the last of the principal of and interest on the Note has been paid, whether upon maturity, redemption or acceleration thereof.

(b) Notwithstanding any provisions of this Letter, if the City shall be provided an opinion of Bond Counsel that any specified action required under this Letter is no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of interest with respect to the Note, the City may conclusively rely on such opinion in complying with the requirements of this Letter.

**Section 8. Survival of Defeasance.** Notwithstanding anything in this Letter to the contrary, the obligation of the City to remit the Rebate Requirement to the United States Department of the Treasury and to comply with all other requirements contained in this Letter must survive the defeasance or payment of the Note.

Very truly yours,

BRYANT MILLER OLIVE P.A.

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Acknowledgment and Assignment of Rebate Expert Follows]

**Acknowledgement and Assignment of Rebate Expert.** The City acknowledges that it has reviewed the foregoing Arbitrage Letter of Instructions of Bond Counsel and understands the arbitrage rebate requirement described therein. In order to effectuate compliance with federal tax laws, the City has determined to undertake its arbitrage compliance as follows:

The City has initially retained or intends to retain the firm of Integrity Public Finance Consulting LLC as Rebate Expert with respect to the Note.

The City has initially retained or intends to retain the firm of \_\_\_\_\_ as Rebate Expert with respect to the Note.

The City has decided not to designate a Rebate Expert with respect to the Note at this time and, as a result, undertakes and assumes full responsibility for arbitrage compliance and acknowledges that Bond Counsel has no such responsibility (unless later engaged in writing for such purpose).

**CITY OF COOPER CITY, FLORIDA**

By: \_\_\_\_\_  
Name: Irwin Williams  
Title: Chief Financial Officer

\_\_\_\_\_

Dated: December 13, 2024

## Appendix I

### Spending Exceptions to Rebate

(a) Generally. All, or certain discrete portions, of an issue are treated as meeting the Rebate Requirement of Section 148(f) of the Code if one or more of the spending exceptions set forth in this Appendix are satisfied. Use of the spending exceptions is not mandatory, except that where an issuer elects to apply the 1-1/2 percent penalty (as described below) an issuer must apply that penalty to the Construction Issue. An issuer may apply the Rebate Requirement to an issue that otherwise satisfies a spending exception. Special definitions relating to the spending exceptions are contained in Section (h) of this Appendix.

Where several obligations that otherwise constitute a single issue are used to finance two or more separate governmental purposes, the issue constitutes a "multipurpose issue" and the bonds, as well as their respective proceeds, allocated to each separate purpose may be treated as separate issues for purposes of the spending exceptions. In allocating an issue among its several separate governmental purposes, "common costs" are generally not treated as separate governmental purposes and must be allocated ratably among the discrete separate purposes unless some other allocation method more accurately reflects the extent to which any particular separate discrete purpose enjoys the economic benefit (or bears the economic burden) of the certain common costs (e.g., a newly funded reserve for a parity issue that is partially new money and partially a refunding for savings on prior bonds).

Separate purposes include refunding a separate prior issue, financing a separate Purpose Investment (e.g., a separate loan), financing a Construction Issue, and any clearly discrete governmental purpose reasonably expected to be financed by the issue. In addition, as a general rule, all integrated or functionally related capital projects qualifying for the same initial temporary period (e.g., 3 years) are treated as having a single governmental purpose. Finally, separate purposes may be combined and treated as a single purpose if the proceeds are eligible for the same initial temporary period (e.g., advance refundings of several separate prior issues could be combined, or several non-integrated and functionally unrelated capital projects such as airport runway improvements and a water distribution system).

The spending exceptions described in this Appendix are applied separately to each separate issue component of a multipurpose issue unless otherwise specifically noted.

(b) Six-Month Exception. An issue is treated as meeting the Rebate Requirement under this exception if (i) the gross proceeds of the issue are allocated to expenditures for the governmental purposes of the issue within the six-month period beginning on the issue date (the "six-month spending period") and (ii) the Rebate Requirement is met for amounts not required to be spent within the six-month spending period (excluding earnings on a bona fide debt service fund). For purposes of the six-month exception, "gross proceeds" means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds

but that become Gross Proceeds after the end of the six-month spending period, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In the case of an issue no bond of which is a private activity bond (other than a qualified 501(c)(3) bond) or a tax or revenue anticipation bond, the six-month spending period is extended for an additional six months for the portion of the proceeds of the issue which are not expended within the six-month spending period if such portion does not exceed the lesser of five percent of the Proceeds of the issue or \$100,000.

(c) 18-Month Exception. An issue is treated as meeting the Rebate Requirement under this exception if all of the following requirements are satisfied:

(i) the gross proceeds are allocated to expenditures for a governmental purpose of the issue in accordance with the following schedule (the "18-month expenditure schedule") measured from the issue date: (A) at least 15 percent within six months, (B) at least 60 percent within 12 months and (C) 100 percent within 18 months;

(ii) the Rebate Requirement is met for all amounts not required to be spent in accordance with the 18-month expenditure schedule (other than earnings on a bona fide debt service fund); and

(iii) all of the gross proceeds of the issue qualify for the initial temporary period under Treasury Regulation Section 1.148-2(e)(2).

For purposes of the 18-month exception, "gross proceeds" means Gross Proceeds other than amounts (i) in a bona fide debt service fund, (ii) in a reasonably required reserve or replacement fund, (iii) that, as of the issue date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the 18-month expenditure schedule, (iv) that represent Sale Proceeds or Investment Proceeds derived from payments under any Purpose Investment of the issue and (v) that represent repayments of grants (as defined in Treasury Regulation Section 1.148-6(d)(4)) financed by the issue. In addition, for purposes of determining compliance with the first two spending periods, the investment proceeds included in gross proceeds are based on an issuer's reasonable expectations as of the issue date rather than the actual Investment Proceeds; for the third, final period, actual Investment Proceeds earned to date are used in place of the reasonably expected earnings. An issue does not fail to satisfy the spending requirement for the third spending period above as a result of a Reasonable Retainage if the Reasonable Retainage is allocated to expenditures within 30 months of the issue date. The 18-month exception does not apply to an issue any portion of which is treated as meeting the Rebate Requirement as a result of satisfying the two-year exception.

(d) Two-Year Exception. A Construction Issue is treated as meeting the Rebate Requirement for Available Construction Proceeds under this exception if those proceeds are allocated to expenditures for governmental purposes of the issue in accordance with the following schedule (the "two-year expenditure schedule"), measured from the issue date:

- (i) at least 10 percent within six months;
- (ii) at least 45 percent within one year;
- (iii) at least 75 percent within 18 months; and
- (iv) 100 percent within two years.

An issue does not fail to satisfy the spending requirement for the fourth spending period above as a result of unspent amounts for Reasonable Retainage if those amounts are allocated to expenditures within three years of the issue date.

(e) Expenditures for Governmental Purposes of the Issue. For purposes of the spending exceptions, expenditures for the governmental purposes of an issue include payments for interest, but not principal, on the issue and for principal or interest on another issue of obligations. The preceding sentence does not apply for purposes of the 18-month and two-year exceptions if those payments cause the issue to be a refunding issue.

(f) De Minimis Rule. Any failure to satisfy the final spending requirement of the 18-month exception or the two-year exception is disregarded if an issuer exercises due diligence to complete the project financed and the amount of the failure does not exceed the lesser of three percent of the issue price of the issue or \$250,000.

(g) Elections Applicable to the Two-Year Exception. An issuer may make one or more of the following elections with respect to the two-year spending exception:

(1) *Earnings on Reasonably Required Reserve or Replacement Fund*. An issuer may elect on or before the issue date to exclude from Available Construction Proceeds the earnings on any reasonably required reserve or replacement fund. If the election is made, the Rebate Requirement applies to the excluded amounts from the issue date.

(2) *Actual Facts*. For the provisions relating to the two-year exception that apply based on an issuer's reasonable expectations, an issuer may elect on or before the issue date to apply all of those provisions based on actual facts. This election does not apply for purposes of determining whether an issue is a Construction Issue and if the 1-1/2 percent penalty election is made.

(3) *Separate Issue*. For purposes of the two-year exception, if any proceeds of any issue are to be used for Construction Expenditures, an issuer may elect on or before the issue date to treat the portion of the issue that is not a refunding issue as two, and only two, separate issues, if (i) one of the separate issues is a Construction Issue, (ii) an issuer reasonably expects, as of the issue date, that such Construction Issue will finance all of the Construction Expenditures to be financed by the issue and (iii) an issuer makes an election to apportion the issue in which it identifies the amount of the issue price of the issue allocable to the Construction Issue.

(4) *Penalty in Lieu of Rebate.* An issuer of a Construction Issue may irrevocably elect on or before the issue date to pay a penalty (the "1-1/2 percent penalty") to the United States in lieu of the obligation to pay the rebate amount on Available Construction Proceeds upon failure to satisfy the spending requirements of the two-year expenditure schedule. The 1-1/2 percent penalty is calculated separately for each spending period, including each semiannual period after the end of the fourth spending period, and is equal to 1.5 percent times the underexpended proceeds as of the end of the spending period. For each spending period, underexpended proceeds equal the amount of Available Construction Proceeds required to be spent by the end of the spending period, less the amount actually allocated to expenditures for the governmental purposes of the issue by that date. The 1-1/2 percent penalty must be paid to the United States no later than 90 days after the end of the spending period to which it relates. The 1-1/2 percent penalty continues to apply at the each of each spending period and each semiannual period thereafter until the earliest of the following: (i) the termination of the penalty under Treasury Regulation Section 1.148-7(1), (ii) the expenditure of all of the Available Construction Proceeds or (iii) the last stated final maturity date of bonds that are part of the issue and any bonds that refund those bonds. If an issue meets the exception for Reasonable Retainage except that all retainage is not spent within three years of the issue date, an issuer must pay the 1-1/2 percent penalty to the United States for any Reasonable Retainage that was not so spent as of the close of the three-year period and each later spending period.

(h) Special Definitions Relating to Spending Expenditures.

(1) *Available Construction Proceeds* shall mean, with respect to an issue, the amount equal to the sum of the issue price of the issue, earnings on such issue price, earnings on amounts in any reasonably required reserve or replacement fund not funded from the issue and earnings on all of the foregoing earnings, less the amount of such issue price in any reasonably required reserve or replacement fund and less the issuance costs financed by the issue. For purposes of this definition, earnings include earnings on any tax-exempt bond. For the first three spending periods of the two-year expenditure schedule described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the amount of future earnings that an issuer reasonably expected as of the issue date. For the fourth spending period described in Treasury Regulation Section 1.148-7(e), Available Construction Proceeds include the actual earnings received. Earnings on any reasonably required reserve or replacement fund are Available Construction Proceeds only to the extent that those earnings accrue before the earlier of (i) the date construction is substantially completed or (ii) the date that is two years after the issue date. For this purpose, construction may be treated as substantially completed when an issuer abandons construction or when at least 90 percent of the total costs of the construction that an issuer reasonably expects as of such date will be financed with proceeds of the issue have been allocated to expenditures. If only a portion of the construction is abandoned, the date of substantial completion is the date the non-abandoned portion of the construction is substantially completed.

(2) *Construction Expenditures* shall mean capital expenditures (as defined in Treasury Regulation Section 1.150-1) that are allocable to the cost of Real Property or Constructed Personal Property. Construction Expenditures do not include expenditures for acquisitions of interest in land or other existing Real Property.

(3) *Construction Issue* shall mean any issue that is not a refunding issue if (i) an issuer reasonably expects, as of the issue date, that at least 75 percent of the Available Construction Proceeds of the issue will be allocated to Construction Expenditures for property owned by a governmental unit or a 501(c)(3) organization and (ii) any private activity bonds that are part of the issue are qualified 501(c)(3) bonds or private activity bonds issued to financed property to be owned by a governmental unit or a 501(c)(3) organization.

(4) *Constructed Personal Property* shall mean Tangible Personal Property or Specially Developed Computer Software if (i) a substantial portion of the property is completed more than six months after the earlier of the date construction or rehabilitation commenced and the date an issuer entered into an acquisition contract; (ii) based on the reasonable expectations of an issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to an issuer) could not have occurred within that six-month period; and (iii) if an issuer itself builds or rehabilitates the property, not more than 75 percent of the capitalizable cost is attributable to property acquired by an issuer.

(5) *Real Property* shall mean land and improvements to land, such as buildings or other inherently permanent structures, including interests in real property. For example, Real Property includes wiring in a building, plumbing systems, central heating or air-conditioning systems, pipes or ducts, elevators, escalators installed in a building, paved parking areas, roads, wharves and docks, bridges, and sewage lines.

(6) *Reasonable Retainage* shall mean an amount, not to exceed five percent of (i) Available Construction Proceeds as of the end of the two-year expenditure schedule (in the case of the two-year exception to the Rebate Requirement) or (ii) Net Sale Proceeds as of the end of the 18-month expenditure schedule (in the case of the 18-month exception to the Rebate Requirement), that is retained for reasonable business purposes relating to the property financed with the issue. For example, a Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which an issuer reasonably determines that a dispute exists regarding completion or payment.

(7) *Specially Developed Computer Software* shall mean any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to Real Property or other Constructed Personal Property.



(8) *Tangible Personal Property* shall mean any tangible personal other than Real Property, including interests in tangible personal property. For example, Tangible Personal Property includes machinery that is not a structural component of a building, subway cars, fire trucks, automobiles, office equipment, testing equipment, and furnishings.

(i) Special Rules Relating to Refundings.

(1) *Transferred Proceeds.* In the event that a prior issue that might otherwise qualify for one of the spending exceptions is refunded, then for purposes of applying the spending exceptions to the prior issue, proceeds of the prior issue that become transferred proceeds of the refunding issue continue to be treated as unspent proceeds of the prior issue; if such unspent proceeds satisfy the requirements of one of the spending exceptions then they are not subject to rebate either as proceeds of the prior issue or of the refunding issue. Generally, the only spending exception applicable to refunding issues is the six-month exception. In applying the six-month exception to a refunding of a prior issue, only transferred proceeds of the refunding issue from a taxable prior issue and other amounts excluded from the definition of gross proceeds of the prior issue under the special definition of gross proceeds contained in Section (b) above are treated as gross proceeds of the refunding issue and so are subject to the six-month exception applicable to the refunding issue.

(2) *Series of Refundings.* In the event that an issuer undertakes a series of refundings for a principal purpose of exploiting the difference between taxable and tax-exempt interest rates, the six-month spending exception is measured for all issues in the series commencing on the date the first bond of the series is issued.

(j) Elections Applicable to Pool Bonds. An issuer of a pooled financing issue can elect to apply the spending exceptions separately to each loan from the date such loan is made or, if earlier, on the date on year after the date the pool bonds are issued. In the event this election is made, no spending exceptions are available and the normal Rebate Requirement applies to Gross Proceeds prior to the date on which the applicable spending periods begin. In the event this election is made, an issuer may also elect to make all elections applicable to the two-year spending exception, described in Section (g) above, separately for each loan; any such elections that must ordinarily be made prior to the issue date must then be made by an issuer before the earlier of the date the loan is made or one year after the issue date.