

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LAKE WORTH BEACH, FLORIDA, SUPPLEMENTING RESOLUTION NO. 45-2020 OF THE CITY; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$113,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF LAKE WORTH BEACH, FLORIDA CONSOLIDATED UTILITY REVENUE BONDS, SERIES 2020, TO PROVIDE FUNDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CAPITAL IMPROVEMENTS TO THE CITY'S CONSOLIDATED UTILITY SYSTEM; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH BONDS, INCLUDING AUTHORIZING A NEGOTIATED SALE OF SAID BONDS AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT WITH RESPECT THERETO UPON COMPLIANCE WITH CERTAIN PARAMETERS; APPOINTING THE PAYING AGENT AND REGISTRAR WITH RESPECT TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AUTHORIZING THE PURCHASE OF BOND INSURANCE AND A RESERVE ACCOUNT INSURANCE POLICY AND THE EXECUTION AND DELIVERY OF AN INSURANCE AGREEMENT OR AGREEMENTS WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CUSTODY AGREEMENT AND AN ESCROW DEPOSIT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LAKE WORTH BEACH, FLORIDA, as follows:**

**SECTION 1. FINDINGS.** It is hereby found and determined that:

(A) On October 6, 2020, the City Commission of the City of Lake Worth Beach, Florida (the "City" or "Issuer") duly adopted Resolution No. 45-2020 (the "Original Resolution"). All

capitalized terms not otherwise defined herein shall have the meanings set forth in the Original Resolution.

(B) The Original Resolution, as supplemented hereby, is referred to herein as the "Bond Resolution."

(C) The Original Resolution provides for the issuance of the Bonds, upon meeting the requirements set forth in the Original Resolution.

(D) The City deems it to be in the best interests of its citizens and taxpayers to issue its Consolidated Utility Revenue Bonds, Series 2020 (the "Bonds") for the purpose of financing and refinancing the acquisition and construction of certain capital improvements to the City's consolidated utility system (the "Project," as described in the Original Resolution).

(E) The principal of and interest on the Bonds and all required sinking fund, reserve and other payments shall be limited obligations of the City, payable solely from the Pledged Funds set forth in the Original Resolution. The Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the City, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions, except to the extent specifically set forth in the Original Resolution. Neither the State of Florida, nor any political subdivision thereof, nor the City shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the City to pay the principal of the Bonds, the interest thereon, or other costs incidental thereto or (2) to pay the same from any other funds of the City except from the Net Revenues and other amounts constituting the Pledged Funds, as described and in the manner provided in the Original Resolution.

(F) Due to the present volatility of the market for tax-exempt obligations such as the Bonds, it is in the best interest of the City to sell the Bonds by a negotiated sale, allowing the City to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the City to obtain the best possible price and interest rate for the Bonds. The City shall receive the information required by Section 218.385, Florida Statutes, in connection with the negotiated sale of the Bonds. A copy of the letter of the underwriters for the Bonds containing the aforementioned information is a condition precedent to the execution and delivery by the Issuer of the Purchase Contract referred to below.

(G) Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. (collectively, the "Underwriters") expect to offer to purchase the Bonds from the City and submit a Bond Purchase Agreement in the form attached hereto as Exhibit A (the "Purchase Contract") expressing the terms of such offer, and, assuming compliance with the provisions of Section 5 hereof, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that the terms expressed in the Purchase Contract be accepted by the Issuer.

(H) The Original Resolution provides that the Bonds shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to

such redemption provisions as shall be determined by Supplemental Resolution adopted by the City; and it is now appropriate that the City determine parameters for such terms and details.

**SECTION 2. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.** This Supplemental Resolution is adopted pursuant to Articles II and VIII of the Original Resolution, the provisions of the Act (as defined in the Original Resolution), including the Ordinance, and other applicable provisions of law.

**SECTION 3. AUTHORIZATION AND DESCRIPTION OF THE BONDS.** The City hereby determines to issue separate series of Bonds in an aggregate principal amount not exceeding \$113,000,000, the exact respective principal amounts to be as set forth in the Purchase Contract, to be known as its "Consolidated Utility Revenue Bonds, Series 2020" for the principal purpose of financing the Cost of the Project.

The Bonds shall be dated as of their date of delivery, shall be issued as fully registered Bonds, numbered consecutively from one upward in order of maturity with the prefix "R"; shall bear interest from their date of delivery, payable semi-annually, on April 1 and October 1 of each year, commencing on April 1, 2021, at such rates and maturing in such amounts on October 1 of such years as to be set forth in the Purchase Contract. The Bonds shall be issued in denominations of \$5,000 and any integral multiple thereof.

The Bonds shall be subject to redemption prior to maturity as set forth in the Purchase Contract. The Bonds shall be subject to a book-entry system of registration described in the Official Statement referenced below.

**SECTION 4. AUTHORIZATION OF THE PROJECT.** The acquisition and implementation of the Project (including the reimbursement to the Issuer of certain costs incurred with respect thereto), is hereby authorized by the Issuer.

**SECTION 5. SALE OF THE BONDS.** Upon delivery to the Mayor and the City Clerk of a Purchase Contract substantially in the form of Exhibit A attached hereto, evidencing:

- (A) Bonds in an aggregate principal amount not exceeding \$113,000,000;
- (B) A final maturity of the Bonds of not later than October 1, 2051;
- (C) A true interest cost with respect to the Bonds of not greater than 5.0% per annum;
- (D) Optional redemption of the Bonds beginning no later than October 1, 2030 at a price no greater than 100% of par; and
- (E) An Underwriters' discount not in excess of \$3.00 per \$1,000 of Bonds;

the Bonds shall be sold to the Underwriters pursuant to the Purchase Contract at the purchase price provided therein (including any original issue discounts or original issue premiums); all terms and

conditions set forth in the Purchase Contract being hereby approved. Upon compliance with the foregoing, the Mayor is hereby authorized and directed to execute the Purchase Contract and to deliver the same to the Underwriters.

**SECTION 6. OFFICIAL STATEMENT; PRELIMINARY OFFICIAL STATEMENT; CONTINUING DISCLOSURE CERTIFICATE.**

(A) The form, terms and provisions of the Official Statement (the "Official Statement"), dated the date of execution of the Purchase Contract, in substantially the form of the Preliminary Official Statement attached hereto as Exhibit B, which shall also include the terms and provisions set forth in the executed version of the Purchase Contract, relating to the Bonds, be and the same hereby are approved with respect to the information therein contained. The Mayor and the City Clerk, upon execution of the Purchase Contract described above, are hereby authorized and directed to execute and deliver the Official Statement in the name and on behalf of the City, and thereupon to cause the Official Statement to be delivered to the Underwriters with such changes, amendments, omissions and additions as may be approved by the Mayor. The use of the Preliminary Official Statement in substantially the form attached hereto as Exhibit B (the "Preliminary Official Statement") in the marketing of the Bonds is hereby authorized, and the Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Mayor, and the information contained therein are hereby authorized to be used in connection with the sale of the Bonds to the public. Execution by the Mayor and the City Clerk of the Official Statement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions. The Mayor and City Clerk are hereby authorized to deem the Preliminary Official Statement "final," within the meaning of Securities and Exchange Commission Rule 15c2-12, except for permitted omissions as described therein.

(B) In order to enable the Underwriters to comply with the provisions of SEC Rule 15c2-12 relating to secondary market disclosure, the Mayor is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate in the name and on behalf of the City substantially in the form attached hereto as Exhibit C, with such changes, amendments, omissions and additions as shall be approved by the Mayor, her execution and delivery thereof being conclusive evidence of such approval.

**SECTION 7. APPOINTMENT OF REGISTRAR AND PAYING AGENT.** U.S. Bank National Association is hereby designated Registrar and Paying Agent for the Bonds. The Mayor and the City Clerk are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 7.

**SECTION 8. PURCHASE OF RESERVE POLICY AND BOND INSURANCE POLICY.** The City hereby authorizes the purchase of a Reserve Account Insurance Policy and a Bond Insurance Policy from a nationally-recognized bond insurance company with respect to its issuance of the Bonds. The authority to select the bond insurer is hereby delegated to the Mayor, based upon the advice of the City's financial advisor. In connection therewith, the City hereby authorizes and directs the Mayor to execute and deliver an Insurance Agreement (including a separate agreement, if necessary, with respect to the Reserve Account Insurance Policy) and a bond

insurance commitment, and the City Clerk to attest the same under the official seal of the City. The Insurance Agreement shall be in substantially the form of the Insurance Agreement attached hereto as Exhibit D, with such changes, amendments, modifications, omissions and additions as may be approved by the Mayor. Execution by the Mayor of the Insurance Agreement and any separate Reserve Account Insurance Policy agreement shall be deemed to be conclusive evidence of approval of such changes. All of the provisions of the Insurance Agreement and any separate Reserve Account Insurance Policy agreement, when executed and delivered by the City as authorized herein and when duly authorized, executed and delivered by the insurer, shall be deemed to be a part of this Supplemental Resolution as fully and to the same extent as if incorporated verbatim herein.

**SECTION 9. CUSTODY AGREEMENT.** The City hereby authorizes and directs the Mayor and City Clerk to enter into a Custody Agreement, in substantially the form attached hereto as Exhibit E (the "Custody Agreement"), with such modifications and changes as approved by the Mayor and City Clerk, including the investment of amounts held pursuant thereto, approval to be conclusively presumed by their execution thereof. U.S. Bank National Association is hereby appointed Custodian under the Custody Agreement.

**SECTION 10. ESCROW DEPOSIT AGREEMENT.** The City hereby authorizes and directs the Mayor and City Clerk, if deemed necessary by the City's Bond Counsel to refund the City's Utility System Refunding Revenue Bond, Series 2013 and the City's obligation under the Master Lease Purchase Agreement dated September 27, 2015, to enter into an Escrow Deposit Agreement, in substantially the form attached hereto as Exhibit F (the "Escrow Deposit Agreement"), and which may take the form of separate agreements, with such modifications and changes as approved by the Mayor and City Clerk, including the investment of amounts deposited therein, approval to be conclusively presumed by their execution thereof. U.S. Bank National Association is hereby appointed Escrow Agent under the Escrow Deposit Agreement.

**SECTION 11. GENERAL AUTHORITY.** The members of the City Commission of the City and the officers, attorneys and other agents or employees of the City and the City Clerk are hereby authorized to do all acts and things required of them by this Supplemental Resolution or the Original Resolution, or desirable or consistent with the requirements hereof or the Original Resolution, including the execution of such documents necessary to establish a book-entry system of registration with respect to the Bonds, for the full punctual and complete performance hereof or thereof. Each member, employee, attorney and officer of the City is hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. The Mayor and/or the City Clerk are hereby authorized to execute such tax forms or agreements as shall be necessary to effect the transactions contemplated hereby, including designating Bond Counsel to assist or act as agent with respect thereto.

**SECTION 12. ORIGINAL RESOLUTION TO CONTINUE IN FORCE.** Except as herein expressly provided, the Original Resolution and all the terms and provisions thereof, including the covenants contained therein, are and shall remain in full force and effect.

**SECTION 13. SEVERABILITY AND INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, even though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or the Bonds issued hereunder.

**SECTION 14. EFFECTIVE DATE.** This Supplemental Resolution shall become effective immediately upon its adoption.

The passage of this resolution was moved by \_\_\_\_\_, seconded by \_\_\_\_\_, and upon being put to a vote, the vote was as follows:

Mayor Pam Triolo  
Vice Mayor Andy Amoroso  
Commissioner Scott Maxwell  
Commissioner Herman Robinson

The Mayor thereupon declared this resolution duly passed and adopted on the 20th day of October, 2020.

LAKE WORTH BEACH CITY COMMISSION

\_\_\_\_\_  
Pam Triolo, Mayor

ATTEST:

\_\_\_\_\_  
Deborah M. Andrea, CMC, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Nabors, Giblin & Nickerson, P.A.

**EXHIBIT A**

**FORM OF PURCHASE CONTRACT**

§ \_\_\_\_\_  
**CITY OF LAKE WORTH BEACH, FLORIDA  
CONSOLIDATED UTILITY REVENUE BONDS  
SERIES 2020**

**BOND PURCHASE AGREEMENT**

October \_\_\_\_, 2020

City of Lake Worth Beach, Florida  
7 North Dixie Highway  
Lake Worth Beach, Florida 33460

Ladies and Gentlemen:

Morgan Stanley & Co. LLC (the “Representative”), on behalf of itself and Raymond James & Associates, Inc. (collectively, the “Underwriters”) hereby offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the City of Lake Worth Beach, Florida (the “City”) which, upon the City’s acceptance hereof, will be binding upon the City and the Underwriters. This offer is made subject to acceptance by the City, which acceptance shall be evidenced by the execution of this Purchase Agreement by duly authorized officers of the City prior to 11:59 p.m. Daylight Saving Time on the date hereof. If not so accepted, this offer will be subject to withdrawal by the Underwriters, upon notice delivered to the City, at any time prior to the acceptance hereof by the City.

The Representative represents that it has heretofore been designated by the other Underwriter as its representative with respect to all matters pertaining to this Purchase Agreement. The Representative hereby acknowledges that it has been duly authorized by the other Underwriter to execute this Purchase Agreement and that it has been duly authorized to act hereunder on behalf of the other Underwriter. The Representative has full authority to take such actions as it may deem advisable with respect to all matters pertaining to this Purchase Agreement.

Capitalized but undefined terms used in this Purchase Agreement shall have the meanings assigned to them in the Official Statement (as defined in Section 3(b) hereof) and the Resolution (as defined in Section 2(a) hereof), as applicable.

**Section 1. Purchase and Sale of Series 2020 Bonds.**

(a) Upon the terms and conditions and in reliance on the representations, warranties, and covenants contained in this Purchase Agreement, the Underwriters, jointly and severally, agree to purchase from the City for offering to the public, and the City hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the City of Lake Worth Beach, Florida

Consolidated Utility Revenue Bonds, Series 2020 (the "Series 2020 Bonds") described in Schedule I attached hereto, at the Purchase Price (as defined below). The purchase price for the Series 2020 Bonds shall be \$ \_\_\_\_\_ (which price represents the par amount of the Series 2020 Bonds of \$ \_\_\_\_\_, plus a [net] original issue premium of \$ \_\_\_\_\_, minus an Underwriters' discount of \$ \_\_\_\_\_ (the "Purchase Price"). The Purchase Price shall be payable by the Underwriters to the City on the Closing Date (as defined in Section 8 hereof), by wire transfer of federal funds, as provided in Section 8 of this Purchase Agreement, and shall be net of the Good Faith Wire (as defined in Section 6 hereof) and the amount of any payment made by the Underwriters on behalf of the City, as instructed by the City to facilitate the Closing (as defined in Section 8 hereof).

(b) The Series 2020 Bonds shall be as described in the Official Statement and as authorized by and issued and secured under the Resolution. The Series 2020 Bonds shall be dated the date of delivery and shall mature at the times and in the amounts, bear interest at the rates and be subject to redemption, all as set forth in Schedule I attached hereto.

(c) The Underwriters acknowledge that:

(i) the Series 2020 Bonds are being issued as Bonds under the Resolution, payable from and secured equally and ratably by a lien on and pledge of the Pledged Funds, consisting of (A) the Net Revenues of the consolidated electric, water and sewer utility system currently owned and operated by the City (the "System"), and (B) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established thereunder, except (1) the Rebate Fund, (2) to the extent moneys therein shall be required to pay the Operating Expenses of the System in accordance with the terms thereof, and (3) any moneys set aside in a particular subaccount of the Reserve Account if such moneys shall be pledged solely for the payment of a Series of Bonds for which it was established in accordance with the provisions of the Resolution,

(ii) The Reserve Requirement for the Series 2020 Bonds has been established to be \$ \_\_\_\_\_, which will be funded on the date of delivery of the Series 2020 Bonds by the deposit into [the Reserve Account / a subaccount within the Reserve Account to be held solely for the benefit of the Series 2020 Bonds] of [a portion of the proceeds of the Series 2020 Bonds / a Reserve Account Insurance Policy issued by \_\_\_\_\_ (the "Series 2020 Insurer"))] in the full amount of such Reserve Requirement.

[(iii) the Series 2020 Bonds maturing on October 1, 20\_\_\_\_ through October 1, 20\_\_\_\_ (collectively, the "Insured Series 2020 Bonds"), will be further secured by a municipal bond insurance policy (the "Series 2020 Bond Insurance Policy") issued as of the date of delivery of the Insured Series 2020 Bonds by the Series 2020 Insurer,]

(iv) the full faith and credit of the City, the State of Florida (the "State"), or any political subdivision or agency thereof, is not pledged to the payment of the principal of and interest on the Series 2020 Bonds and the holders thereof shall never have the right to require or compel the exercise of any taxing power of the City, the State, or any political subdivision or

agency thereof, to the payment of such principal and interest. The Series 2020 Bonds and the obligation evidenced thereby shall not constitute a lien upon any property of the City, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds, and

(v) the City may issue additional obligations on parity with the Series 2020 Bonds in accordance with the terms of the Resolution.

(d) The Representative makes the following disclosures to the City, of which the City acknowledges receipt:

(i) the purchase and sale of the Series 2020 Bonds pursuant to this Purchase Agreement is an arm's-length, commercial transaction between the City and the Underwriters in which each of the Underwriters is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), financial advisor or fiduciary to the City,

(ii) none of the Underwriters have assumed any advisory or fiduciary responsibility to the City with respect to this Purchase Agreement, the offering of the Series 2020 Bonds and the discussions, undertakings and procedures relating thereto (irrespective of whether any Underwriter, or any affiliate of an Underwriter, has provided other services or is currently providing other services to the City on other matters),

(iii) the only obligations the Underwriters have to the City with respect to the transactions contemplated hereby are set forth in this Purchase Agreement,

(iv) the Underwriters have financial and other interests that differ from those of the City, and

(v) the City should consult with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it deems appropriate in connection with the offering and sale of the Series 2020 Bonds.

**Section 2. Description of Financing.** The following is provided for informational purposes only and shall not affect or control the actual terms and conditions of the Series 2020 Bonds.

(a) The Series 2020 Bonds are authorized to be issued pursuant to (i) the City Charter, the Constitution of the State, Chapter 166, Part II, Florida Statutes, as amended, and other applicable provisions of law (collectively, the "Act"), (ii) Resolution No. 45-2020 adopted by the City Commission of the City of Lake Worth Beach, Florida (the "City Commission") on October 6, 2020 (the "Bond Resolution"), as supplemented by Resolution No. \_\_\_\_ adopted by the City Commission on October 20, 2020 (the "Series 2020 Resolution" and, together with the Bond Resolution, the "Resolution").

(b) The Series 2020 Bonds are being issued for the purposes of (i) financing the acquisition, construction and equipping of certain improvements and additions to the System, (ii) [together with other legally available funds,] repaying certain existing indebtedness incurred for the benefit of the System, (iii) depositing [cash / a Reserve Account Letter of Credit / a Reserve Account Insurance Policy] to satisfy the Reserve Account Requirement for the Series 2020 Bonds, and (iv) paying the costs of issuance of the Series 2020 Bonds [(including the premium for the municipal bond insurance policy and the Reserve Account Letter of Credit / Reserve Account Insurance Policy to be obtained in connection with the issuance of the Series 2020 Bonds)].

**Section 3. Delivery of Preliminary Official Statement and Official Statement; Offering of Series 2020 Bonds.**

(a) The City hereby authorizes the distribution by the Underwriters of the Official Statement (as defined in Section 3(b) hereof) in connection with the public offering and sale of the Series 2020 Bonds. The City consents to and ratifies the use by the Underwriters of the Preliminary Official Statement dated October \_\_\_\_, 2020 (such Preliminary Official Statement, including the cover page and all appendices attached thereto and any amendments and supplements thereto that may be authorized by the City for use with respect to the Series 2020 Bonds, being herein called the "Preliminary Official Statement") relating to the Series 2020 Bonds for the purposes of marketing the Series 2020 Bonds in connection with the original public offer, sale and distribution of the Series 2020 Bonds by the Underwriters. As of its date, the Preliminary Official Statement was "deemed final" by the City for purposes of Rule 15c2 12 of the Securities and Exchange Commission (the "SEC") promulgated under the Exchange Act (the "Rule"), except for the permitted omissions described in paragraph (b)(1) of the Rule.

(b) The City agrees to furnish the Underwriters with a final official statement relating to the Series 2020 Bonds dated October \_\_\_\_, 2020 (such final official statement, including the cover page and all appendices attached thereto and any amendments and supplements thereto that may be authorized by the City for use with respect to the Series 2020 Bonds, being herein called the "Official Statement") and shall cause copies of the Official Statement, in sufficient quantity for the Underwriters to comply with applicable rules of the SEC (including the Rule) and the Municipal Securities Rulemaking Board (the "MSRB"), to be available to the Underwriters within seven (7) business days of execution of this Purchase Agreement by the City (but in no event shall an electronic copy be provided later than the Closing Date) and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriters. The City has delivered or agrees to deliver, as the case may be, to the Underwriters such reasonable quantities of the Preliminary Official Statement and Official Statement as may be necessary to permit the Underwriters to comply with paragraph (b)(4) of the Rule and the other applicable rules of the SEC and the MSRB.

(c) To the extent required by the applicable rules of the SEC or the MSRB, the City hereby authorizes the Representative to file on or before the Closing Date, and the Representative hereby agrees to file or cause to be filed, the Official Statement with the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access system ("EMMA")) or other repositories approved from time to time by the SEC (either in addition to or in lieu of the

filings referred to above) within the time frame required by Rule G 32 of the MSRB. Failure of the printer to provide hard copies of the Official Statement within seven (7) business days after the execution of this Purchase Agreement by the City will not constitute a breach of this Purchase Agreement by the City if such failure is caused by the Underwriters or the agent or representative of any Underwriter.

(d) From the date hereof until the earlier of: (i) ninety (90) days after the "End of the Underwriting Period" (as defined in Section 3(e) hereof), or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty five (25) days following the End of the Underwriting Period, if any event occurs as a result of which the City or the Representative believes it may be necessary to amend or supplement the Official Statement in order to correct any untrue statement of a material fact contained in the Official Statement or to make the statements therein, in light of the circumstances under which they were made, not misleading, the City and the Representative will notify each other thereof and, if in the opinion of Disclosure Counsel (as defined in Section 9 hereof) such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will prepare and furnish to the Underwriters an amendment or supplement to the Official Statement such that the Official Statement, as so amended or supplemented, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which such statements were made, not misleading; provided, however, that the Underwriters shall not be liable to the City for any claims arising out of the City's decision not to amend or supplement the Official Statement. The cost of any such amendment or supplement shall be borne by the City.

(e) For purposes of this Purchase Agreement, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of: (i) the Closing Date, or (ii) when the Underwriters no longer retain an unsold balance of the Series 2020 Bonds for sale to the public. Unless otherwise advised in writing by the Representative on or prior to the Closing Date, or otherwise agreed to by the City and the Representative, the City may assume that the End of the Underwriting Period is the Closing Date.

(f) The Preliminary Official Statement and the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the City and the Representative. If the Preliminary Official Statement and the Official Statement are prepared for distribution in electronic form, the City hereby confirms that it does not object to distribution of the Preliminary Official Statement and the Official Statement in electronic form.

(g) The City agrees that it will cooperate with the Underwriters in the qualification of the Series 2020 Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriters shall designate; provided, however, that the City shall not be required to register as a dealer or broker in any such jurisdiction, execute a general or special consent to service of process or qualify to do business in connection with any such qualification of the Series 2020 Bonds in any such jurisdiction, nor incur any costs or fees in connection with such qualification of the Series 2020 Bonds.

**Section 4. Public Offering.** The Underwriters agree to make a bona fide initial public offering of all of the Series 2020 Bonds in conformance with all applicable MSRB rules. The executed disclosure statement required of the Underwriters by Section 218.385, Florida Statutes, as amended, is attached to this Purchase Agreement as Schedule II.

**Section 5. Establishment of Issue Price.**

(a) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of Series 2020 Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached to this Purchase Agreement as EXHIBIT A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Bond Counsel (as defined in Section 9 hereof), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of Series 2020 Bonds.

(b) **[Except as otherwise set forth in EXHIBIT A attached hereto, ]**the City will treat the first price at which ten percent (10%) of each maturity of the Series 2020 Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). **[As of the date of this Purchase Agreement, all maturities of the Series 2020 Bonds have satisfied the 10% test. EXHIBIT A attached hereto sets forth the prices at which the Underwriters have sold each maturity of the Series 2020 Bonds to the public.]** **[At or promptly after the execution of this Purchase Agreement, the Representative shall report to the City the price or prices at which it has sold to the public each maturity of the Series 2020 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2020 Bonds, the Representative agrees to promptly report to the City the prices at which it sells the unsold Series 2020 Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Series 2020 Bonds of that maturity or until all Series 2020 Bonds of that maturity have been sold to the public.]**

(c) **[The Representative confirms that the Underwriters have offered all maturities of the Series 2020 Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in EXHIBIT A attached hereto.]** **[EXHIBIT A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Series 2020 Bonds for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2020 Bonds, the Underwriters will neither offer nor sell unsold Series 2020 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:**

- (i) the close of the fifth (5<sup>th</sup>) business day after the sale date, or
- (ii) the date on which the Underwriters have sold at least ten percent (10%) of that maturity of the Series 2020 Bonds to the public at a price that is no higher than the initial offering price to the public.]

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of Series 2020 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2020 Bonds of any maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to Series 2020 Bonds of that maturity or all Series 2020 Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of Series 2020 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of Series 2020 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2020 Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriters that either the 10% test has been satisfied as to Series 2020 Bonds of that maturity or all Series 2020 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriters and as set forth in the related pricing wires.

(e) The City acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2020 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2020 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution

agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2020 Bonds.

(f) The Underwriters acknowledge that sales of any Series 2020 Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter,

(ii) “underwriter” means (A) 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 Series 2020 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of Series 2020 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of Series 2020 Bonds to the public),

(iii) a purchaser of any of the Series 2020 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

**Section 6. Good Faith Wire.** Based on wire instructions previously provided to the Representative, the City hereby acknowledges, receipt of a wire transfer credited to the order of the City in immediately available federal funds in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the “Good Faith Wire”) as security for the performance by the Underwriters of their obligations to accept and pay for the Series 2020 Bonds at the Closing, subject to the terms of this Purchase Agreement.

(a) If the City does not accept this offer, then the Good Faith Wire shall be immediately returned by the City to the Representative and this Purchase Agreement shall become null and void, and of no force or effect, without any other action by the parties hereto. If the City accepts this offer, the City agrees to hold the Good Faith Wire until the Closing Date and, subject to the terms set forth below, Good Faith Wire shall be applied towards the amount due from the Representative as payment of the Purchase Price for the Series 2020 Bonds at Closing.

(b) If the City fails for any reason (other than the Underwriters' non compliance with its obligations under this Purchase Agreement) to deliver the Series 2020 Bonds at the Closing, or if the City shall be unable to satisfy the conditions to the Underwriters' obligation contained in this Purchase Agreement (unless waived by the Representative), or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, the Good Faith Wire shall be returned by the City to the Representative (without interest) and such return shall constitute a full release and discharge of all claims by the Underwriters and the City arising out of the transactions contemplated hereby, except that the City's obligations to pay those costs set forth in Section 11(a) hereof shall remain in full force and effect.

(c) If the Underwriters fail (other than for a reason permitted by this Purchase Agreement) to accept delivery of and to pay for all of the Series 2020 Bonds at the Closing, the Good Faith Wire shall be retained by the City as and for full liquidated damages, and not as a penalty, for such failure and for any defaults hereunder on the part of the Underwriters and such retention shall constitute a full release and discharge of all claims by the City and the Underwriters arising out of the transactions contemplated hereby, except that the Underwriters' obligation to pay those costs set forth in Section 11(b) hereof shall remain in full force and effect. The Underwriters and the City each recognize that in such event the actual damages of the City may be greater or may be less than the amount of the Good Faith Wire. Accordingly, the Underwriters hereby waive any right to claim that the actual damages of the City are less than such sum and the acceptance of this offer by the City shall constitute a waiver of any right the City might otherwise have to additional damages from the Underwriters.

**Section 7. Representations, Warranties and Covenants of the City.** By the City's acceptance hereof, it hereby represents, warrants and covenants to the Underwriters, as of the date of this Purchase Agreement (and it shall be a condition of the obligation of the Underwriters to purchase and accept delivery of the Series 2020 Bonds at the Closing that the City shall so represent and warrant as of the Closing Date), that:

(a) The City is and will be as of the Closing Date a validly existing and lawful municipality of the State, with the powers and authority set forth in the Act.

(b) The City duly adopted the Bond Resolution and the Series 2020 Resolution at meetings of the City Commission duly called and held by the City, and as of the date hereof the Bond Resolution and the Series 2020 Resolution have not been amended, modified or repealed in any material respect (other than as contemplated herein or as described in the Official Statement or with respect to the issuance of the Series 2020 Bonds) and are in full force and effect.

(c) The Resolution duly and validly authorizes the issuance, sale and delivery of the Series 2020 Bonds and the execution and delivery of the City Documents (as defined in Section 7(d) hereof).

(d) The City has full legal right, power and authority to consummate all transactions contemplated by this Purchase Agreement, the Resolution, the Continuing Disclosure Certificate (as defined in Section 9(b) hereof), the Escrow Deposit Agreement dated as of November 1, 2020

(the “Escrow Deposit Agreement”) by and between the City and U.S. Bank National Association, as escrow agent, the Custody Agreement dated as of November 1, 2020 by and between the City and U.S. Bank National Association, as custodian, [the Insurance Agreement dated November \_\_\_, 2020 by and between the City and the Series 2020 Insurer relating to the Series 2020 Bond Insurance Policy, the Agreement dated November \_\_\_, 2020 by and between the City and the Series 2020 Insurer relating to the Reserve Account Letter of Credit / Reserve Account Insurance Policy delivered in connection with the issuance of the Series 2020 Bonds,] and any other agreements required to be executed by the City relating thereto (collectively, the “City Documents”).

(e) The City is authorized to issue the Series 2020 Bonds for the purposes described in the Resolution.

(f) The City duly and validly authorized all necessary actions to be taken by it for (i) the issuance, sale, and delivery of the Series 2020 Bonds upon the terms set forth herein, (ii) the execution, delivery, and performance of the City Documents, and (iii) the carrying out, giving effect to, and consummation of the transactions contemplated hereby and by the City Documents, including, without limitation, the preparation of the Preliminary Official Statement and Official Statement and the consent to the distribution by the Underwriters of the Preliminary Official Statement and Official Statement.

(g) The City Documents, when executed by the other parties thereto, if any, will have been duly and validly executed and delivered by the City and will be in full force and effect as to the City.

(h) When delivered to and paid for by the Underwriters in accordance with the terms of this Purchase Agreement, the Series 2020 Bonds will be Bonds under the Bond Resolution.

(i) The City will apply the proceeds of the Series 2020 Bonds in the manner described in the Official Statement and will not take or omit to take any action that will in any way cause or result in the proceeds of the sale of the Series 2020 Bonds to be applied in any material respect other than as described in the Official Statement.

(j) Except as described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, governmental agency, public board or body, pending or, to the best knowledge of the City, threatened which (i) may affect the existence of the City or the titles or rights of its officers to their respective offices, (ii) may affect or which seeks to prohibit, restrain or enjoin (A) the sale, issuance or delivery of the Series 2020 Bonds or (B) the collection or payment of the Pledged Funds or the pledge and assignment thereof by the City to make payments on the Series 2020 Bonds, (iii) in any way contests or affects the validity or enforceability of any of the City Documents, (iv) contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, (v) contests the powers of the City or, to the best knowledge of the City, any authority or proceedings for the issuance, sale or delivery of the Series 2020 Bonds, the City Documents or any of them or the transactions contemplated thereby, nor, to the

best knowledge of the City, is there any basis therefor wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Series 2020 Bonds, the Resolution or any of the other City Documents, or (vi) if adversely determined against the City, would materially adversely impact the City's financial condition or operations or the Pledged Funds.

(k) To the best of the City's knowledge, the execution and delivery of this Purchase Agreement and the other City Documents, and compliance with the provisions hereof and thereof, will not conflict with or constitute on the part of the City a violation or breach of, or a default under (i) any indenture, mortgage, lease, note agreement or other agreement or instrument to which the City is a party or by which the City is bound, or (ii) any constitutional provision, statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the City or any of its activities or properties.

(l) All consents, approvals, authorizations and orders of governmental or regulatory authorities that are required to be obtained by the City in connection with the execution and delivery of this Purchase Agreement and the other City Documents, and the consummation of the transactions contemplated thereby, have been or will be, at Closing, duly obtained and in full force and effect.

(m) (i) Other than the hereinafter defined Excluded Sections, the information contained in the Preliminary Official Statement is, and such information in the Official Statement as of its date and the Closing Date will be (and as the same may be supplemented or amended, consistent with Section 3(d) hereof) true and correct in all material respects and does not and will not, as applicable, contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and (ii) notwithstanding the foregoing, the City has not provided the information in and does not provide any assurance that the information contained in the sections or appendices, as the case may be, captioned "DESCRIPTION OF THE 2020 BONDS - Book-Entry Only System," "UNDERWRITING" (but only with respect to the information contained therein provided by the Underwriters), "TAX MATTERS," and "APPENDIX C - FORM OF BOND COUNSEL OPINION" (collectively, the "Excluded Sections") in the Preliminary Official Statement and the Official Statement is true and correct in all material respects; provided, however, that nothing has come to the attention of the City which would cause it to reasonably believe that anything contained in the Excluded Sections contains any untrue statement of a material fact or omits to state a material fact which is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(n) The City is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any agreement, indenture, note, bond or loan agreement to which the City is a party, which could materially adversely affect the ability of the City to perform its obligations under the City Documents.

(o) Since December 31, 1975, the City has not been in default in the payment of the principal of, redemption premium, if any, or interest on any indebtedness issued or guaranteed by the City.

(p) The City will cause the Registrar to authenticate and deliver the Series 2020 Bonds when ready for delivery.

(q) Neither the SEC nor any state securities commission has issued or, to the best of the City's knowledge, threatened to issue any order preventing or suspending the use of the Preliminary Official Statement or the Official Statement or the offer, sale or delivery of the Series 2020 Bonds.

(r) Any certificate signed by any of the City's authorized officers and delivered to the Underwriters shall be deemed a representation and warranty by it to the Underwriters as to the statements made therein.

(s) Notwithstanding any provision to the contrary in this Purchase Agreement, the City makes no representation or warranty with respect to compliance with applicable federal or state securities laws or Blue Sky laws of any jurisdiction in connection with the issuance and sale of the Series 2020 Bonds.

**Section 8. Closing.** At or before 1:00 p.m., Eastern Standard Time, on November \_\_\_\_, 2020, or at such other time or on such other date as shall have been mutually agreed upon by the City and the Representative (the "Closing Date"), (a) the City will deliver the Series 2020 Bonds to the Underwriters, in definitive form and duly executed and authenticated, in such authorized denominations and registered in such names as the Representative may request, through the FAST system of registration with The Depository Trust Company ("DTC"), New York, New York, at a place to be agreed upon by the City and the Representative, (b) the City will deliver to the Representative the closing documents hereinafter mentioned, and (c) the Underwriters will accept such delivery and pay the Purchase Price as set forth in Section 1 hereof by wire transfer of federal funds to the order of the "City of Lake Worth Beach, Florida" pursuant to the City's written instruction or as directed by the City for deposit in the various funds established under the Bond Resolution. Such delivery and such acceptance and payment are herein sometimes referred to as the "Closing." Delivery of the other documents as aforesaid shall be made at the offices of the City or at such other location as shall have been mutually agreed upon by the City and the Representative. The Series 2020 Bonds shall bear proper CUSIP numbers and shall be in typewritten form, with a single bond for each interest rate of the Series 2020 Bonds, each such bond to be in a principal amount equal to the principal amount thereof maturing on each maturity date. The Series 2020 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, and will be made available for inspection by the Underwriters in the City not later than the Business Day prior to the Closing Date.

**Section 9. Conditions to Closing.** The Underwriters' obligation to purchase and pay for the Series 2020 Bonds shall be subject to (a) performance by the City of its obligations to be performed hereunder at and prior to the Closing or such earlier time as may be specified herein,

and (b) satisfaction of the following conditions, including the delivery by the City of such documents as are contemplated hereby in form and substance satisfactory to, and the taking of all such action as shall be necessary and appropriate in connection with the transactions contemplated hereby, in the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida ("Bond Counsel" and "Disclosure Counsel"), and Torcivia, Donlon & Goddeau, P.A., West Palm Beach, Florida ("Issuer's Counsel").

(a) At the time of the Closing, the Resolution and each of the other City Documents shall be in full force and effect and shall not have been repealed or amended in any material way since the date of this Purchase Agreement, unless agreed to in writing by the Representative.

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

(i) each of the following opinions of counsel:

(A) the final approving opinion of Bond Counsel in substantially the form attached to the Official Statement as "APPENDIX C - FORM OF BOND COUNSEL OPINION" and a reliance letter to the Underwriters concerning same,

(B) the supplemental opinion of Bond Counsel in substantially the form attached as EXHIBIT B to this Purchase Agreement,

(C) the opinion of Bond Counsel relating to the defeasance of the Refunded Indebtedness (as defined in the Official Statement) and a reliance letter to the Underwriters concerning same,

(D) the opinion of Issuer's Counsel in substantially the form attached as EXHIBIT C to this Purchase Agreement,

(E) the opinion of Disclosure Counsel in substantially the form attached as EXHIBIT D to this Purchase Agreement and a reliance letter to the Underwriters concerning same, and

(F) the opinion of the Law Offices of Steve E. Bullock, P.A., Miami, Florida ("Underwriters' Counsel") covering such matters as the Representative may reasonably request,

(ii) the Preliminary Official Statement, the Official Statement and each supplement or amendment, if any, thereto, in accordance with Section 3 of this Purchase Agreement,

(iii) a certificate, signed by the Mayor and the Clerk (or any other Authorized Issuer Officers), dated the date of the Preliminary Official Statement, deeming the Preliminary Official Statement "final" for purposes of the Rule,

(iv) a certificate, dated the Closing Date, signed by the Mayor (or any other Authorized Issuer Officer), to the effect that as of such date, no action, suit, proceeding inquiry or investigation, at law or in equity before or by any court governmental agency or public body is pending or, to the best knowledge of the City, threatened (A) challenging the creation, organization or existence of the City or the titles or rights of its officers to their respective offices, or (B) seeking to prohibit, restrain, enjoin, or otherwise contest the sale, issuance or delivery of the Series 2020 Bonds or any portion thereof, or the collection of Pledged Funds, or the pledge of any portion thereof, or (C) in any way contesting or affecting the validity or enforceability of the Series 2020 Bonds, any of the City Documents, or the power of the City to issue the Series 2020 Bonds, to use the Pledged Funds in the manner contemplated in the City Documents to adopt the Bond Resolution or the Series 2020 Resolution, or (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (E) in which a final unfavorable decision, ruling or finding is likely to materially adversely affect the financial condition or operations of the City or the Pledged Funds, or the validity or enforceability of the Series 2020 Bonds or any of the City Documents or the transactions contemplated thereby (except to the extent disclosed or referred to in the Official Statement); provided, however, that the City may, in the alternative, and in its sole discretion, provide an opinion of Counsel to the City in lieu of any one or more of the certifications required by clauses (A) through (E), and in the case of any such opinion to be rendered by Counsel to the City, such opinion(s) shall be included in the opinion of Issuer's Counsel, the form of which is attached as EXHIBIT C to this Purchase Agreement,

(v) a certificate, dated the Closing Date, signed by the Mayor (or any other Authorized Issuer Officer) to the effect that, to the best of his or her knowledge, (A) the representations and warranties of the City contained in this Purchase Agreement are true and correct in all material respects on and as of the time of the Closing as if made at the time of the Closing; and (B) the statements described in the Preliminary Official Statement and the Official Statement (except with respect to the Excluded Sections, as to which no certification needs to be provided) did not, as of their respective dates, and do not as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is used, and which is necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading,

(vi) certified copies of the Bond Resolution and the Series 2020 Resolution,

(vii) an executed copy of (A) the Continuing Disclosure Certificate of the City, dated the Closing Date, in substantially the form attached to the Official Statement as "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE" (the "Continuing Disclosure Certificate"), and (B) each of the other City Documents,

(viii) an executed copy of the (A) Tax Certificate executed by the City relating to the exclusion from gross income for federal income tax purposes of interest on the Series 2020 Bonds, and (B) Internal Revenue Service Form 8038-G with respect to the Series 2020 Bonds, as completed for filing,

(ix) a request and authorization of the City signed by the Mayor (or any other Authorized Issuer Officer) to the Registrar to authenticate and deliver the Series 2020 Bonds to such person or persons named therein upon payment to or for the account of the City of the Purchase Price, net of the Good Faith Wire [and any amount paid directly to the Series 2020 Insurer, at the direction of the City, to provide for payment of the premium for any Series 2020 Bond Insurance Policy, the Reserve Account Letter of Credit or the Reserve Account Insurance Policy obtained in connection with the issuance of the Series 2020 Bonds],

(x) a copy of the City's DTC Blanket Issuer Letter of Representations,

(xi) an executed copy of the report from \_\_\_\_\_, addressed to the Underwriters, to the effect that such firm has verified the accuracy of the computations relating to the sufficiency of the cash and Federal Securities deposited under the Escrow Deposit Agreement to defease the Refunded Indebtedness,

(xii) a copy of the executed certifications from the Registrar, Paying Agent and Escrow Agent, dated the Closing Date, to the effect that the Registrar, Paying Agent and Escrow Agent (i) is a national banking association, duly organized and validly existing under the laws of the United States of America and authorized to do business in the State, (ii) has duly accepted its duties under the Resolution and each of the City Documents to which it is a party, (iii) has taken all necessary corporate action required to act in its role as Registrar, Paying Agent and Escrow Agent under the Resolution and each of the City Documents to which it is a party, and (iv) has duly executed and delivered each of the City Documents to which it is a party,

(xiii) one executed copy of the report of Stantec Consulting Services Inc., as the consulting engineers for the System in connection with the issuance of the Series 2020 Bonds (the "Consulting Engineer"), included as an appendix to the Preliminary Official Statement and the Official Statement (the "Consulting Engineer's Report"),

(xiv) a certificate, dated the date of the Closing, signed by an authorized officer of the Consulting Engineer stating (A) that the Consulting Engineer consents to the inclusion of the Consulting Engineer's Report in the Preliminary Official Statement and in the Official Statement and to references to such firm contained in the Preliminary Official Statement and in the Official Statement, (B) that the information in the Preliminary Official and the Official Statement relating to the Consulting Engineer, the Consulting Engineer's Report, and the electric utility portion of the System, is accurate in all material respects and does not omit any matter that should be included therein or that is necessary to make the statements made therein regarding such matters, in light of the circumstances under which such statements are made, not misleading, and (C) such other matters as the Underwriters may reasonably require,

(xv) one executed copy of the report of Stantec Consulting Services Inc., as the feasibility consultants for the System in connection with the issuance of the Series 2020 Bonds (the "Feasibility Consultant"), included as an appendix to the Preliminary Official Statement and the Official Statement (the "Feasibility Report"),

(xvi) a certificate, dated the date of the Closing, signed by an authorized officer of the Feasibility Consultant stating (A) that the Feasibility Consultant consents to the inclusion of the Feasibility Report in the Preliminary Official Statement and in the Official Statement and to references to the Feasibility Consultant contained in the Preliminary Official Statement and in the Official Statement, (B) that the information in the Preliminary Official Statement and the Official Statement relating to the Feasibility Consultant, the Feasibility Report and the System, is accurate in all material respects and does not omit any matter that should be included therein or that is necessary to make the statements made therein regarding such matters, in light of the circumstances under which such statements are made, not misleading, and (C) such other matters as the Underwriters may reasonably require,

(xvii) evidence of [ratings on the Insured Series 2020 Bonds by Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), based on the Series 2020 Bond Insurance Policy, of "\_\_\_\_," with a "\_\_\_\_ outlook," and "\_\_\_\_," with a "\_\_\_\_ outlook," respectively, and] underlying ratings on the Series 2020 Bonds by Moody's and S&P, without regard to the Series 2020 Bond Insurance Policy, of "\_\_\_\_," with a "\_\_\_\_ outlook," and "\_\_\_\_," with a "\_\_\_\_ outlook," respectively,

[(xviii) a copy, in standard form and substance, of the executed (A) Series 2020 Bond Insurance Policy, (B) Reserve Account Letter of Credit / Reserve Account Insurance Policy to satisfy the Reserve Account Requirement for the Series 2020 Bonds, and (C) certificates of officers of the Series 2020 Insurer relating to the delivery of such instruments,]

[(xix) an opinion of counsel to the Series 2020 Insurer, dated the Closing Date and addressed to the City and the Underwriters, or a certificate of a duly authorized officer of the Series 2020 Insurer, relating to (A) the corporate status of the Series 2020 Insurer and its eligibility for relief under federal bankruptcy laws, (B) the authority of the Series 2020 Insurer to issue the Series 2020 Bond Insurance Policy and the Reserve Account Letter of Credit / Reserve Account Insurance Policy and the enforceability of such instruments, and (C) the statements contained in the Official Statement relating to the Series 2020 Insurer, the Series 2020 Bond Insurance Policy and the Reserve Account Letter of Credit / Reserve Account Insurance Policy,]

[(xx) such additional legal opinions and certificates as may be required by the Series 2020 Insurer in its commitment to issue the Series 2020 Bond Insurance Policy or the Reserve Account Letter of Credit / Reserve Account Insurance Policy, and]

(xxi) such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably require to evidence the accuracy or completeness, as of the date hereof and as of the Closing Date, of the representations and warranties contained herein and of the statements and information contained in the Preliminary Official Statement or in the Official Statement and the due performance or satisfaction on or prior to the Closing Date of the agreements then to be performed or conditions then to be satisfied by the City.

(c) All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Agreement shall be deemed to be in compliance with the provisions of this Purchase Agreement if, and only if, in the reasonable judgment of the Underwriters and Underwriters' Counsel, they are satisfactory in form and substance.

**Section 10. Termination of Purchase Agreement.** The Underwriters shall have the right to cancel the obligation to purchase and accept delivery of the Series 2020 Bonds hereunder by written notification from the Representative to the City of the election to cancel if at any time subsequent to the date of this Purchase Agreement and prior to the Closing Date if:

(a) trading in securities generally on the New York Stock Exchange shall have been suspended or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction, or

(b) a general banking moratorium shall have been declared by federal, New York or Florida banking authorities and be in force, which in the reasonable opinion of the Representative materially adversely affects the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce confirmations for the purchase, at the contemplated offering prices, of the Series 2020 Bonds, or

(c) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis (including terrorism) the effect of which on financial markets is such as to, in the reasonable opinion of the Representative, materially adversely affect the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce confirmations for the purchase, at the contemplated offering prices, of the Series 2020 Bonds, or

(d) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Series 2020 Bonds as contemplated hereby which, in the reasonable opinion of the Representative, materially and adversely affects the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce confirmations for the purchase, at the contemplated offering prices, of the Series 2020 Bonds, or

(e) a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation, release or no-action letter by or on behalf of the SEC or any other governmental agency

having jurisdiction over the subject matter shall be issued or made to the effect that the issuance, offering or sale of the Series 2020 Bonds, or of obligations of the same general character as the Series 2020 Bonds as contemplated hereby, or any document relating to the issuance, offering or sale of the Series 2020 Bonds is subject to registration or qualification under the Securities Act of 1933, as amended (the "Securities Act"), or the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or is or would be in violation of any provision of either of such acts or the Exchange Act, or

(f) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Series 2020 Bonds, the Resolution, or any comparable securities of the City, are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws, or

(g) an event or circumstance shall exist which, in the reasonable judgment of the Representative (i) makes untrue or incorrect in any material respect, as of the time of such event, any statement of information contained in the Official Statement or (ii) would cause a material omission from the information contained in the Official Statement and which information should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in any material respect, or

(h) the purchase of and payment for the Series 2020 Bonds by the Underwriters, or their resale or reoffering by the Underwriters, on the terms and conditions contemplated by this Purchase Agreement and the Official Statement, is prohibited by any applicable law or governmental regulation or by order of any court, governmental body, board, agency, or commission, or

(i) any of the ratings or outlook on the Series 2020 Bonds, or any outstanding obligations having a parity lien on Net Revenues with the lien on Net Revenues in favor of the Series 2020 Bonds, shall have been withdrawn, downgraded or suspended, or

(j) additional material restrictions not in force on the date of this Purchase Agreement shall have been imposed on trading in securities generally by a governmental authority, or

(k) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Series 2020 Bonds or in any way protesting or affecting any authority for or the validity of the Series 2020 Bonds, or any of the City Documents or the transactions contemplated thereby, or the existence or powers of the City or the System, or

(l) any material amendment is made to the Official Statement pursuant to Section 3(d) of this Purchase Agreement which, in the reasonable judgment of the Underwriters, will materially adversely affect the market price or marketability of the Series 2020 Bonds or the ability of the Underwriters to enforce confirmations for the purchase, at the contemplated offering prices, of the Series 2020 Bonds.

#### **Section 11. Expenses.**

(a) Except as provided in paragraph (b) below, the City shall pay any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of the City Documents and all other agreements and instruments required in connection with the consummation of the transactions contemplated hereby, (ii) the cost of the preparation, engraving, printing, execution and delivery of the definitive Series 2020 Bonds, (iii) the fees and disbursements of Bond Counsel, Issuer's Counsel, Disclosure Counsel, and any other experts retained by the City, (iv) the initial or acceptance fee of the Registrar, Paying Agent and Escrow Agent, (v) any fees charged by investment rating agencies for the rating of the Series 2020 Bonds, and (vi) any expenses (included in the expense component of the Underwriters' discount) incurred by the Representative on behalf of the City in connection with the marketing, issuance and delivery of the Series 2020 Bonds, including, but not limited to, meals, transportation, and lodging, of the City's employees and representatives, approved in advance by the City; provided, however, that the City shall have no obligation to pay any expenses of the Representative in the event the Underwriters fail (other than for a reason permitted by this Purchase Agreement) to accept delivery of and pay for all of the Series 2020 Bonds at Closing. Notwithstanding anything in this Purchase Agreement to the contrary, the City's obligation to pay expenses shall be limited to amounts available to it from the proceeds of the sale of the Series 2020 Bonds; provided, however, that in the event of an instance under Section 6(b) hereof when the City fails for any reason (other than each of the Underwriters' non compliance with its obligations under this Purchase Agreement), to deliver the Series 2020 Bonds at the Closing, the City's obligation to pay expenses under this Section 11(a) shall not be limited to amounts available to it from the proceeds of the sale of the Series 2020 Bonds.

(b) The Underwriters shall pay (from the expense component of the Underwriters' discount), to the extent not included in item (vi) in paragraph (a) above, (i) the cost of qualifying the Series 2020 Bonds under state blue sky laws and determining their eligibility for investment under the laws of such jurisdictions as the Underwriters may designate, including filing fees and fees and disbursements of Underwriters' Counsel in connection with such qualification and determination and the review of such laws, (ii) the cost of preparing and publishing all advertisements relating to the Series 2020 Bonds upon commencement of the offering of the Series 2020 Bonds, (iii) the cost of the transportation and lodging for officials and representatives of the Representative to attend meetings and the Closing, (iv) all other expenses incurred by the Underwriters in connection with the public offering and distribution of the Series 2020 Bonds, including without limitation, the cost of preparing the Underwriters' documents, (v) any fees of the MSRB in connection with the issuance, offering or sale of the Series 2020 Bonds, and (vi) the cost of obtaining a CUSIP number assignment for the Series 2020 Bonds. Notwithstanding

anything in this Purchase Agreement to the contrary, the portion of the expense component of the Underwriters' discount representing the fees and expenses of Underwriters' Counsel shall be netted from the expense component of the Underwriters' discount at Closing and included in the costs paid by the City in connection with the issuance of the Series 2020 Bonds.

**Section 12. Successors and Assigns.** This Purchase Agreement shall inure to the benefit of and be binding upon the City and the Underwriters and their successors and assigns. Nothing in this Purchase Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Purchase Agreement or any provision herein contained. This Purchase Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their successors and assigns, and not for the benefit of any other person, firm or corporation. No purchaser of the Series 2020 Bonds from the Underwriters or any other persons or entity shall be deemed to be a successor merely by reason of such purchase.

**Section 13. Notices.** All notices, demands and formal actions required or permitted to be given pursuant to the terms of this Purchase Agreement shall be in writing sent by United States certified mail, return receipt requested, by a nationally recognized overnight courier, or hand delivered, and shall be deemed to have been given upon receipt by the party notified. Information for the delivery of notice (until a change in such information is delivered as provided in this Section 13) shall be as follows:

If to the City:	City of Lake Worth Beach, Florida 7 North Dixie Highway Lake Worth Beach, Florida 33460 Attention: Director of Finance Telephone: (561) 586-1654
With a copy to:	City of Lake Worth Beach, Florida 7 North Dixie Highway Lake Worth Beach, Florida 33460 Attention: City Attorney Telephone: (561) 586-1659
If to the Underwriters:	Morgan Stanley & Co. LLC 2825 University Drive, Suite 400 Coral Springs, Florida 33065 Attention: J.W. Howard, Executive Director Telephone: (954) 509-3532

The City and the Underwriters may, by notice given under this Purchase Agreement, designate other addresses and telephone numbers to which notices or other communications shall be directed.

**Section 14. Representations and Warranties of the Underwriters.** The Representative, on behalf of itself and, based solely on representations of the other Underwriter, the other Underwriter, represents and warrants to the City that:

(a) the Underwriters are duly organized, validly existing and in good standing under the laws of the jurisdiction of their respective organization and are duly authorized to transact business in the State,

(b) the Underwriters are duly authorized to authorize the Representative to execute this Purchase Agreement,

(c) the Underwriters have the full power and authority to take all actions required or permitted to be taken by them hereunder, and to perform and observe the covenants and agreements on their part contained in this Purchase Agreement,

(d) this Purchase Agreement has been duly executed and delivered by the Representative,

(e) each of the Underwriters represents that it is registered with the Financial Industry Regulatory Authority, Inc. ("FINRA") as a broker dealer and the MSRB as a municipal securities dealer, or is otherwise registered with the necessary regulatory authorities required for it to serve as an Underwriter with respect to the Series 2020 Bonds, and that at all times during the offering and sale of the Series 2020 Bonds, the Underwriters will continue to be so registered, and

(f) to the best knowledge of the Representative, each of the Underwriters is in compliance with the rules and regulations of FINRA and the MSRB (to the extent it is regulated by FINRA and the MSRB) and any other body which regulates it which would adversely affect the transactions contemplated hereby or by the Official Statement or the validity and legality of this Purchase Agreement or the Official Statement.

**Section 15. Waiver.** Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Underwriters hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative, in its sole discretion, and the approval of each of the Underwriters when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing, signed by an authorized signatory of the Representative.

**Section 16. Entire Agreement; Miscellaneous.** This Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby and supersedes all prior agreements and understandings between the parties. This Purchase Agreement may not be amended, supplemented or modified without the written consent of the City and the Representative. None of the officers, directors, employees or agents of the parties to this Purchase Agreement shall be charged personally with any liability, or be held liable under any term or provision of this Purchase Agreement because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof. The validity, interpretation and performance

of this Purchase Agreement shall be governed by the internal laws of the State, without regard to conflict of law principles.

**Section 17. Survival of Warranties.** All the representations, warranties and agreements of the Underwriters and the City in this Purchase Agreement shall remain operative and in full force and effect and shall survive delivery of and payment for the Series 2020 Bonds, regardless of any investigation made by or on behalf of the City or the Underwriters.

**Section 18. Severability.** If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitutional or statutory provision or provisions or rule of law or public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained, or portion thereof, invalid, inoperative, or unenforceable. The invalidity of any one or more phrases, sentences, clauses or sections contained in this Purchase Agreement, shall not affect the remaining portions of this Purchase Agreement, or any part thereof.

**Section 19. Headings.** The headings of the sections of this Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be part of this Purchase Agreement nor affect the meaning, construction or effect hereof.

**Section 20. Counterparts.** This Purchase Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

**Section 21. Effective Date.** This Purchase Agreement shall become effective upon acceptance hereof by the City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURES TO FOLLOW]

**SIGNATURE PAGE TO  
BOND PURCHASE AGREEMENT**

§ \_\_\_\_\_  
**CITY OF LAKE WORTH BEACH, FLORIDA  
CONSOLIDATED UTILITY REVENUE BONDS  
SERIES 2020**

Very truly yours,

**MORGAN STANLEY & CO. LLC,**  
as Representative on behalf of itself and  
the Underwriters

By: \_\_\_\_\_  
J.W. HOWARD, Executive Director

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

**SIGNATURE PAGE TO  
BOND PURCHASE AGREEMENT**

**§ \_\_\_\_\_  
CITY OF LAKE WORTH BEACH, FLORIDA  
CONSOLIDATED UTILITY REVENUE BONDS  
SERIES 2020**

Accepted and agreed to as of  
the date first above written.

**CITY OF LAKE WORTH BEACH,  
FLORIDA**

(SEAL)

By: \_\_\_\_\_  
PAM TRIOLO, Mayor

ATTEST:

\_\_\_\_\_  
DEBORAH M. ANDREA, CMC, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
NABORS, GIBLIN & NICKERSON, P.A.

**SCHEDULE I**

**\$ \_\_\_\_\_**  
**CITY OF LAKE WORTH BEACH, FLORIDA**  
**CONSOLIDATED UTILITY REVENUE BONDS**  
**SERIES 2020**

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
2021	\$	%	%	
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
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2050				

## REDEMPTION PROVISIONS

### Optional Redemption

General. The Series 2020 Bonds maturing on and prior to October 1, \_\_\_\_\_ are not subject to optional redemption prior to maturity. The Series 2020 Bonds maturing on and after October 1, \_\_\_\_\_ are subject to redemption at the option of the City on and after October 1, \_\_\_\_\_ in whole or in part at any time, in such manner as shall be determined by the City and within a maturity in such manner as determined by the City or at its direction the Paying Agent, at a redemption price (plus accrued interest to the date fixed for redemption) equal to the principal amount thereof and without premium.

### Mandatory Redemption

The Series 2020 Bonds maturing on October 1, \_\_\_\_\_ are subject to mandatory sinking fund redemption, prior to maturity in part by lot on October 1, \_\_\_\_\_ and each October 1 thereafter at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Sinking Fund Installments in the amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>
	\$
*	
<hr/>	
* Final Maturity.	

## **SCHEDULE II**

\$ \_\_\_\_\_  
**CITY OF LAKE WORTH BEACH, FLORIDA**  
**CONSOLIDATED UTILITY REVENUE BONDS**  
**SERIES 2020**

### **DISCLOSURE STATEMENT**

October \_\_\_\_, 2020

City of Lake Worth Beach, Florida  
7 North Dixie Highway  
Lake Worth Beach, Florida 33460

Ladies and Gentlemen:

In connection with the proposed issuance of the above-captioned bonds (the "Series 2020 Bonds"), Morgan Stanley & Co. LLC (the "Representative"), on behalf of itself and the other underwriter listed in paragraph (e) hereof (collectively, the "Underwriters"), has agreed to underwrite a public offering of the Series 2020 Bonds, subject to the terms and conditions set forth in the Bond Purchase Agreement, dated October \_\_\_\_, 2020, between the City and the Representative, on behalf of the Underwriters (the "Purchase Agreement"). All capitalized undefined terms used herein shall have the meaning ascribed to them in the Purchase Agreement.

The purpose of this letter is to furnish, pursuant to the provisions of Sections 218.385(2), (3) and (6), Florida Statutes, as amended, certain information in respect to the arrangement contemplated for the underwriting of the Series 2020 Bonds as follows:

(a) The nature and estimated amount of expenses to be incurred by the Underwriters in connection with the issuance of the Series 2020 Bonds are set forth on Exhibit A attached hereto.

(b) There are no "finders," as that term is defined in Section 218.386, Florida Statutes, connected with the issuance of the Series 2020 Bonds.

(c) The amount of underwriting spread, including the management fee, expected to be realized is as follows:

	<u>Per \$1,000</u>	<u>Dollar Amount</u>
Average Takedown	\$ _____	\$ _____
Underwriters' Expenses	_____	_____
Underwriting Spread*	\$ <u>_____</u>	\$ <u>_____</u>

\* Totals may not add due to rounding.

(d) No other fee, bonus or other compensation is estimated to be paid by the Underwriters in connection with the issuance of the Series 2020 Bonds to any person not regularly employed or retained by the Underwriters, except as described in Exhibit A attached hereto.

(e) The names and addresses of the Underwriters are set forth below:

Morgan Stanley & Co. LLC  
2825 University Drive, Suite 400  
Coral Springs, Florida 33065

Raymond James & Associates, Inc.  
880 Carillon Parkway, Third Floor  
St. Petersburg, Florida 33716

As set forth in the Official Statement, the City is proposing to issue \$\_\_\_\_\_ of the Series 2020 Bonds to provide funds to (i) finance the acquisition, construction and equipping of certain improvements and additions to the consolidated electric, water and sewer utility system currently owned and operated by the City (the "System"), (ii) [together with other legally available funds,] repay certain existing indebtedness incurred for the benefit of the System, (iii) deposit [cash / a Reserve Account Letter of Credit / a Reserve Account Insurance Policy] to satisfy the Reserve Account Requirement for the Series 2020 Bonds; and (iv) pay the costs of issuance of the Series 2020 Bonds [(including the premium for the municipal bond insurance policy and the Reserve Account Letter of Credit / Reserve Account Insurance Policy to be obtained in connection with the issuance of the Series 2020 Bonds. As set forth in the Official Statement, the Series 2020 Bonds are expected to be repaid over a period of approximately \_\_\_\_\_ ( ) years. At a true interest cost rate of approximately \_\_\_\_\_ % total interest paid over the life of the Series 2020 Bonds will be \$\_\_\_\_\_.

As set forth in the Official Statement, the Series 2020 Bonds are limited obligations of the City, payable solely from and secured equally and ratably by a lien on and pledge of the Net Revenues of the System and other amounts in the funds and accounts created under the Bond Resolution pursuant to which the Series 2020 Bonds are issued, to the extent such amounts constitute Pledged Funds under such Bond Resolution. Assuming the true interest cost rate provided above, authorizing the Series 2020 Bonds will result in approximately \$\_\_\_\_\_ of Net Revenues of the System not being available to finance the other services of the City each year for approximately \_\_\_\_\_ ( ) years.

**SIGNATURE PAGE FOR DISCLOSURE STATEMENT TO  
BOND PURCHASE AGREEMENT**

**§ \_\_\_\_\_  
CITY OF LAKE WORTH BEACH, FLORIDA  
CONSOLIDATED UTILITY REVENUE BONDS  
SERIES 2020**

We understand that the City does not require any further disclosure from the Underwriters pursuant to Sections 218.385(2), (3) and (6), Florida Statutes, as amended.

Very truly yours,

**MORGAN STANLEY & CO. LLC,**  
as Representative on behalf of itself and  
the Underwriters

By: \_\_\_\_\_  
J.W. HOWARD, Executive Director

**EXHIBIT A**  
**to**  
**SCHEDULE II**

**ESTIMATED EXPENSES TO BE INCURRED BY THE UNDERWRITERS**

	<u>Per \$1,000</u>	<u>Dollar Amount</u>
Underwriters' Counsel	\$	\$
iPreo Bookrunning Expenses		
iPreo EOE (Gameday)		
iPreo Wire Charge		
CUSIP Fee		
DTC		
Day Loan		
Miscellaneous	_____	_____
TOTAL	\$ <u>          </u>	\$ <u>          </u>

## EXHIBIT A

### FORM OF ISSUE PRICE CERTIFICATE

§ \_\_\_\_\_  
**CITY OF LAKE WORTH BEACH, FLORIDA**  
**CONSOLIDATED UTILITY REVENUE BONDS**  
**SERIES 2020**

The undersigned, on behalf of Morgan Stanley & Co. LLC (the “Representative”), on behalf of itself and Raymond James & Associates, Inc. (collectively, the “Underwriters”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Series 2020 Bonds”).

**1. Sale of the 10% Maturities.** As of the date of this Certificate, for each Maturity of the 10% Maturities, the first price at which a Substantial Amount of such Maturity of the 10% Maturities was sold to the Public is the respective price listed in Schedule A.

**2. Initial Offering Price of the Undersold Maturities.**

(a) The Underwriters offered the Undersold Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2020 Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement dated October \_\_\_\_, 2020 between the Underwriters and the City of Lake Worth Beach, Florida (the “City”), the Underwriters have agreed in writing that, for each Maturity of the Undersold Maturities, they would neither offer nor sell any of the unsold Series 2020 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Offering Period for such Maturity, nor would they permit a related party to do so. Pursuant to such agreement, none of the Underwriters have either offered or sold any unsold Series 2020 Bonds in a Maturity of the Undersold Maturities at a price that is higher than the Initial Offering Price for that Maturity of the Series 2020 Bonds during the Offering Period.

**3. Defined Terms.**

(a) “10% Maturities” means those Maturities of the Series 2020 Bonds shown in Schedule A hereto as the “10% Maturities.”

(b) “Maturity” means Series 2020 Bonds with the same credit and payment terms. Series 2020 Bonds with different maturity dates, or Series 2020 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) “Offering Period” means, with respect to an Undersold Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth (5<sup>th</sup>) business day after the Sale Date (October \_\_\_\_, 2020), or (ii) the date on which the Underwriters have sold a Substantial Amount of such Undersold Maturity to the Public at a price that is no higher than the Initial Offering Price for such Undersold Maturity.

(d) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a related party to a Regulatory Underwriter. The term “related party” for purposes of this Certificate generally means any two (2) or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(e) “Regulatory 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 Series 2020 Bonds 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 Series 2020 Bonds 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 Series 2020 Bonds to the Public).

(f) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2020 Bonds. The Sale Date of the Series 2020 Bonds is October \_\_\_\_, 2020.

(g) “Substantial Amount” means ten percent (10%).

(h) “Undersold Maturities” means those Maturities of the Series 2020 Bonds shown in Schedule A hereto as the “Undersold Maturities.”

We have performed these calculations with the express understanding and agreement of the City and Nabors, Giblin & Nickerson, P.A., as Bond Counsel to the City (“Bond Counsel”) that, notwithstanding the performance of these calculations and the delivery of this letter, (i) in doing so we are not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act); (ii) we do not have a fiduciary duty to the City, and (iii) we are not to be construed as a “paid preparer” of any tax returns of the City, including specifically (but not limited to) Form 8038-G.

In performing the above calculations, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. Accordingly, while we believe the calculations described above to be correct, we do not warrant them to be so, nor do we warrant their validity for purposes of the Internal Revenue Code of 1986, as amended, and the treasury regulations thereunder (collectively, the “Code”).

The representations set forth in this Certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead

be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this Certificate represents the Representative's interpretation of any laws, including specifically, without limitation, Sections 103 and 148 of the Code. The Representative understands that the City will rely on the foregoing certifications in its certificates as to tax matters, including arbitrage, under the Code, and Bond Counsel will rely on the foregoing certifications in rendering its opinion on the exclusion from gross income of interest on the Series 2020 Bonds for federal income tax purposes and other federal income tax advice it may give to the City relating to the Series 2020 Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: November \_\_\_\_, 2020.

**MORGAN STANLEY & CO. LLC,**  
as Representative on behalf of itself and  
the Underwriters

By: \_\_\_\_\_  
J.W. HOWARD, Executive Director

**SCHEDULE A TO ISSUE PRICE CERTIFICATE**

**SALE PRICES OF THE SERIES 2020 BONDS**

(Attached)

**SCHEDULE B TO ISSUE PRICE CERTIFICATE**  
**COPY OF THE PRICING WIRE FOR THE SERIES 2020 BONDS**

(Attached)

**EXHIBIT B**

**FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL**

[To Come]

**EXHIBIT C**

**FORM OF ISSUER'S COUNSEL OPINION**

[To Come]

**EXHIBIT D**

**FORM OF OPINION OF DISCLOSURE COUNSEL**

[To Come]

**EXHIBIT B**

**FORM OF PRELIMINARY OFFICIAL STATEMENT**

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 21, 2020**

**NEW ISSUE-BOOK-ENTRY ONLY**

**RATINGS:** See "RATINGS" herein

*In the opinion of Bond Counsel, assuming continuing compliance by the City with the Internal Revenue Code of 1986, as amended, interest on the 2020 Bonds is, under existing law, excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. (See "TAX STATUS" herein).*

\$ \_\_\_\_\_ \*

**CITY OF LAKE WORTH BEACH, FLORIDA  
CONSOLIDATED UTILITY REVENUE BONDS, SERIES 2020**

**Dated: Date of Delivery**

**Due: October 1, as shown below**

The Consolidated Utility Revenue Bonds, Series 2020 (the "2020 Bonds") are to be issued by the City of Lake Worth Beach, Florida (the "City"), as fully registered bonds, without coupons, in denominations of \$5,000 and integral multiples thereof. Interest on the 2020 Bonds will be payable April 1, 2021, and semiannually on each April 1 and October 1 thereafter by check or draft of U.S. Bank National Association, registrar and paying agent.

The 2020 Bonds will be issued in fully registered form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book-entry form only in denominations of \$5,000 and any integral multiple thereof. Actual purchasers of the 2020 Bonds (the "Beneficial Owners") will not receive physical delivery of the 2020 Bonds. Transfer of ownership in the 2020 Bonds will be effected by DTC's book-entry system as described herein. As long as Cede & Co. is the Bondholder as nominee of DTC, principal and interest payments will be made directly to such Bondholder, which will in turn remit such payments to the Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. At the request and expense of any holder of \$500,000 or more in aggregate principal amount of 2020 Bonds, interest shall be paid by wire transfer on an interest payment date as described herein. The principal of and premium, if any, on the 2020 Bonds will be payable upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent. See "DESCRIPTION OF THE 2020 BONDS," herein.

The 2020 Bonds are being issued pursuant to Resolution No. 45-2020 of the City Commission of the City, adopted October 6, 2020, as supplemented (the "Resolution") for the purpose of (i) financing the acquisition, construction and equipping of capital improvements to the City's consolidated electric, water and sewer utility system (the "System"), (ii) repaying certain existing indebtedness and (iii) paying costs of issuance.

The 2020 Bonds are payable solely from and secured by a lien upon and pledge of the "Pledged Funds", consisting of (1) the Net Revenues of the System, and (2) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established thereunder, except (A) the Rebate Fund, (B) to the extent moneys therein shall be required to pay the Operating Expenses of the System in accordance with the terms thereof, and (C) any moneys set aside in a particular subaccount of the Reserve Account if such moneys shall be pledged solely for the payment of a Series of Bonds for which it was established in accordance with the provisions of the Resolution. The 2020 Bonds shall not constitute a general indebtedness or a pledge of the faith or credit of the City, within the meaning of any constitutional or statutory provision, and the City shall never be required to exercise the ad valorem taxing power of the City for the payment of the principal of and interest on the 2020 Bonds. The 2020 Bonds will not constitute a lien upon the System or any other property of the City, except for the Pledged Funds.

**The City expects to receive a commitment from one or more national municipal bond insurers to guarantee the scheduled payment of principal of and interest on all or a portion of the 2020 Bonds when due under a financial guaranty insurance policy to be issued concurrently with the issuance of the 2020 Bonds. The decision as to which of the 2020 Bonds, if any, such policy shall apply to will be made by the City at the time of pricing the 2020 Bonds.**

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

*The 2020 Bonds are offered when, as and if issued and received by the Underwriters, subject to the unqualified opinion as to legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain matters will also be passed on by Nabors, Giblin & Nickerson, P.A., Tampa, Florida as Disclosure Counsel to the City. Certain other matters will be passed on for the City by Torcivia, Donlon & Goddeau, P.A., West Palm Beach, Florida, City Attorney and for the Underwriters by the Law Offices of Steve E. Bullock, P.A., Miami, Florida. Davenport & Company LLC, Richmond Virginia, is serving as financial advisor to the City. It is expected that the 2020 Bonds in definitive form will be available for delivery through the Depository Trust Company in New York, New York on or about November \_\_, 2020.*

Dated: October \_\_, 2020

**MORGAN STANLEY**

**RAYMOND JAMES**

\$ \_\_\_\_\_ \*

**CITY OF LAKE WORTH BEACH, FLORIDA**  
**CONSOLIDATED UTILITY REVENUE BONDS, SERIES 2020**

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

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial CUSIP</u> <u>Numbers†</u>
---------------------------------------	------------------------------------	--------------------------------	--------------	--------------	---

\$ \_\_\_\_\_ \* \_\_\_\_\_ % Term Bonds Due October 1, 20\_\_\_\_ Price \_\_\_\_\_ % Yield \_\_\_\_\_ Initial CUSIP†: \_\_\_\_\_

\_\_\_\_\_  
\*Preliminary, subject to change.

†The City and the Underwriters are not responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the City or the Underwriters as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

**CITY OF LAKE WORTH BEACH, FLORIDA**

**City Offices**

7 North Dixie Highway  
Lake Worth Beach, Florida 33460

**City Commissioners**

Pam Triolo, Mayor  
Scott Maxwell  
Omari Hardy  
Andy Amoroso  
Herman Robinson

**City Clerk**

Deborah M. Andrea

**City Manager**

Michael Bornstein

**Counsel to the City**

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No dealer, broker, salesman or other person has been authorized by the City of Lake Worth Beach, Florida (the "City") to make any representations in connection with the 2020 Bonds other than as contained in this Official Statement, and if given or made, such other 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 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from the City, The Depository Trust Company and other sources considered to be reliable. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2020 BONDS AT A LEVEL 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 2020 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 2020 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE SECURITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2020 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION 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.

THE UNDERWRITERS MAY OFFER AND SELL THE 2020 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITERS.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. The offering of the 2020 Bonds is made only by means of this entire Official Statement.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITES: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM) AND [WWW.EMMA.MSRB.ORG](http://WWW.EMMA.MSRB.ORG). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM EITHER OF SUCH WEBSITES.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE 2020 BONDS.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE CITY FOR PURPOSES OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN FINANCIAL INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(B)(1).

THIS OFFICIAL STATEMENT INCLUDES THE FRONT PAGE, THE PAGE IMMEDIATELY PRECEDING THIS PAGE AND ALL APPENDICES HERETO.

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## OFFICIAL STATEMENT

relating to

§ \_\_\_\_\_ \*

**CITY OF LAKE WORTH BEACH, FLORIDA**  
**CONSOLIDATED UTILITY REVENUE BONDS, SERIES 2020**

### INTRODUCTION

This introduction is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement and should not be considered to be a complete statement of the facts material to making an investment decision. The offering by the City of Lake Worth Beach, Florida (the "City") of its § \_\_\_\_\_ \* City of Lake Worth Beach, Florida Consolidated Utility Revenue Bonds, Series 2020 (the "2020 Bonds") to potential investors is made only by means of the entire Official Statement, including all appendices attached hereto. The City changed its name from "Lake Worth" to "Lake Worth Beach" in 2019.

The 2020 Bonds are being issued for the purposes of (i) financing the acquisition, construction and equipping of certain improvements and additions (the "Project," as more fully described herein) to the consolidated electric, water and sewer utility system currently owned and operated by the City (the "System"), (ii) repaying certain existing indebtedness and (iii) paying the costs of issuance of the 2020 Bonds.

The 2020 Bonds are being issued pursuant to Chapter 166, Part II, Florida Statutes, the City Charter, the Constitution of the State of Florida, and Resolution No. 45-2020, adopted by the City Commission of the City on October 6, 2020, as amended and supplemented from time to time (the "Resolution"). All capitalized undefined terms used herein shall have the meaning ascribed thereto in the Resolution. See "APPENDIX B -- FORM OF THE RESOLUTION."

The 2020 Bonds and the interest thereon are payable solely from and secured by a lien upon and pledge of the "Pledged Funds", consisting of (1) the Net Revenues of the System and (2) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established thereunder, except (A) the Rebate Fund, (B) to the extent moneys therein shall be required to pay the Operating Expenses of the System in accordance with the terms thereof, and (C) any moneys set aside in a particular subaccount of the Reserve Account if such moneys shall be pledged solely for the payment of a Series of Bonds for which it was established in accordance with the provisions of the Resolution. The 2020 Bonds and any Additional Bonds hereafter issued pursuant to the Resolution are referred to herein collectively as the "Bonds." See "SECURITY FOR THE BONDS", herein. This Official Statement speaks only as of its date and the information contained herein is subject to change. All documents of the City referred to herein, including copies of the audited financial statements of the City, may be obtained from Deborah M. Andrea, City Clerk, 7 North Dixie Highway, Lake Worth Beach, Florida 33460.

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\*Preliminary, subject to change.

## PLAN OF REFUNDING

A portion of the net proceeds of the 2020 Bonds will be applied, together with certain other available funds, to refund and redeem the City's Utility System Refunding Revenue Bond, Series 2013 (the "Refunded 2013 Bond") and the City's obligations under a Master Lease-Purchase Agreement dated September 27, 2015 (the "Refunded Lease-Purchase Obligation" and, collectively with the Refunded 2013 Bond, the "Refunded Indebtedness"). [Such funds will either be held uninvested or applied to the purchase of obligations of the United States of America (the "Federal Securities"), as more fully defined in the Resolution, the maturing principal of and interest on which when due, together with any amounts remaining uninvested, will provide moneys sufficient to pay when due the principal of and interest on the Refunded 2013 Bond and Refunded Lease-Purchase Obligation, respectively, upon the redemption thereof as described below.

The City will enter into separate irrevocable escrow deposit agreements (the "Escrow Agreements") with U.S. Bank National Association, as escrow agent (the "Escrow Agent") relating to the refunding of the Refunded 2013 Bond and the Refunded Lease-Purchase Obligation. Pursuant to the terms of the Escrow Agreements, the City will deposit with the Escrow Agent a portion of the proceeds of the 2020 Bonds, together with certain other available funds. Such funds, other than uninvested moneys, will be applied to purchase the Federal Securities. The Federal Securities and uninvested moneys will be deposited in separate escrow funds (the "Escrow Accounts") created under the Escrow Agreements. The Refunded 2013 Bond will be irrevocably called for redemption on \_\_\_\_\_, \_\_\_\_\_, on which date the proceeds of the Federal Securities and the uninvested moneys held under the Escrow Agreement with respect thereto will be applied to pay the principal of and interest due on the Refunded 2013 Bond to the date of redemption. The Refunded Lease-Purchase Obligation will be prepaid on [December 17, 2020].

In the opinion of Bond Counsel, in reliance on the covenants, agreements and other obligations of the City under the resolution authorizing the same, the Refunded 2013 Bond will be discharged and extinguished upon the issuance of the 2020 Bonds by the City, the deposit of sufficient proceeds of the 2020 Bonds with the Escrow Agent, and the deposit and purchase of United States Obligations under the Escrow Agreement with respect thereto for the payment of all of the principal of and interest on the Refunded 2013 Bond to the date of redemption.

Moneys held by the Escrow Agent will not be used to pay debt service on the 2020 Bonds.

The accuracy of (a) the arithmetical computations of the adequacy of the maturing principal and interest of the United States Obligations held pursuant to the Escrow Agreement related to the Refunded 2013 Bond, together with initial cash balances, to pay when due or upon earlier redemption, the principal of, redemption premium, if any, and interest on the Refunded 2013 Bond, and (b) the mathematical computations supporting the conclusion that the 2020 Bonds are not "arbitrage bonds" under the Code, will be verified by \_\_\_\_\_ as verification agent (the "Verification Agent"). Such verifications will be based upon certain public information supplied to the Verification Agent by or on behalf of the City.]

## DESCRIPTION OF THE 2020 BONDS

### General

The 2020 Bonds will be dated their date of delivery and will mature in the years, and in the amounts and bear interest at the rates and be payable on the dates set forth on the cover page hereof. The 2020 Bonds will be issued in fully registered form, initially registered in the name of Cede & Co., as nominee of DTC. Individual purchases will be made in book-entry form only in denominations of \$5,000 and any integral multiple thereof. Beneficial Owners will not receive physical delivery of the 2020 Bonds. Transfer of ownership in the 2020 Bonds will be effected by DTC's book-entry system, as described herein. As long as Cede & Co. is the Registered Holder as nominee of DTC, principal and interest payments will be made directly to such Registered Holder which will in turn remit such payments to the Participants (as hereinafter defined) for subsequent disbursement to the Beneficial Owners.

Interest on the 2020 Bonds will be payable commencing April 1, 2021 and semiannually on each April 1 and October 1 thereafter (each an "Interest Date") and will be payable by check or draft drawn on the Paying Agent mailed to the Registered Holder, as shown on the registration books of the City maintained by the Bond Registrar on the fifteenth day of the month prior to each Interest Date, whether or not such day is a Business Day, or, at the option of the Paying Agent, and at the request and expense of the Registered Holder, by bank wire transfer for the account of such Registered Holder. The principal of and premium, if any, on the 2020 Bonds is payable at maturity or redemption to the Registered Holder at the designated corporate trust office of the Paying Agent.

### Book-Entry Only System

*The information provided immediately below concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters, the City or the Paying Agent.*

Unless the book-entry system described herein is terminated, DTC will act as securities depository for the 2020 Bonds. The 2020 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 or more fully-registered bond certificates will be issued for the 2020 Bonds, and will be deposited with the Paying Agent on behalf of DTC. Individual purchases of beneficial interests in the 2020 Bonds will be made in increments of \$5,000 or integral multiples thereof.

DTC and its Participants. 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also

facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's Rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The contents of such website do not constitute a part of this Official Statement.

Purchases. Purchases of the 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 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 purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 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 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all 2020 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 2020 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 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 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.

Notices. 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 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the 2020 Bonds may wish to ascertain that the nominee holding the 2020 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 Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE 2020 BONDS. THE CITY CANNOT PROVIDE ANY ASSURANCE THAT DTC, DIRECT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2020 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED HOLDER, OR 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.

Payments. Payments on the 2020 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 Paying Agent on the relevant payable 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, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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.

Discontinuance of Book-Entry-Only System. DTC may discontinue providing its services as depository with respect to the 2020 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, certificated 2020 Bonds are required to be printed and delivered to the holders of record.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the 2020 Bonds. Under current industry practices, however, DTC would notify its Direct or Indirect Participants of the City's decision but

will only withdraw beneficial interests from a 2020 Bond at the request of any Direct or Indirect Participant. In that event, certificates for the 2020 Bonds will be printed and delivered.

### **No Assurance Regarding DTC Practices**

So long as Cede & Co. is the Registered Holder of the 2020 Bonds as nominee of DTC, references herein to the holders or Registered Holders of the 2020 Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the 2020 Bonds.

None of the City, the Paying Agent or the Underwriters will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Direct or Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of the 2020 Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the 2020 Bonds.

### **Exchange and Transfer**

*The following provisions shall only be applicable if DTC's book-entry system of registration is discontinued.*

Each 2020 Bond shall be transferable only upon the books of the City, at the office of the Registrar, under such reasonable regulations as the City may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond.

For every such exchange or transfer of Bonds, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer, but no other charge shall be made to any owner of Bonds for the privilege of exchanging or registering the transfer of Bonds under the provisions of the Resolution. The City and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the 15 days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds and Variable Rate Bonds), or, in the case of any proposed redemption of Bonds of such Series, then, for the Bonds subject to redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

### **Optional Redemption**

The 2020 Bonds maturing on and prior to October 1, \_\_\_\_\_ are not subject to optional redemption prior to their respective dates of maturity. The 2020 Bonds maturing on and after October 1, \_\_\_\_\_ are subject to redemption at the option of the City on and after October 1, \_\_\_\_\_ in whole or in part at any time, in such manner as shall be determined by the City and within a maturity as determined by the City or at its direction the Paying Agent, at a redemption price (plus accrued interest to the date fixed for redemption) equal to the principal amount thereof and without premium.

### **Mandatory Redemption**

The 2020 Bonds maturing on October 1, \_\_\_\_\_ are subject to mandatory sinking fund redemption prior to maturity, in part by lot on October 1, \_\_\_\_\_ and each October 1 thereafter at a redemption price equal to the principal amount thereof being so redeemed and accrued interest thereon to the date fixed for redemption, without premium, from Sinking Fund Installments in the amounts set forth below:

<u>Year</u>	<u>Sinking Fund Installment</u>
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\* Maturity

### **Notice and Effect of Redemption**

Notice of any redemption of Bonds, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the City, and (A) shall be filed with the Paying Agents of such Bonds, (B) shall be mailed first class, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice, and (C) shall be mailed, certified mail, postage prepaid, at least 35 days prior to the redemption date to the registered securities depositories and one or more nationally recognized municipal bond information services as hereinafter provided in the Resolution. Failure to mail such notice to such depositories or services or the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred. Failure of any Holder to receive any notice mailed as provided in the Resolution shall not affect the proceedings for redemption of such Holder's Bonds.

Each notice of redemption shall state: (1) the CUSIP numbers and any other distinguishing number or letter of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (8) that on such redemption date there

shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Registrar at an address specified, (10) the name and telephone number of a person designated by the Registrar to be responsible for such redemption, (11) unless sufficient funds have been set aside by the City for such purpose prior to the mailing of the notice of redemption, that such redemption is conditioned upon the deposit of sufficient funds for such purpose on or prior to the date set for redemption, and (12) any other conditions that must be satisfied prior to such redemption.

## **SECURITY FOR THE BONDS**

### **General**

The principal of and premium, if any, and interest on the 2020 Bonds will be payable solely from and secured by a first lien upon and a pledge of the "Pledged Funds", consisting of (1) the Net Revenues of the System, and (2) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established thereunder, except (A) the Rebate Fund, (B) to the extent moneys therein shall be required to pay the Operating Expenses of the System in accordance with the terms thereof, and (C) any moneys set aside in a particular subaccount of the Reserve Account if such moneys shall be pledged solely for the payment of a Series of Bonds for which it was established in accordance with the provisions of the Resolution (collectively, the "Pledged Funds").

"Gross Revenues" is defined in the Resolution to mean all income and moneys received by the City from the rates, fees, rentals, charges and other income to be made and collected by the City for the use of the products, services and facilities to be provided by the System, or otherwise received by the City or accruing to the City in the management and operation of the System, calculated in accordance with generally accepted accounting principles applicable to public utility systems similar to the System, including, without limiting the generality of the foregoing, (1) proceeds from use and occupancy insurance on the System, (2) Investment Earnings, and (3) Operating Government Grants. "Gross Revenues" shall not include (A) Capital Government Grants, (B) proceeds of Bonds or other City debt, (C) moneys deposited to the Rate Stabilization Fund from the Utility Reserve Fund, (D) Connection Fees, (E) proceeds of Special Assessments, and (F) any gain resulting from the valuation of investment securities or Hedge Agreements at market value and any other gain that does not require or result in the receipt of cash.

"Net Revenues" is defined in the Resolution to mean the Gross Revenues of the System less Operating Expenses.

"Operating Expenses" shall mean the City's expenses for operation, maintenance and repairs with respect to the System and shall include, without limiting the generality of the foregoing, administration and other indirect expenses of the City related and apportioned to the System, payments for the purchase of materials essential to or used in the operation of the System, including

bulk purchases of water, sewage or electric services, fees for the management of the System or any portion thereof, accounting, legal and engineering expenses, ordinary and current rentals of equipment or other property, refunds of moneys lawfully due to others, payments to others for disposal of sewage or other wastes, payments to pension, retirement, health and hospitalization funds, and any other expenses required to be paid for or with respect to proper operation or maintenance of the System, including appropriate reserves therefor, all to the extent properly attributable to the System in accordance with generally accepted accounting principles applicable to public utility systems similar to the System, and disbursements for the expenses, liabilities and compensation of any Paying Agent or Registrar under the Resolution, but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of service or of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any payments in lieu of taxes or franchise fees made to the City's general fund, or any provision for interest, depreciation, amortization or similar charges, any non-cash charges, or any loss resulting from the valuation of investment securities or Hedge Agreements at market value and any other loss that does not require or result in the expenditure of cash.

The City is not obligated to pay the 2020 Bonds or the interest thereon except from the Pledged Funds, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the 2020 Bonds. The 2020 Bonds shall not constitute a lien upon the System, or any part thereof, or any other property of the City, nor shall they constitute a general indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations. No Registered Holder shall ever have the right to compel the exercise of the ad valorem taxing power of the City for the payment of the principal of, premium, if any, and interest on the 2020 Bonds, which shall be payable solely from the Pledged Funds.

### **Reserve Account**

The Resolution requires the City to maintain a Reserve Account equal to the Reserve Requirement, which is defined in the Resolution to mean, as of any date of calculation, the lesser of (i) Maximum Annual Debt Service for all Outstanding Bonds secured thereby, (ii) 125% of the average Annual Debt Service for all Outstanding Bonds secured thereby, or (iii) the maximum amount of Bond proceeds which may be deposited to the Reserve Account without subjecting the same to yield restriction under the Code, or causing interest on any of the Bonds secured thereby (other than Taxable Bonds) to be included in gross income for purposes of federal income taxation or otherwise violating applicable provisions of the Code; provided, however, the City may establish by Supplemental Resolution a different Reserve Account Requirement with respect to any particular Series of Bonds pursuant to the Resolution, which Reserve Account Requirement may be \$0.00. The City intends to fund the Reserve Requirement for a separate subaccount of the Reserve Account applicable to the 2020 Bonds either with 2020 Bond proceeds or a Reserve Account Insurance Policy, such determination to be made at the time of pricing.

### **Rate Covenant**

In the Resolution, the City has covenanted to at all times fix, establish, maintain and collect such rates, fees and charges for the product, services and facilities of the System, and revise the same

from time to time, whenever necessary, so as always to provide (A) Net Revenues in each Fiscal Year (excluding from the computation of Operating Expenses for any Fiscal Year any amount received from any source other than Gross Revenues and applied to the payment of Operating Expenses in such Fiscal Year) equal to at least (1) 120% of the Annual Debt Service becoming due in such Fiscal Year, plus (2) 105% of debt service in such Fiscal Year on all Subordinated Indebtedness, plus (3) 100% of (i) any amounts required by the terms of the Resolution to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year to pay Policy Costs, and (ii) all required deposits during such Fiscal Year to the Renewal and Replacement Fund.

Such rates, fees or other charges shall not be reduced so as to be insufficient to provide adequate Net Revenues for the purposes provided therefor by the Resolution.

If, in any Fiscal Year, the City shall fail to comply with the requirements described above, it shall promptly cause the Rate Consultant to review its rates, fees, charges, income, Gross Revenues, Operating Expenses, and methods of operation and to make written recommendations in a timely manner as to the methods by which the City may seek to comply with the requirements described above. The City is required to forthwith commence to implement such recommendations to the extent required so as to cause it to thereafter comply with said requirements. So long as the City implements such recommendations within 120 days of the receipt thereof, the City's failure to comply with the foregoing requirements shall not be considered an Event of Default under the Resolution, so long as the Gross Revenues, together with moneys in the Funds and Accounts created under the Resolution and available for the purposes described therein, are sufficient to pay in cash the Operating Expenses and Annual Debt Service for such Fiscal Year.

Anything in the Resolution to the contrary notwithstanding, if the City shall fail to comply with the recommendations of the Rate Consultant described in the Resolution, the registered owners of not less than ten percent (10%) in principal amount of all Bonds then Outstanding may institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the City to comply with the recommendations and the requirements of the Resolution. So long as the issuer of a Bond Insurance Policy or Credit Facility issued for the benefit of any Outstanding Bonds shall not be in default in its payments obligations under such Bond Insurance Policy or Credit Facility, the Insurer or Credit Bank, as applicable, shall be deemed to be the registered owner of all Bonds covered by the applicable Bond Insurance Policy or Credit Facility for purposes of this paragraph.

### **Rate Stabilization Fund**

The Resolution establishes a Rate Stabilization Fund, into which the City may transfer such moneys which are on deposit in the Utility Reserve Fund as it deems appropriate; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Rate Stabilization Fund shall be applied for the payment into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund and Renewal and Replacement Fund for such purposes pursuant to the

Resolution, together with moneys available in the Reserve Account for such purpose, shall be inadequate to fully provide for such insufficiency.

### **Issuance of Additional Bonds**

No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to the Resolution, shall be issued except upon the conditions and in the manner provided in the Resolution. The City may issue one or more Series of Additional Bonds for any one or more of the following purposes: (i) financing or refinancing the Cost of a Project, or the completion thereof, or (ii) refunding any or all Outstanding Bonds, any Subordinated Indebtedness of the City, or any other indebtedness of the City that it may lawfully refund with proceeds of Bonds.

No such Additional Bonds shall be issued unless the following conditions are complied with:

(A) Except in the case of Additional Bonds issued for the purpose of refunding Outstanding Bonds, the City shall certify that it is current in all deposits into the various funds and accounts established by the Resolution and all payments theretofore required to have been deposited or made by it under the provisions of the Resolution, including a certification that all due and payable Policy Costs have been deposited or made, and the City is in compliance with the covenants and agreements of the Resolution, or if not in compliance, that the issuance of such Additional Bonds will create such compliance.

(B) An independent certified public accountant or the Rate Consultant shall certify to the City that the amount of the Net Revenues (excluding Investment Earnings with respect to the Construction Fund) received by the City during the immediately preceding Fiscal Year or any 12 consecutive months selected by the City of the 24 months immediately preceding the issuance of said Additional Bonds, adjusted as hereinafter provided, were equal to at least (1) 120% of the Maximum Annual Debt Service of the Outstanding Bonds and the Additional Bonds then proposed to be issued, plus (2) 105% of any debt service during such 12-month period on Subordinated Indebtedness, plus (3) 100% of (a) any amounts required by the terms of the Resolution to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy to pay any Policy Costs, and (b) all required deposits to the Renewal and Replacement Fund during such 12-month period.

(C) The Net Revenues calculated pursuant to the foregoing may be adjusted upon the written advice of the Rate Consultant, at the option of the City, as follows:

(1) If the City, prior to the issuance of the proposed Additional Bonds, shall have increased the rates, fees or other charges for the product, services or facilities of the System, the Net Revenues for the 12 consecutive months shall be adjusted to show the Net Revenues which would have been derived from the System in such 12 consecutive months as if such increased rates, fees or other charges for the product, services or facilities of the System had been in effect during all of such 12 consecutive months.

(2) If the City shall have acquired or has contracted to acquire any privately or publicly owned existing utility system that will become part of the System, the cost of which shall be

paid from all or part of the proceeds of the issuance of the proposed Additional Bonds, then the Net Revenues derived from the System during the 12 consecutive months shall be increased by adding to the Net Revenues for said 12 consecutive months the Net Revenues which would have been derived from said existing utility system as if such existing utility system had been a part of the System during such 12 consecutive months. For the purposes of this paragraph, the Net Revenues derived from said existing utility system during such 12 consecutive months shall be adjusted to determine such Net Revenues by deducting the cost of operation and maintenance of said existing utility system from the gross revenues of said system. Such Net Revenues shall take into account any increase in rates imposed on customers of such utility system on or prior to the acquisition thereof by the City.

(3) If the City, in connection with the issuance of Additional Bonds, shall enter into a contract (with a duration not less than the final maturity of such Additional Bonds) with any public or private entity whereby the City agrees to furnish services in connection with any utility system, then the Net Revenues of the System during the 12 consecutive months shall be increased by the least amount which said public or private entity shall guarantee to pay in any one year for the furnishing of said services by the City, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services.

(4) In the event the City shall be constructing or acquiring additions, extensions or improvements to the System from the proceeds of such Additional Bonds and shall have established fees, rates or charges to be charged and collected from users of such facilities when service is rendered, such Net Revenues for the 12 consecutive months may be adjusted by adding thereto 100% of the Net Revenues estimated by the Rate Consultant to be derived during the first 12 months of operation after completion of the construction or acquisition of said additions, extensions and improvements from the customers of the facilities to be financed by Additional Bonds, together with other funds on hand or lawfully obtained for such purpose; provided, such customers must represent existing occupied structures that will be added to the System upon completion of the proposed additions, extensions or improvements.

(5) If the City shall add new customers subsequent to the commencement of the 12 consecutive months, the Rate Consultant may adjust the Net Revenues to reflect the Net Revenues that would have been received by the City if such customers had been in place for the entire 12 consecutive months.

(6) The Net Revenues shall be adjusted for any period the System or any portion thereof was not owned by the City to reflect government ownership of the System or such portion.

(D) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions described above shall not apply, provided that the issuance of such Additional Bonds shall result in a reduction of Debt Service. The conditions described above shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

(E) In connection with the issuance of any Series of Additional Bonds, the City shall receive an opinion of the City Attorney of the City or Bond Counsel that the issuance of such

Additional Bonds has been duly authorized and that all legal requirements constituting a condition precedent to the delivery of such Additional Bonds have been fulfilled.

The Resolution provides that the initial purchasers of Additional Bonds shall be deemed to have consented in writing to any amendments to the Resolution that are to become effective on or after the issuance of such Additional Bonds in accordance with the Resolution if the proposed amendments are reasonably disclosed in the offering documentation prepared and distributed in connection with the issuance of such Additional Bonds and the related Supplemental Resolution provides that such initial purchasers have so consented through their purchase.

As set forth in the Financial Feasibility Report attached hereto as APPENDIX G, the City anticipates issuing an estimated \$61 million in Additional Bonds to fund improvements to the System over the next five years.

### **Other Covenants of the City**

In addition to the covenants set forth above, the City has covenanted in the Resolution to operate and maintain the System in good condition and in an efficient and economical manner; to keep books and records of the System, separate and apart from all other books, records and accounts of the City; to at least once a year cause the books, records and accounts of the System to be properly audited by a recognized firm of certified public accountants; not to sell, lease or encumber or in any manner dispose of the System except within the parameters set forth in the Resolution; to make adequate provision for insurance with respect to the System; to not provide free or unmetered service; to provide for mandatory connection to the water and sewer portions of the System, to the extent permitted by law; to diligently enforce collections; to not permit any competing system; to retain a Consulting Engineer, and to have an inspection of the System at least once every two Fiscal Years. See "APPENDIX B -- FORM OF THE RESOLUTION," for a more complete description of the foregoing covenants.

### **Flow of Funds**

The City is required by the Resolution to deposit promptly, as received, all Gross Revenues into the Revenue Fund.

Moneys in the Revenue Fund shall first be used each month to deposit in the Operation and Maintenance Fund such sums as are necessary to pay Operating Expenses for the ensuing month; provided the City may transfer moneys from the Revenue Fund to the Operation and Maintenance Fund at any time to pay Operating Expenses to the extent there is a deficiency in the Operation and Maintenance Fund for such purpose. Amounts in the Operation and Maintenance Fund shall be paid out from time to time by the City for Operating Expenses, including any expenses relating to the purchase or redemption of Term Bonds as provided in the Resolution.

Any deposits remaining in the Revenue Fund after the aforementioned transfers to the Operation and Maintenance Fund shall be disposed of by the City on or before the 25th day of each month, commencing in the month immediately following the delivery of any of the Bonds to the purchasers thereof, or such later date as provided in the Resolution, in the following manner and in the following order of priority:

Interest Account. The City shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all Bonds Outstanding (except as to Capital Appreciation Bonds) accrued and unpaid and to accrue to the end of the then current calendar month.

Principal Account. Commencing in the month which is one year prior to the first principal payment date, the City shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amounts on all Bonds Outstanding accrued and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) except for the Sinking Fund Installments to be deposited as described below, in equal amounts from the next preceding principal payment due date, or, if there be no such preceding payment due date, from a date no later than one year preceding the due date of such principal amount.

Term Bonds Redemption Account. Commencing in the month which is one year prior to the first Sinking Fund Installment due date, there shall be deposited to the Term Bonds Redemption Account the sum which, together with the balance in such Account, shall equal the Sinking Fund Installments on all Bonds Outstanding accrued and unpaid and that portion of the Sinking Fund Installments of all Bonds Outstanding next due which would have accrued on such Bonds during the then current calendar month if such Sinking Fund Installments were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) in equal amounts from the next preceding Sinking Fund Installment due date, or, if there is no such preceding Sinking Fund Installment due date, from a date not later than one year preceding the due date of such Sinking Fund Installment.

Reserve Account. There shall next be deposited to the Reserve Account an amount which would enable the City to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto. Amounts on deposit in the Reserve Account shall be used to pay principal of and interest on the Bonds when amounts on deposit in the Interest Account, Principal Account and Term Bonds Redemption Account are insufficient thereof. The Resolution provides the ability of the City to establish separate subaccounts within the Reserve Account to secure a single series of Bonds, and the City has established a Series 2020 Account securing the 2020 Bonds. See "SECURITY FOR THE BONDS – Reserve Account," herein. The Resolution also permits the City to meet the Reserve Requirement by deposit therein of a Reserve Account Insurance Policy or Reserve Account Letter of Credit. See "APPENDIX B -- FORM OF THE RESOLUTION", herein.

Renewal and Replacement Fund. There shall be deposited to the Renewal and Replacement Fund monthly such sums as shall be sufficient to pay 1/12 of the Renewal and Replacement Fund Requirement until the amount accumulated in such Fund is equal to the Renewal and Replacement Fund Requirement, taking into account the market value of investments in such Fund; provided, however, that (a) such Renewal and Replacement Fund Requirement may be increased or decreased as the Consulting Engineers shall certify to the City is necessary for the purposes of the Renewal and Replacement Fund, and (b) in the event that the Consulting Engineers shall certify that the Renewal

and Replacement Fund Requirement is excessive for the purposes of the Renewal and Replacement Fund, such excess amount as may be on deposit therein may be transferred by the City from the Renewal and Replacement Fund for deposit into the Utility Reserve Fund. The moneys in the Renewal and Replacement Fund shall be applied by the City for the purpose of paying the cost of major extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the System; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Renewal and Replacement Fund shall be applied for the payment into the Interest Account, the Principal Account, and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund for such purpose, together with moneys available in the Reserve Account for such purpose, shall be inadequate to fully provide for such insufficiency. The Resolution defines Renewal and Replacement Requirement as, on the date of calculation, an amount of money equal to (1) five percent of the Gross Revenues received by the City in the immediately preceding Fiscal Year, or (2) such greater or lesser amount as may be certified to the City by the Consulting Engineers as an amount appropriate for the purposes of the Resolution. The Renewal and Replacement Requirement is expected to be fully funded at the time of issuance of the 2020 Bonds.

Subordinated Indebtedness. Gross Revenues in the Revenue Fund shall next be applied by the City for the payment of any accrued debt service on Subordinated Indebtedness incurred by the City in connection with the System and in accordance with the proceedings authorizing such Subordinated Indebtedness.

Sinking Fund. There shall be deposited to the Interest Account, the Principal Account and the Term Bonds Redemption Account, in that order, sufficient moneys such that the amounts on deposit therein shall equal, respectively, the interest, principal and Sinking Fund Installment next coming due on the Bonds Outstanding; provided, however, no deposit need be made to the Principal Account or Term Bonds Redemption Account until a date one year preceding the due date of such principal amount or Sinking Fund Installment.

Utility Reserve Fund. The balance of any Gross Revenues remaining in said Revenue Fund shall be deposited in the Utility Reserve Fund and applied to the payment, on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein shall be insufficient to pay the principal of and interest on the Bonds coming due. Moneys not required to meet such a deficiency shall be deposited to the Reserve Account to make up any deficiency therein, and thereafter to the Rebate Fund to the extent moneys are required to be deposited therein. Thereafter, moneys in the Utility Reserve Fund may be applied for (a) the purchase or redemption of Bonds, (b) payment of Subordinated Indebtedness, (c) payment of other obligations incurred with respect to the System, (d) deposit to the Rate Stabilization Fund, (e) improvements, renewals and replacements to the System or (f) any lawful purpose of the City, up to a maximum amount with respect to clause (f) of 10% of the Gross Revenues of the System for such Fiscal Year.

**Existing Indebtedness**

The City's only existing indebtedness secured by Net Revenues of the System consists of the Refunded 2013 Bond described above and certain Subordinate Indebtedness consisting of State Department of Environmental Protection ("DEP") Revolving Fund loans secured by water and sewer utility revenues, in the aggregate principal amount of \$14,415,802 (and for which approval for another \$3,019,951 has been received from DEP). As described above, the City has also entered into the Refunded Lease-Purchase Obligation, pursuant to which the City leases certain equipment and is required to appropriate legally available non-ad valorem revenues to make lease payments. Since the majority of such equipment is System-related, such payments have historically been made from System Net Revenues, although Net Revenues are not pledged to secure such payment. Both the Refunded 2013 Bond and Refunded Lease-Purchase Obligation will be prepaid in full from amounts derived from proceeds of the 2020 Bonds. See "PLAN OF REFUNDING" herein.

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## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the 2020 Bonds shall be applied, together with certain other moneys, as follows:

### SOURCES OF FUNDS:

Principal Amount of 2020 Bonds	\$
Net Reoffering Discount/Premium	
Debt Service Fund Transfers <sup>(1)</sup>	
TOTAL SOURCES OF FUNDS	\$

### USES OF FUNDS:

Deposit to Construction Fund	\$
Deposit to Escrow Agreements	
Costs of Issuance <sup>(2)</sup>	
TOTAL USES OF FUNDS	\$

<sup>(1)</sup> Represents amounts held to pay debt service on the Refunded Indebtedness.

<sup>(2)</sup> Includes underwriting discount, legal and financial advisory fees and expenses, and various other costs of issuance.

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## DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the 2020 Bonds.

Date (October 1)	Principal	Interest	Total
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
<b>Total</b>			

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## **THE SYSTEM**

The City of Lake Worth Beach owns and operates the System, consisting of the City's electric production and distribution, water and wastewater enterprise operations. The following sections describe each component (subsystem) of the System.

### **Consulting Engineer's Report and Financial Feasibility Report**

Stantec, the City's Consulting Engineer, has prepared an engineer's report (the "Consulting Engineer's Report") in connection with the electric portion of the System (see "APPENDIX F -- CONSULTING ENGINEER'S REPORT WITH RESPECT TO THE ELECTRIC UTILITY", herein) and a financial feasibility report (the "Financial Feasibility Report") in connection with the issuance of the 2020 Bonds (see "APPENDIX G -- FINANCIAL FEASIBILITY REPORT", herein).

### **Administration**

Michael Bornstein, City Manager of the City, has been politically and professionally involved in local government in Palm Beach County for over 25 years, starting as a County Commission aide in the late 1980's and then part of the County public affairs staff working on the legislative agenda. He was hired to head up the redevelopment efforts in the Town of Lantana as the Development Services Director in 1998 and was later selected to replace the outgoing Town Manager in 1999, where he served 12 years. In 2012 he was selected as the City Manager for the City of Lake Worth Beach and views his efforts in terms of a significant 'turn around' corporation. He has served on numerous advisory committees and boards over the years, including the City of West Palm Beach Audit Committee, the Solid Waste Authority Citizens Advisory Committee, the Palm Beach County Fire Rescue Advisory Committee and most recently was one of the League of Cities representatives on the Ethics Commission and Inspector General Ordinance Drafting Committee. He is a past president of the Palm Beach City Manager's Association.

Ed Liberty has served as the Electric Utility Director for the City since August 2017. In this role he leads all aspects of the electric utility's operations and business activities, including energy procurement and resource planning, power generation operations, transmission and distribution operations, materials management, revenue protection, and management of the City's customer service operations. Mr. Liberty also serves on the boards of the Florida Municipal Power Agency, the Florida Municipal Electric Association and Florida Gas Utility as the City's representative. Prior to joining the City, he was employed by Public Service Electric & Gas ("PSE&G") of Newark, New Jersey as Director of Utility Operations Services for the period of 2012 to 2017. Mr. Liberty had previously worked for PSE&G in various roles for sixteen years in the utility and non-utility electric generation and energy services business. Experience included multiple rotational assignments at both the field and corporate level across varied business units. His experience included roles in power plant operations and maintenance, owner's representation on joint-owned power plant assets, engineering, business planning, industrial customer retention, marketing and sales. From 2005 to 2012 Mr. Liberty served as Vice President of Dome-Tech, Inc. and a member of the company's executive committee. Dome-Tech was an energy consulting company providing industrial, large commercial, healthcare, higher education and public entities nationwide with assistance in improving energy efficiency and managing energy cost. During his tenure at Dome-Tech, the

company was acquired by United Technologies Corporation, where he worked until returning to PSE&G in 2012. From 1997 to 2005 Mr. Liberty worked for NUI Corporation, a natural gas utility holding company with operations in various states in the eastern U.S., including Florida. In this role he led the company's efforts to grow industrial customer sales and margins, the delivery of energy services and the expansion of natural gas distribution/transmission/storage infrastructure to serve markets in New Jersey, Florida, Maryland, North Carolina, Pennsylvania and New York. He was the developer of natural gas pipeline infrastructure projects in support of the corporation's energy hub strategy; projects included pipeline and natural gas storage assets. Mr. Liberty holds a Bachelor of Science degree in Mechanical Engineering from Newark College of Engineering at New Jersey Institute of Technology.

Brian Shields oversees the day to day operations of the City's water and sewer utilities and its stormwater utility, and is responsible for ongoing capital improvements, including renewal and replacement of the City's water treatment plant and replacement of the City's water distribution system. Mr. Shields obtained his Bachelor of Science Degree in Water Resources Engineering from the Pennsylvania State University and his Masters Degree in Public Administration from Florida Atlantic University. The first decade of his career was spent as a consulting engineer in the New York City Metropolitan area involved in numerous civil/water utility projects, from study through design and construction administration. Upon relocation to south Florida, he was a senior project manager/client services manager for a large international consulting firm, where he oversaw a multitude of large water utility projects for clients on the southeast coast of Florida, from Vero Beach to Key West. In this role he was also contracted to be the Utility Director/City Engineer for the Cities of Weston and Lauderhill in Broward County. For the public sector, Mr. Shields became the Deputy Utility Director for Palm Beach County and spent a decade in charge of overall master planning/engineering/capital improvements.

Bruce Miller has been finance director of the City since 2018. Previously he has served as finance director of the Cities of Annapolis, Maryland, Providence, Rhode Island, and several other municipalities in the northeast. Mr. Miller has a Bachelor of Science Degree in Accounting from the University of Baltimore, and is responsible for all accounting, budgeting and capital planning functions of the City. He's a member of the Government Finance Officers Association and has held numerous leadership position in municipal finance organizations.

## **The Electric Utility**

Service Area. The City's electric service area encompasses approximately 12 square miles, with nearly equal areas inside and outside the City limits. Approximately 75% of customers are within the City limits, with the remainder in the Village of Palm Springs municipal area (in which the City has a non-exclusive franchise to provide service through 2033) and portions of the Palm Beach County unincorporated area. The only neighboring utility is Florida Power & Light Company ("FPL"), an investor-owned utility, and the City and FPL have entered into a Territorial Agreement and Contract for Interchange Service, dated as of March 6, 1972, which sets forth their respective service areas. See "APPENDIX F -- CONSULTING ENGINEER'S REPORT WITH RESPECT TO THE ELECTRIC UTILITY" for a visual depiction of the City's electric service area.

Transmission and Distribution. The electric utility has a single 138KV radial transmission interconnection to the FPL Quantum-Hypoluxo and Cedar-Hypoluxo circuits, both located at the City's Hypoluxo switching station. The City's transmission system is comprised of 6.25-circuit miles of overhead 138KV line beginning at the Hypoluxo switching station. The City's transmission system provides service to two City-owned transmission substations (Main and Canal) where voltage is further reduced to 26KV and 4KV for distribution purposes, as well as providing transmission system access for the City-owned power plant and associated generation assets. The City utilizes 26KV as both a sub-transmission and distribution voltage with a system that is largely radial in design, with further transformation to 4KV at various substations located throughout the electric utility's service territory. As described below under the subheadings "—Generation" and "—Capital Improvement Plan", in that the loss of the FPL transmission interconnection poses risk to City ratepayers since the City's St. Lucie and Stanton energy as well as other power supplies would be prevented from serving the load in the City, a portion of the Project to be financed with proceeds of the 2020 Bonds consists of the construction of a second 138KV interconnection to the FPL network transmission system to improve reliability. In addition, also as described below, large portions of the City's distribution system are dated, and a large part of the electric utility capital improvement plan is to harden and improve such facilities so as to greatly improve system resilience and reliability.

FPL, the owner-operator of the electric transmission system serving large portions of the state of Florida, has requested that the Federal Energy Regulatory Commission ("FERC") approve its request to increase its transmission rates in recognition of completed and planned system improvements. The City's electric utility, represented by the Florida Municipal Power Agency ("FMPA") and together with numerous other municipal and cooperative utilities statewide, are currently in settlement negotiations with FPL and FERC staff. Related matters also being discussed include the City's request for the second point of interconnection described above to the FPL transmission system at the City's Canal Road switching station. Discussions are proceeding with FPL on the second interconnection, which if funded in part by FPL instead of the City would result in additional current dollars being available for other electric utility capital projects. (See "—Capital Improvement Plan" below.) A conceptual settlement of the rate case satisfactory to all parties (subject to final FERC approval) is expected by year-end 2020, with definitive agreements to follow.

The electric system is monitored and controlled via a supervisory control and data acquisition ("SCADA") system connected through FCC licensed radio frequency, with sharing of critical data with FPL and the Orlando Utilities Commission ("OUC") via leased telephone lines. System operators certified by the North American Electric Reliability Corporation ("NERC") monitor, control and coordinate operations of the system at the City's Energy Control Center.

Generation. The Lake Worth Beach electric generation capacity consists of sole ownership of its on-site generation units as well as its ownership interests in the FMPA nuclear St. Lucie Project and coal-fired Stanton I Project, and the FMPA Stanton II Project (where the City's ownership interest has been assigned to the Kissimmee Utility Authority ("KUA")). The City also has solar energy generating capacity through its ownership of a solar photovoltaic power plant atop a closed City-owned landfill, and participation in the FMPA's Municipal Solar I and Solar II Projects described below. The City is also a holder of a small amount of seasonal firm transportation capacity on the Florida Gas Transmission ("FGT") pipeline and a party to a gas transportation contract with Florida Public Utilities for dedicated sole use of a high pressure pipeline connecting

the City power plant to FGT.

*St. Lucie Power Sales and Project Contracts.*

Entitlement and Facility Description. The St. Lucie Unit #2 power plant, located on Hutchinson Island in St. Lucie County, Florida, is partly owned by FMPPA and is operated by FPL. As a participant in the FMPPA St. Lucie Project, the City's entitlement totals 22.2 megawatts (MW). In addition to the ownership of FMPPA in St. Lucie Unit #2, the other co-owners of undivided ownership interests are FPL (85.104%) and OUC (6.089%). St. Lucie Unit #2 is a 984 MW pressurized water nuclear generating unit that is part of the two-unit St. Lucie nuclear generating station of FPL located on Hutchinson Island. The City is one of 14 members of FMPPA that currently participate in the FMPPA St. Lucie Project.

Key Contract Terms. Unless terminated pursuant to its terms, the contracts related to the FMPPA St. Lucie Project will continue until the later of (i) the date the principal of, premium and interest on all related bonds have been paid or funds set aside for payment thereof, (ii) the date Unit #2 is decommissioned or finally disposed of, or (iii) the date all obligations of FMPPA under its participation agreement with FPL have been paid. The City's entitlement share is equal to 24.87% of FMPPA's 8.806% entitlement in St. Lucie Unit #2, and its share of the transmission services referenced therein.

*Stanton I and II Power Sales and Project Support Contracts.*

Entitlement and Facility Description. The City is a participant in the FMPPA projects related to the Stanton coal units I and II located in Orlando, Florida, owned and operated by OUC. The City's share of FMPPA's Stanton I entitlement totals 11.2 MW. The City's share of FMPPA's Stanton II entitlement was assigned on July 26, 1995 to KUA, with the City retaining rights of first refusal should KUA ever try to sell the former Lake Worth share.

Key Contract Terms. Unless terminated pursuant to its terms, the Stanton I and Stanton II contracts will continue until the later of (i) the date the principal of, premium and interest on all related bonds have been paid or funds set aside for payment thereof, or (ii) the date the respective unit is decommissioned or finally disposed of, or (iii) the date all obligations of FMPPA under its participation agreement with OUC have been paid. The City has a 16.26% entitlement share of FMPPA's 14.8193% entitlement in Stanton I and rights of first refusal on KUA's 8.2443% share of FMPPA's 15.9962% share of Stanton II.

*FMPPA Solar Projects Participation.*

The City is committed to a path to significantly lowering its carbon footprint through the use of high efficiency electric generation resources and renewable resources. To that end, the City installed a 1.71 MW-AC solar photovoltaic power plant on a closed City-owned landfill and connected to a City 26 KV electric distribution circuit, with power production having begun in late 2017.

The City has also entered into the power sales agreement referenced above that provides it with a 10 MW-AC share of the FMPA Solar Project I, beginning in 2023. The FMPA Solar Project I is anticipated to operate over a period of 20 years, and holds a power purchase agreement with Pointsett Solar, LLC, a unit of Florida Renewable Partners and NextEra Florida Renewables, LLC, which intends to construct a 74.5 MW-AC solar photovoltaic power plant at a site in Osceola County, Florida which is interconnected to the Duke Energy transmission system. Pricing for power from the project has been publicly disclosed to be under \$40 per MWh with zero escalation, delivered to the Duke transmission system. Exact pricing remains a NextEra trade secret. The City is also a party to an Energy Exchange Agreement with the FMPA ARP that enables the City to exchange its energy entitlements as a FMPA Solar Project(s) participant on the Duke transmission system with like amounts of electric energy delivered on the FPL transmission system, thereby allowing the City to avoid transmission charges on the Duke transmission system.

Additionally, the City has entered into a power sales contract with the FMPA Solar Project II. FMPA Solar Project II is anticipated to begin operation in 2023 and operate over a period of 20 years. The City has committed to participate in the FMPA Solar Project II at an amount 26.55 MW. The FMPA Solar Project II will hold a power purchase agreement with FL Solar, LLC, a unit of Origis Energy, who intends to construct two 74.5 MW-AC solar photovoltaic power plants at sites in north-central Florida. Pricing for power from the project has been publicly disclosed to be under \$28 per MWh. Exact pricing remains a FL Solar, LLC trade secret. As with the FMPA Solar I project described above, the City is also a party to an Energy Exchange Agreement with the FMPA ARP that enables the City to exchange its energy entitlements as a FMPA Solar Project(s) participant on the Duke transmission system with like amounts of electric energy delivered on the FPL transmission system, thereby allowing the City to avoid transmission charges on the Duke transmission system.

The City intends to continue to explore additional sources of electric generation entitlements as may be in its strategic interests. Efforts currently underway include the exploration of options discussed below in regard to the existing power plant, additional solar photovoltaic systems directly connected to the City electric distribution system, the utilization of battery energy storage, and the importation of electric energy from ocean current energy projects powered by the Gulf Stream current.

The City's electric utility anticipates that beginning in 2024, greater than 50% of its energy supply will come from carbon-free resources, comprised of nuclear and solar energy. Furthermore, the City electric utility anticipates that the efforts to maximize the use of carbon-free resources will allow it to reduce its carbon emissions by more than 50% compared to 2005 levels.

*Orlando Utilities Commission Contract.* The City and OUC have entered into an Agreement for Base, Intermediate and Peaking Purchase and Sale of Electric Energy and Capacity ("the OUC Agreement") expiring December 31, 2022 with extension rights to December 31, 2025. Under this agreement OUC schedules and dispatches energy to the City to supplement energy supplied from the City's generation entitlements and schedules and dispatches the City's units in the Florida Municipal Power Pool ("FMPP"). The OUC Agreement, which was entered into via a competitive process in which the City received several proposals, currently provides for approximately 52% of the City's electric capacity. The City expects, at the culmination of said agreement, to undertake another

competitive process, if necessary, to either extend or enter into new agreements for wholesale electric supply, and expects to have multiple options again to choose from.

*City Power Plant Facilities.* The City's power plant located at 117 College Street, Lake Worth Beach, Florida, is wholly owned by the City, and houses nine of the City's 10 generating units with a total capacity of 90.3 MWs on a 20-acre site. The names "College Street" and "T.G. Smith Power Plant" are used interchangeably and refer to the same City power plant located at 117 College Street. The City also wholly owns and operates a tenth unit, the 1.7 MW solar photovoltaic generation unit installed atop a closed City-owned landfill in 2017 and within the City limits.

The units installed at the College Street power plant range in size from 2.0 to 26.0 MW and offer load following capability. In addition to providing peaking capacity to the Florida electric system via the FMPP, these units are dispatched by the FMPP when economic circumstances dictate or when the FPL transmission system experiences congestion constraints.

The capacity of each unit is: GT-1: 26.0 MW, GT-2: 20.0 MW, S-3: 25.0 MW, S-5: 10.0 MW and M-1 through M-5: 2.0 MWs each. GT-2 is capable of simple cycle operation but typically run in combined cycle with S-5 and are collectively referred to as the Lake Worth CC unit. Waste heat from the GT-2 combustion turbine is directed to a heat recovery steam generator, where sufficient steam is produced to operate the S-5 steam turbine. The City's units (other than the "M" units) are dispatched using economic dispatch and reliability criteria by the FMPP.

The City's power plant's "M" units are designated as emergency units and provide black start capability on diesel fuel, enabling all of the City's units to be brought on line during periods of transmission grid or tie line outages to supply the City electric utility's needs. The City electric utility is capable of operating independent of the grid in "island mode" during low or medium load periods of the year for tie line maintenance. The City's power plant is operated by a workforce of City employees. Most of these employees are members of the International Brotherhood of Electrical Workers.

The unit heat rate, start up, minimum run times and allowable hours are shown in the table below.

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### Heat Rate, Start Up and Minimum Run Times

Unit	Heat Rate at Average Full Load Natural Gas Btu/kwh (HHV)	Start Up Times (Cold Start) Hours	Allowable Operating Hours
GT-1	15,092	1	NA
GT-2	14,441	2	NA
S-3	12,537	6	NA
GT-2/S-5	10,583	5	NA
M-1	10,500	1	*
M-2	10,500	1	*
M-3	10,500	1	*
M-4	10,500	1	*
M-5	10,500	1	*
*100 hours per year for testing and maintenance. No limitation for emergency operations. Non-emergency situations are limited to 50 hours per year, however those 50 hours are counted towards the 100 hour limitation. Per Title 40 Code of Federal Regulations.			

Source: City of Lake Worth Beach.

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All the generators are air cooled except S-3, which utilizes hydrogen as the cooling medium. GT-2 has dual fuel capability (in both simple cycle and combined cycle) which provides enhanced reliability for the electric utility system, the ability to arbitrage between natural gas and oil prices, and has provided economic benefits when the natural gas transportation system is at peak level through the avoidance of capacity overage penalties. The primary and backup fuel for each unit is listed below the table below.

#### **Power Plant Primary and Back Up Fuel Types**

<b>Unit</b>	<b>Primary Fuel Type</b>	<b>Back Up Fuel Type</b>
GT-1	Diesel	---
GT-2	Natural Gas	Diesel
S-3	Natural Gas	---
GT-2/S-5	Natural Gas	Diesel
LW S-1	Solar	---
M1-M5	Diesel	---

Source: City of Lake Worth Beach.

The boiler and generator manufacturers and age of plant are listed in the table below. GT-2 underwent a major overhaul in January of 2018. The unit received all new compressor blades (rotating and stationary) as well as a new set of 1<sup>st</sup> stage turbine buckets. Borescope reports from 2016 indicate GT-1 is in good condition. The S-3 generating unit continues to operate and is functioning well. The S-5 generating unit which runs in combined cycle with the GT-2 has been routinely maintained and inspected to meet industry standards. The M1 through M5 units are also in good operating condition and provide emergency generation when called upon. The City's units are typically called upon to run by FMPP in the spring and fall, when generating units in the FMPP and/or FMPPA projects in which the City is a participant are being maintained or experience unplanned outages, for grid support and/or spinning reserve.

The City's College Street power plant site has a large concrete foundation that was originally built in the early 2000's by a merchant electric wholesale power producer for a 165 MW combined cycle plant that was never completed. A dedicated natural gas pipeline owned by Florida Public Utilities (a unit of Chesapeake Utilities Corporation) transports natural gas from the FGT line to the City's power plant and has the capability of transporting at least 4,070 Mcf per hour to the redelivery point at a minimum pressure of 450 p.s.i.g. This pipeline's unused capacity could be utilized for service to a new generating unit at this site.

The City is a holder of 7,542 Dekatherms (Dth) per day of seasonal firm gas transportation service (also referred to as "capacity") on FGT's natural gas pipeline system. This capacity was obtained by the City decades ago as a means of ensuring the ability to deliver natural gas fuel to the City's power plant during periods of highest demand on the FGT system (May through October annually). The City's need for this capacity to support the current power plant units has decreased substantially over the years since it was first contracted for, driven largely by the installation of far more efficient and lower priced sources of electricity in the Florida marketplace and to which the City has availed itself of via the competitive procurement process. Hence, the City does not

contemplate needing its firm gas transportation capacity to operate the current power plant but for extenuating circumstances, which in turn makes it possible to sell natural gas bundled with its firm gas capacity for a limited period. The recently effectuated energy supply agreement with OUC (effective January 1, 2019) enabled the City to take over the management of its own capacity on the FGT system to extract the maximum value from this asset.

The City utilizes the services of the Florida Gas Utility ("FGU") to manage its capacity on the FGT system. FGU is a public body corporate and politic joint action agency formed under the Florida Interlocal Cooperation Act, and has been under contract with the City since July 26, 1995 via a Gas Services Agreement approved by the City Commission. FGU currently has 23 members, consisting of a municipal joint action agency, one combination gas distribution and electric generation utilities, six electric generating utilities, and sixteen gas distribution systems.

Utilizing the services of FGU, the City executed a transaction to sell capacity and natural gas to Peninsula Energy Services Company ("PESCO"). PESCO has subsequently sold its natural gas marketing operations to Gas South, LLC. The terms of the agreement remain unchanged. Under the terms of the transaction, the City may terminate the sale no earlier than December 31, 2021 upon 365 days' written notice if the City proceeds with a capital project requiring delivery of natural gas to the City. This clause is intended to retain the City's ability to schedule deliveries of 7,542 Dth per day of natural gas on a firm basis during the months of May through October annually should it elect to build a new unit at the power plant.

#### **Generator Boiler and Turbine Manufacturers and Age of Plant**

<b>Unit</b>	<b>Boiler</b>	<b>Turbine</b>	<b>In-Service Date</b>	<b>Age</b>
GT-1	----	26 MW Westinghouse 251B Gas Turbine	1976	42
GT-2		20 MW GE MS5001P Steam Turbine	1978	40
S-3	Riley Stoker dual fuel	25 MW Westinghouse Steam Turbine	1967	51
S-5		10 MW GE Steam Turbine	1978	49
Solar 1	---	-----	2017	2
M1 - M5	---	General Motor EMD 567D reciprocating engines	1965	53

Source: City of Lake Worth Beach.

There are eight fuel tanks at the facility with a combined working capacity of 182,700 gallons of #2 fuel oil. Four tanks are protected by cathodes and four are horizontal.

As described above, the City has only one 138 KV tie line from the FPL Hypoluxo Substation to the City power plant. The loss of the FPL transmission interconnection poses risk to City ratepayers since the City's St. Lucie and Stanton energy as well as other power supplies would be prevented from serving the load the City load. Currently, the only back-up to the transmission tie

is the City's local generation at the College Street power plant and the Solar field. The capacity of the existing FPL transmission tie is approximately 230 MVA.

The City's electric utility staff continually maintains its owned generation assets in a state of readiness for operation, performs required operational and environmental emissions testing, trains and drills operators to maintain proficiency, and reports daily on unit availability.

Several new generating resources have been evaluated for the College Street power plant site. An analysis by an engineering consulting firm on behalf of the City has been conducted to determine least cost options for meeting the electric utility's load obligations. The analysis concluded that installing new generating units that would be owned by the City were not economic when compared to wholesale electric and capacity purchases under forecasted market conditions as of 2018. The City's electric utility leadership monitors market conditions on an on-going basis to identify changes that could signal a favorable climate for investing in new self-owned generation and/or battery energy storage devices, none of which appear economic for the City's portfolio at this time. It is likely that some of the steam generation facilities will be retired upon completion of the additional tie-line project financed in part with the 2020 Bonds.

*Customer-Owned Renewable Generation (Net Metering).* The City allows for customers to interconnect to the City's electric utility distribution system in conformance with Section 366.91, Florida Statutes. Customers who choose to participate in the program are required to execute an interconnection agreement with the City. Customer-owned systems are limited in size by three factors: a) the system shall not be greater than 10 KW-AC in size, b) the system size shall be no greater than the capacity of the service line connecting the customer's facility to the electric distribution system, and c) the system shall not produce more energy than the customer's prior annual use. Program participation in total is limited to no more than 1.5% of the electric utility's system peak demand.

Prior to October 1, 2019, all customers with such systems who were net exporters of electric energy to the City's electric distribution system cumulatively for their billing month were compensated for their net exports in the form of a monthly credit on their City utility bill for the subsequent month at a rate equal to their retail electric rate. For the purposes of this discussion a net exporting customer is considered to be a customer whose system produced more energy than they imported from the City's electric utility. Effective October 1, 2019, the City changed its policy on calculating payments to customers for net exported energy to be based on their annual net export balance multiplied by the City's electric utility's avoided wholesale energy rate. Additionally, effective October 1, 2019, all customers participating in the program were required to pay an electric bill of no less than the minimum monthly bill applicable to all City electric utility customers.

As of September 30, 2020, customer-owned renewable generation systems connected to the City's electric utility total 128 systems with an estimated total combined rating of 1,137.9 KW-AC. An additional 11 customer-owned renewable generation systems are in the permitting process with an estimated combined rating of 100.4 KW-AC. Total energy delivered from customer-owned renewable generation systems to the City's electric utility for calendar year 2019 (as of December 19, 2019) equaled 632,537 KWh. The annual net calculation for all net-metered customers has not yet been calculated.

To date all customer-owned renewable generation systems are comprised of solar photovoltaic systems.

*Load Obligations Overview.* Load obligations consist of all-requirements service for the approximately 27,000 customers of the City's electric utility. The tables below provide a summary of energy consumption and monthly peak loads and of the City customers for the past eight Fiscal Years.

### Historical Energy and Peak Loads

#### Monthly Net Energy for Load (MWh)

FY	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Total
2013	37,770	26,728	30,194	30,049	27,263	28,396	34,923	36,973	42,394	42,491	46,953	40,539	424,673
2014	40,878	33,337	32,815	30,449	29,999	31,631	35,884	41,130	43,331	44,655	47,833	42,262	454,204
2015	39,399	30,502	30,740	30,011	26,548	35,724	39,288	42,259	45,612	46,745	47,879	44,248	458,955
2016	41,329	38,588	36,631	29,377	27,947	34,453	36,021	41,332	45,563	52,218	50,545	44,541	478,545
2017	40,195	32,417	35,209	31,245	20,728	32,485	37,014	44,162	44,341	50,408	49,908	41,579	468,691
2018	41,724	34,451	32,355	30,346	32,292	30,812	39,257	41,931	43,140	48,193	50,558	47,354	472,413
2019	44,405	35,813	31,380	29,535	30,830	33,186	37,983	43,190	45,465	49,737	46,492	45,563	473,580
2020	45,228	33,139	31,859	30,805	30,705	36,403	38,303	39,229	46,004	49,179	50,738	46,493	478,085

Source: City of Lake Worth Beach.

#### Monthly Non-Coincident Peak Demand (MW)

FY	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Peak Month
2013	81.2	59.4	69.0	65.1	66.2	65.7	76.7	78.0	85.5	85.3	87.4	86.4	87.4
2014	82.2	74.3	66.1	64.8	69.4	65.0	81.7	81.0	85.2	92.1	86.7	82.1	92.1
2015	77.2	73.3	64.3	67.3	64.4	71.7	88.7	87.0	90.3	89.0	91.1	92.6	92.6
2016	85.3	82.5	72.3	75.5	64.4	75.9	78.7	83.2	91.8	96.3	95.9	89.9	96.3
2017	86.8	69.7	75.7	69.0	71.4	72.4	83.5	92.0	93.3	95.4	96.4	93.4	96.4
2018	87.3	74.3	70.7	64.3	71.8	75.8	78.1	81.8	94.0	94.6	94.3	94.2	94.6
2019	89.2	78.3	75.9	66.5	74.1	75.6	81.4	86.3	97.2	95.3	90.5	94.1	97.2
2020	88.2	81.1	69.7	68.2	74.2	81.7	85.5	85.0	96.1	95.9	96.7	95.3	96.7

Source: City of Lake Worth Beach.

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As described above, slightly more than 50% of the City's energy is currently provided through the OUC Agreement, which became effective January 1, 2019. The actual amount received for calendar year 2019 is shown in the following table.

**Exhibit 1**  
**Sources of Energy (Calendar 2019)**

<b>Supplier</b>	<b>MWh</b>	<b>Percent of Total</b>
OUC	270,032	55.0%
Stanton	47,503	9.7%
St. Lucie	163,498	33.3%
LW Solar 1	3,049	0.6%
Tom Smith Power Plant	6,444	1.3%
<b>Total</b>	<b>490,526</b>	

Source: City of Lake Worth Beach.

On a monthly and certainly hourly basis, these numbers vary significantly based upon unit availability, and to a much lesser extent the economic dispatch of City-owned units. The following table shows the maximum and minimum monthly percentage of energy provided under the external energy sources over the calendar year 2019.

**Sources of Purchased Energy (Max/Min)**

<b>Supplier</b>	<b>Maximum Monthly Percent</b>	<b>Minimum Monthly Percent</b>
OUC	70.6	27.9
Stanton	15.9	0.0
St. Lucie	56.6	18.4

Source: City of Lake Worth Beach.

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The City expects its load to increase 0.75% per year through 2025. The tables below provide its current estimate for the peak and energy forecast, demand and non-coincident peak demand, and monthly forecasted net energy for load.

**Peak and Energy Summary Forecast**

<b>Fiscal Year</b>	<b>Maximum Peak MW</b>	<b>Total Energy MWH</b>
2021	98.2	522,122
2022	98.7	548,228
2023	99.2	575,639
2024	99.7	604,421
2025	100.2	634,642

Source: City of Lake Worth Beach.

Customers. The table set forth below sets forth the average number of retail meters and billed usage in the City over the last five Fiscal Years, as well as a projection for Fiscal Year 2020:

**Electric Utility Average Number of Retail Meters & Annual Billed Usage<sup>(1)</sup>**

<b>Fiscal Year Ending Sept 30</b>	<b>Meters</b>	<b>Annual Change</b>	<b>Billed Usage (kWh)</b>	<b>Annual Change</b>	<b>Monthly Usage per Meter (kWh)</b>	<b>Annual Change</b>
2015	26,646		430,345,000		1,345,863	
2016	26,879	0.87%	434,758,000	1.03%	1,347,907	0.15%
2017	27,192	1.17	428,747,000	(1.38)	1,313,962	(2.52)
2018	27,233	0.15	433,186,000	1.04	1,325,551	0.88
2019	27,361	0.47	436,202,715	0.70	1,328,542	0.23
2020 <sup>(2)</sup>	27,479	0.43	437,504,240	0.30	1,326,801	(0.13)
Average Change (15-20)		0.62%		0.33%		(0.28)%

Source: City of Lake Worth Beach – Utility Monthly Report.

<sup>(1)</sup> Reflects residential, commercial, and commercial demand meters.

<sup>(2)</sup> Projected customer billings based upon assumptions developed with staff.

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The following table lists the ten largest retail customers of the electric utility for Fiscal Year 2019, which in total represents approximately 6.78% of total retail sales revenues.

**Electric Utility's 10 Largest Retail Customers  
For Fiscal Year 2019**

Rank (kWh's)	Customer Name	Usage (kWh's)	Revenues
1	Palm Beach State College	7,425,600	\$647,315
2	Palm Beach County School (High School)	4,489,800	522,993
3	Palm Beach State College	4,478,400	455,648
4	Select Specialty Hospital	4,034,400	404,577
5	Wal-Mart	3,236,400	325,875
6	Lake Worth Utilities (RO Water Treatment Plant)	3,256,800	332,190
7	Lake Worth Community Middle School	2,944,500	344,762
8	El Bodegon #4 (4481 Lake Worth Rd)	2,490,000	253,570
9	Publix Supermarket	2,290,800	233,845
10	Lake Worth Towers	2,059,200	217,017

Source: Consulting Engineer's Report.

Rates. The City's current electric rates are shown in the following table:

**Fiscal Year 2020 Electric Schedule of Rates**

<b>Electric Rates by Customer Class:</b>	<b>Residential</b>	<b>Commercial</b>	<b>Commercial Demand</b>
<b>Fixed Monthly Charges:</b>			
Customer Charge (Fixed Charge)	\$10.53	\$16.66	\$120.00
<b>Energy Charges (Usage Rate):</b>			
Base Energy Charge (Fist 1,000 kWh's)	\$0.05148	0.07040	0.03550
Base Energy Charge ( $\geq$ 1,000 kWh's)	0.07880	0.07040	0.03550
Fuel Surcharge (Fist 1,000 kWh's)	0.03578	0.03900	0.02890
Fuel Surcharge ( $\geq$ 1,000 kWh's)	0.39000	0.03900	0.02890
Capacity Charge	0.01020	0.01020	0.01020
Demand Charge			\$14.48000

Source: City of Lake Worth Beach – Utility Monthly Report.

Unlike the water and sewer utilities, the electric utility does not currently charge a surcharge on customers residing outside the city limits. The Financial Feasibility Report prepared by Stantec Consulting Services, Inc. (see "APPENDIX G -- FINANCIAL FEASIBILITY REPORT" attached hereto) recommends annual electric rate increases of 2.25% beginning in Fiscal Year 2024.

The following table shows a comparison of typical monthly electric utility bills:

**Comparison of Approximate Typical Monthly Bills of Selected Florida Utilities<sup>(1)</sup>**

	Residential Electric Service <u>1,000 kWh</u>
Lake Worth Beach (City of)	\$107.99
Duke Energy Florida with Franchise Fee <sup>(2)</sup>	128.64
Florida Power & Light Company with Franchise Fee <sup>(2)</sup>	94.02
Fort Pierce (City of)	103.84
Gainesville (City of)	123.13
Jacksonville Electric Authority	108.50
Lakeland (City of)	92.77
Orlando Utilities Commission	109.50
Tampa Electric Company with Franchise Fee <sup>(2)</sup>	126.84

Source: City of Lake Worth Beach and FMEA Florida Electric Bill Comparisons.

- (1) Bills include fuel adjustments but do not include franchise fees or utility taxes unless otherwise noted, based on 1,000KWH. Bills are based on rates in effect as of August 2020.
- (2) Amounts shown include a 6% typical franchise fee. Due to fuel adjustment and other one-time credits, differences between bills may be exaggerated from what would otherwise be a normal differential. For example, FPL's monthly bills decreased due in part to a lump-sum credit in the summer of 2020.

Rate Regulation. The PSC has jurisdiction over municipal electric utilities to prescribe uniform systems and classification of accounts, to prescribe and enforce safety standards for transmission and distribution facilities, to require electric power conservation and reliability, to regulate electric impact fees, to establish rules and regulations regarding cogeneration, to approve territorial agreements, to settle territorial disputes, to prescribe rate structures, and to prescribe and require the periodic filing of reports and other data. Pursuant to the rules of the PSC, rate structure is defined as "... the classification system used in justifying different rates and, more specifically, ... the rate relationship between various customer classes, as well as the rate relationship between members of a customer class." However, the PSC and the Florida Supreme Court have determined that the PSC, other than its rate structure jurisdiction, does not have jurisdiction over municipal electric utility rates.

Capital Improvement Plan. The City has developed an electric utility capital investment plan ("CIP") comprised largely of a series of reliability improvement projects and activities of significantly improving system reliability, hardening its electric transmission and distribution systems to withstand storm force winds, providing for adequate electric delivery infrastructure to support increased residential and commercial development, decreased operating costs, and supporting future demand for new uses of electricity such as vehicle charging stations. The projects are primarily comprised of a transmission project (a second 138 kV tie line to the FPL transmission system), and multiple distribution projects (replacement of substations and upgrades of circuits) as well as the construction of a new electric utility operations center. Approximately 22% of the funds

being raised are intended to be invested in transmission projects, with the remaining 78% dedicated largely to distribution system projects.

With much of the City's electric distribution system at or above 50 years of age, the system has experienced declined reliability and pockets of diminished ability to reliably support customer growth, as would be normally expected of aging infrastructure. In addition to the benefits of improved reliability to hardening of the electric system, particularly the installation of a second tie line to the FPL transmission system serving the region, the electric CIP will allow the City to begin the process of retiring aged electric generation units and lead to a net reduction in operating costs. As described above, the City's electric supply needs are now met largely by electric imports sourced statewide from a combination of City-owned generation entitlements in FMPA projects and purchases from OUC. For the most recent calendar year, upwards of 97.5% of the City's electric supply needs were met with imports, with the remaining 2.5% coming from the City's solar (installed in 2017) and fossil fueled units on-site. The City's on-site fossil fueled units were installed in the 1960s and 1970s and serve largely in a capacity role and as reliability devices in the event of a failure of the single City-owned transmission tie line to the FPL transmission system serving the region. The fixed costs associated with maintaining operational readiness of these units, as well as their variable operating costs, are significantly above market costs for like amounts of capacity and energy.

The table below setting forth the 5-year electric utility CIP includes the following:

<b>Service</b>	<b>Project Name</b>	<b>Amount</b>
Electric	Palm Beach 10 <sup>th</sup> Ave	\$365,000
Electric	Electric Sys Ops Center (Cat 5 Level)	420,000
Electric	FDOT & PBC 6 <sup>th</sup> Ave S. Improvements	460,000
Electric	Oracle – Cloud Based Software Solution	690,000
Electric	System Hardening & Reliability Improvement (SHRIP)	42,609,000
<b>Total Electric</b>		<b>\$44,544,000</b>

Source: Financial Feasibility Report.

Transfers to the General Fund. The City annually transfers to its General Fund amounts from its electric enterprise fund. A portion of such amounts are equivalent to what the City deems it would otherwise charge as a franchise fee if the provider of such service was a private provider rather than the City, and these amounts are listed as "Transfers In" to the General Fund in the City's financial statements; a separate amount related to direct and indirect costs of the City attributable to such enterprise operations is treated as part of "Charges for Services". The City does not have a set formula for such transfers, and each year's amount is part of the budget process of the City; however, City management has expressed a desire to reduce the transfer portion not attributable to direct and indirect costs closer to 8% of revenues from its current level of approximately 10.8% of revenues. As described above, the Resolution limits the amount of excess System Net Revenues that may transferred to the General Fund for any lawful purpose (including such franchise fee amounts, but not Charges for Services) to a maximum of 10% of Gross Revenues per Fiscal Year. There is no legal obligation of the City to transfer any amount from the enterprise funds to the General Fund.

The table set forth below shows historical electric utility transfers (including the "franchise fee" and transfers in connection with the City's Park of Commerce that are not expected to continue in Fiscal Years 2020 onward due to capital improvements made thereto, but not including Charges for Services that are treated as an Operating Expense) for the past five Fiscal Years:

Fiscal Year	Electric Transfer
2016	\$4,240,980
2017	4,375,453
2018	5,163,700
2019	5,699,741
2020 (unaudited)	4,536,491

Projections of future transfers are included as part of the Financial Feasibility Report attached hereto as APPENDIX G.

#### Factors Affecting the Electric Utility Industry.

*General.* The electric utility industry in Florida has been, or in the future may be, affected by a number of factors that could have an impact on the financial condition of a utility such as the City's electric utility. These factors likely would affect individual utilities in different ways. Such factors include, among others: (i) effects of compliance with rapidly changing environmental, licensing and regulatory requirements, including but not limited to climate change, (ii) regulatory changes and changes that result from the development and enforcement of a national or state energy policy, (iii) the uncertainty of access to low cost capital for replacement of aging fixed assets, (iv) mandatory reliability standards, (v) increases in operating costs, and (vi) availability and cost of fuel supply. These factors and others are discussed in more detail below in relation to how they affect the City.

Electric utility operations are subject to federal, state, regional and local environmental standards and procedures that change from time to time. Compliance with the new requirements may result in increased costs to the electric utility. The City cannot predict at this time whether any additional laws or regulations will be enacted which will affect the operation of the electric utility, and if such laws or regulations are enacted, what impacts on the electric utility might result from such actions.

*FERC Transmission Initiatives.* In February 2007, FERC issued Order No. 890 reforming portions of Order No. 888 and Order No. 889. Order No. 890 reforms include: (i) greater consistency and transparency in available transmission capacity calculations; (ii) open, coordinated and transparent planning; (iii) reforms of energy imbalance penalties; (iv) reform of rollover rights policy; (v) clarification of tariff ambiguities; and (vi) increased transparency and customer access to information. FERC reaffirmed several of the core elements of the Order No. 888 in Order No. 890, including: (i) the comparability requirement wherein third party users of the transmission system must receive service in a manner comparable to the transmission owner's use of the system; (ii) the continuance of protections for native load customers' transmission service rights; and (iii) FERC's approach to reciprocity for non-jurisdictional transmission owners, which includes the City. A public utility may refuse to provide open access transmission service to a non-public utility if the non-public utility refuses to reciprocate.

*Mandatory Reliability Standards.* NERC, acting in its role as the FERC-certified Electric Reliability Organization ("ERO"), has adopted reliability and cyber security standards that the City is subject to with its electric utility operations. These standards became effective starting in June 2007 and continue to evolve over time. FERC has approved NERC's compliance and monitoring programs that identify the seven regional entities that monitor, assess and enforce the compliance standards. As of July 1, 2019, the City falls under the Southeastern Reliability Corporation ("SERC") region. Prior to July 1, 2019, the City fell under the Florida Reliability Coordinating Council ("FRCC"). The ERO has delegated certain authority to SERC to propose and enforce reliability standards within the FRCC region, which includes the City. The issuance of these orders enables the FERC-approved reliability standards to be enforceable, and SERC is authorized under federal law to order corrective measures and to levy financial penalties of up to \$1,000,000 per day per violation.

The City has continued its quality assurance program to comply with all mandatory reliability standards for the bulk-power system. The City is subject to on-site compliance audits every three years, since it is a registered "Generator Owner", "Generator Operator", and "Transmission Owner". The FRCC completed a compliance audit of the City in February 2017 that included fourteen (14) applicable NERC reliability standards with twenty-five (25) individual requirements. This scope was greatly reduced over previous audits due to the introduction of the Inherent Risk Assessment process. During the audit, the audit team notified the City of zero (0) Areas of Concern, zero (0) Recommendations, and six (6) potential noncompliance issues ("PNC"). The City corrected and closed out all open mitigation plans associated with the PNCs. The City agreed to enter into a Settlement Agreement with FRCC to avoid extended litigation and to pursue a complete and final resolution of the six (6) requirement violations. The City agreed that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability. Between August 30, 2019 and November 14, 2019, SERC conducted a spot-check of NEC Standard PER-005-2 which resulted in zero (0) areas of concern, zero (0) recommendations, and zero (0) potential non-compliances.

NERC also maintains a host of reliability standards associated with Critical Infrastructure Protection. The first set of requirements became mandatory and enforceable for the City on July 1, 2016, with successive sets of requirements following in subsequent years. A new slate of such standards became effective July 1, 2016, and additional requirements applicable to low impact assets became effective on January 1, 2020. The City was determined to have only Low Impact BES Cyber Systems. The City has not yet been audited on the most recent set of Critical Infrastructure Protection requirements but has worked closely with the FRCC, SERC, and consultants to prepare its demonstration of compliance. The City maintains standards of cyber security as a matter of internal procedure, and has prepared for future applicability of the Critical Infrastructure Protection standards.

*Environmental.* The City's electric utility is subject to several environmental laws, regulations, and permitting requirements by a variety of entities at the federal, state, and local levels. Generally, environmental regulations have the potential to substantially increase the City's system costs, by requiring alterations in the operation of any forthcoming new facilities. Due to the constantly changing nature of these regulations, there is no assurance that the City's facilities will remain subject to the regulations currently in effect, will always be in compliance with future

regulations or that the City will always be able to obtain or maintain all required permits. An inability to comply with environmental standards or deadlines could result in fines and/or legal action as well as reduced operating levels or complete shutdown of individual electric generating units or facilities out of compliance. Furthermore, clean air laws and compliance with environmental standards or deadlines may substantially increase capital and operating costs. The electric utility's substations date back to the late 1960s and are presumed to have utilized oil-filled equipment throughout their life as a City of Lake Worth Beach or former Lake Worth Utility Authority-owned asset. The City's electric utility will perform environmental surveys as early as possible and prior to any construction at the plant site. Remediation requirements and activities as may be identified during the survey process will be undertaken as required, as will any remediation requirements that may be discovered during construction activities.

The City believes itself to have been, and currently is, in compliance with all of its standing environmental permits.

*Florida Legislative Acts.* During the 2020 legislative session, a number of bills were filed that would have potentially impacted the electric industry in Florida, several of which are described below.

- A bill was filed in the House (HB653) that would have eliminated the ability for municipal electric utilities to transfer funds to the general government for use in general government operations. No companion bill was filed in the Senate and the House bill died in committee.
- While not a legislative action, a citizen petition initiative seeking to have a constitutional amendment before the voters in 2020 that would have amended the Florida Constitution to make it a right to select one's own electric provider was conducted in 2019. See "—Constitutional Amendments", below.

*Constitutional Amendments.* In Florida, changes to the State Constitution may be proposed by a citizen initiative, and, if a requisite number of signatures supporting the same are received in a timely fashion, placed on the general election ballot. If at least 60% of those voting on said proposal approve it, the same shall become a part of Florida's Constitution and enforceable as law. In the past several years, a number of measures have been proposed, and in some cases approved, that have changed Florida's Constitution. Two recent proposals relating to the electric utility industry are referenced below.

In August 2016, Amendment 4, a pro-solar tax abatement measure was approved by 73% of Florida voters. The amendment was implemented by the State Legislature through section 193.624, Florida Statutes. Once enacted, renewable energy equipment such as solar panels and windmills became exempt from state tangible property taxes. Further, property appraisers cannot consider equipment when calculating a property's assessed value. Tax exemptions begin in 2018 and last 20 years. The amendment extends these exemptions, which homeowners have enjoyed since 2013, to businesses.

A separate solar amendment initiative, proposing that energy customers would have the right to choose from multiple providers, or by producing electricity themselves, received the required number of signatures to appear on the 2020 ballot, but the ballot language was rejected by the Florida Supreme Court.

No assurance can be given that such constitutional amendment or future amendments will not be proposed and passed which could adversely affect the electric utility industry.

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Historical Revenues and Expenses of the Electric Utility. The following table sets forth the gross revenues and costs of operation and maintenance of the electric utility for Fiscal Years 2016 through 2019, with projections for Fiscal Year 2020.

**Historical Electric Utility Revenues and Expenses (in 000s)\***

Fiscal Year Ended September 30 <sup>(1)</sup>	2016	2017	2018	2019	2020 (Unaudited)
<b>Operating Revenues</b>					
Charges for Services <sup>(2)</sup>	\$57,011,403	\$55,850,044	\$54,280,835	\$55,128,532	\$60,881,153
Total Operating Revenues	\$57,011,403	\$55,850,044	\$54,280,835	\$55,128,532	\$60,881,153
<b>Operating Expenses</b>					
Cost of Services	\$41,908,125	\$47,491,790	\$50,222,213	\$45,179,726	\$46,124,298
General and Administrative	2,915,792	3,112,061	3,535,360	3,438,205	3,246,529
Depreciation	1,783,107	1,819,728	1,706,914	1,923,968	1,923,968
Total Operating Expenses	\$46,607,024	\$52,423,579	\$55,464,487	\$50,541,899	\$51,294,795
<b>Total Operating Income (Loss)</b>	\$10,404,379	\$3,426,465	\$(1,183,652)	\$4,586,633	\$9,586,358
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income	\$150,334	\$141,414	\$258,287	\$413,374	\$171,866
Interest and Fiscal Charges	(668,511)	(1,498,448)	(1,027,599)	(925,612)	(873,714)
Other	716,124	597,405	601,955	540,035	476,144
Total Nonoperating Revenues (Expenses)	\$197,947	\$(759,629)	\$(167,357)	\$27,797	\$(225,704)
<b>Income (Loss) Before Contributions and Transfers</b>	\$10,602,326	\$2,666,836	\$(1,351,009) <sup>(3)</sup>	\$4,614,430	\$9,360,654
<b>Transfers and Contributions</b>					
Connection Fees	\$(4,240,980)	\$(4,375,453)	\$(5,163,700)	\$(5,699,741)	\$(4,536,491)
Transfers Out	\$6,361,346	\$(1,708,617)	\$6,514,709	\$(1,085,311)	\$4,824,163
<b>Change in Net Position</b>					
Net Position, Beginning of Year	\$20,589,778	\$26,951,124	\$25,517,933	\$19,902,797	\$18,817,486
Net Position, End of Year	\$26,951,124	\$25,242,507	\$19,003,224	\$18,817,486	\$23,641,649

Source: Financial Feasibility Report.

- (1) Note that historical operating results through September 30, 2019, including the net position at beginning of year and end of year, are based upon audited information from the City's Comprehensive Annual Financial Reports ("CAFR") for Fiscal Years 2016 through 2019. Fiscal Year 2020 figures were derived based upon City staff's adopted budget and staff's projections as of July 2020 and are unaudited. See also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Year 2020.
- (2) Charges for services includes items such as electric sales, capacity charges, fuel surcharges, service charges, penalties/late fees, etc.
- (3) Revenues were down in Fiscal Year 2018 due to rate decreases designed to maintain relative rate parity with FPL, while expenses were up due to repair costs related to the City's GT2 gas turbine unit compressors that were classified as operating costs.

## **The Water Utility**

Description. The City's water utility provides potable drinking water throughout the City's service area.

Service Area. The City's water service area includes all residents within the City limits, as well as the Town of Lake Clarke Shores and a portion of the unincorporated area of Palm Beach County generally between Congress Avenue and Interstate 95, from 10<sup>th</sup> Avenue south to Hypoluxo Road, where the City provides water through a 168-mile watermain piping system to customers, including the maintenance of 1,100 fire hydrants. Automated metering is used for meter reading and billing.

Water Supply and Treatment. The City maintains two water treatment facilities at the same plant site: (1) a lime softening plant built in 1957 designed to treat a maximum capacity of 12.9 million gallons per day ("MGD") and supplied by 11 production wells 100-300 feet deep tapping the East Coast Surficial Aquifer and Biscayne Aquifer, which wells are located within an approximately half-mile radius of the plant, and (2) a reverse osmosis plant built in 2011 designed to treat an average of 4.5MGD and expandable to 10.35MGD. The brackish (high salinity) raw water for the reverse osmosis plant is supplied from three production wells approximately 1,000 feet deep tapping the Florida Aquifer within a half-mile radius of the plant.

The conventional lime softening plant provides a little over half the treated water produced. The process includes rapid mix with flocculation and sedimentation basins, filtration, chemical addition and disinfection. The reverse osmosis plant converts high-salt ground water to high-quality drinking water, and is currently composed of three membrane trains each rated at 1.15MGD, with the possibility of adding another three trains. In addition, each train is expandable by 15% capacity by the addition of six pressure vessels on top of the membrane train frame.

Water Storage; Transmission/Distribution System. The City maintains two booster stations in the north and south ends of the distribution system, plus 4.6 million gallons ("MG") of storage at the water treatment plant site, consisting of a 1.8MG clearwell used for disinfection contact time, a 1.0MG clearwell, a 1.5MG ground storage tank and a 0.3MG elevated storage tank. The City has approximately 168 miles of potable distribution mains, from 30-inches to 2 inches in diameter.

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Historic Water Demands. Set forth below is historic water usage for the past five Fiscal Years:

**Water Utility Usage**

Fiscal Year	Per Capita Demand (GPCD)	Annual Average Demand (MGD)	Unaccounted for Water (MGD)	Total Demand (MGD)
2015	86.1	4.2	0.4	4.6
2016	92.3	4.5	0.8	5.3
2017	93.2	4.6	0.5	5.1
2018	99.2	4.9	0.3	5.2
2019	90.8	4.5	0.8	5.3

Customers. Set forth below are the top ten customers of the water utility for Fiscal Year 2019:

**Top Ten Water Customers**

Customer	Customer Type	Consumption (100 Gal)	Revenue <sup>(1)</sup>
Palm Beach State College	College	15,903.24	\$229,928.98
City of Lake Worth Beach Cemetary	Government	10,884.00	154,311.17
Town of Lake Clarke Shores	Bulk	26,559.25	131,990.63
Lantana Silver Springs LLC	Commercial	4,714,792	110,519.52
Meridian Pk Village Partnership	Government	8,617,333	72,374.45
Palm Beach County	Government	5,281,083	59,872.33
Avante at Lake Worth Inc.	Multi-Family	3,622.50	54,250.83
Riverstone Communities, LLC	Multi-Family	5,732,417.00	52,219.26
Hillhaven/Meridian/7135	Multi-Family	6,384,667.00	51,036.42
Lake Worth Towers LLC	Multi-Family	3,986,083.00	39,831.98

Source: City of Lake Worth Beach.

<sup>(1)</sup> Represents approximately 6.3% of total Fiscal Year 2019 water utility revenues.

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### User Rates and Charges.

Set forth below are the City's existing water rates. For customers outside the City's municipal limits, a 25% surcharge is added to each bill.

#### **Existing Water Rates Monthly Readiness-To-Serve Charge**

<b>Meter Size</b>	<b>Water (All Customers)</b>
5/8 x 3/4"	\$15.83
1"	39.61
1 1/2"	79.19
2"	126.73
3"	253.47
4"	396.02
6"	792.06
8"	1,230.06

#### **Usage Charge**

The table below shows the block usage rates (in hundreds of gallons) for general service or non-residential.

	Block 1 \$0.341		Block 2 \$0.525		Block 3 \$0.711		Block 4 \$1.244		Block 5 \$1.561	
Meter Size	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
5/8" x 3/4"	1	40	1	80	1	120	1	200	1	-
1"	1	100	1	200	1	300	1	500	1	-
1-1/2"	1	200	1	400	1	600	1	1,000	1	-
2"	1	320	1	640	1	960	1	1,600	1	-
3"	1	640	1	1,280	1	1,920	1	3,200	1	-
4"	1	1,000	1	2,000	1	3,000	1	5,000	1	-
6"	1	2,000	1	4,000	1	6,000	1	10,000	1	-
8"	1	4,000	1	6,000	1	8,000	1	12,000	1	-

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The table below shows the block usage rates (in hundreds of gallons) for residential service.

Water Use Per Meter Per Month Blocks	Single-Unit Accounts		Multi-Unit Accounts	
	Minimum	Maximum	Minimum	Maximum
Block 1 \$0.341	1	40	1	20
Block 2 \$0.525	41	80	21	40
Block 3 \$0.711	81	120	41	60
Block 4 \$1.244	121	200	61	100
Block 5 \$1.561	201	-	-	-

Source: City of Lake Worth Beach.

The Financial Feasibility Report for the System (see "APPENDIX G -- FINANCIAL FEASIBILITY REPORT" attached hereto) recommends annual water rate increases of 3.75% commencing in Fiscal Year 2022.

The table below provides a comparison of water rates of other area providers:

**Comparison of Water Rates  
(based on usage of 4,000 gallons per month)**

Provider	Rate
Lake Worth Beach	\$33.54
Golf	39.09
Highland Beach	25.80
Jupiter	27.45
Lantana	25.68
Manalapan	52.21
Tequesta	34.03
West Palm Beach	32.92

Source: South Florida Water Management District 2019 Annual Utility Rate Survey.

Capital Improvement Program.

The City is approaching the last year of a six-year, \$14.8 million program to replace over 17 miles of 2-inch corroded galvanized watermain piping with larger 4-inch and 6-inch pipe designed for long-term use. The City's water utility has obtained State Revolving Loans from DEP to finance this project, which is expected to be complete by 2022 and to provide better water quality to approximately 12,000 customers.

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The table below set forth the City's 5-year water capital improvement program, which includes the following:

<b>Service</b>	<b>Project Name</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>2020 Bond Total</b>
Water	Well #17 New Construction – Design	\$662,000	-	\$662,000
Water	Raw WM Well 16-17-18 & Connect to Repump Generator	170,000	\$170,000	340,000
Water	Flash Miser Structural Modification	500,000	-	500,000
Water	Neighborhood Roads: District 1	974,400	324,800	1,299,200
Water	Neighborhood Roads: District 2	-	190,251	190,251
Water	1601 N Dixie Incentive Project	250,000	-	250,000
Water	10 <sup>th</sup> Ave N West of Boutwell WM Upsizing	100,000	-	100,000
Water	Park of Commerce – Phase 1B	190,000	-	190,000
Water	Fuel Management System	100,000	-	100,000
Water	Watermain Replacement NRP Projects	-	167,370	167,370
Water	Clearwell Structural Improvements, Transf Pump	925,000	200,000	1,125,000
Water	S Booster Repairs – N booster	1,156,419	-	1,156,419
<b>Total Water</b>		<b>\$5,027,819</b>	<b>\$1,052,421</b>	<b>\$6,080,240</b>

Transfers to the General Fund. The City annually transfers to its General Fund amounts from its water enterprise fund. A portion of such amounts are equivalent to what the City deems it would otherwise charge as a franchise fee if the provider of such service was a private provider rather than the City, and these amounts are listed as "Transfers In" to the General Fund in the City's financial statements; a separate amount related to direct and indirect costs of the City attributable to such enterprise operations is treated as part of "Charges for Services". The City does not have a set formula for such transfers, and each year's amount is part of the budget process of the City; however, City management has expressed a desire to reduce the transfer portion not attributable to direct and indirect costs closer to 8% of revenues from its current level of approximately 10.8% of revenues. As described above, the Resolution limits the amount of excess System Net Revenues that may transferred to the General Fund for any lawful purpose (including such franchise fee amounts but excluding Charges for Services) to a maximum of 10% of Gross Revenues per Fiscal Year. There is no legal obligation of the City to transfer any amount from the enterprise funds to the General Fund. The table set forth below shows historical water utility transfers (including such "franchise fees" and transfers in connection with the City's Park of Commerce that are not expected to continue in Fiscal Years 2020 onward due to capital improvements made thereto, but excluding Charges for Services, which are treated as an Operating Expense) for the past five Fiscal Years:

<b>Fiscal Year</b>	<b>Water Transfers</b>
2016	\$1,104,859
2017	1,350,899
2018	1,812,509
2019	2,309,728
2020 (unaudited)	1,489,728

Projections of future transfers are included as part of the Financial Feasibility Report attached hereto as APPENDIX G.

Government Regulation.

1. Federal. All water supply systems in the United States which provide water to at least 15 service connections or 25 individuals are subject to the provisions of, and to regulation by the federal Environmental Protection Agency ("EPA") under the Safe Drinking Water Act (the "SDWA"). The EPA has promulgated nationwide drinking water regulations which specify the maximum level of harmful contaminants allowed in drinking water and which govern the construction, operation and maintenance of water supply systems as required by SDWA.

2. State. Under the terms of the SDWA, a state has primary enforcement responsibility for public water systems if the EPA determines that the state's drinking water regulations are at least as stringent as the federal drinking water regulations. Florida has adopted all of the primary and secondary regulations promulgated by the EPA pursuant to the SDWA as part of its drinking water program. Consequently, regulation of the water utility is primarily under the jurisdiction of the State of Florida. The City's water supply permit from the South Florida Water Management District expires in 2032, and allows withdrawal of up to 11.25MGD from the surficial and Florida aquifer systems. The City's water utility has consistently met all DEP requirements, and the City is not under any administrative discipline and has not entered into any consent order.

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Historical Revenues and Expenses of the Water Utility. The following table sets forth the gross revenues and costs of operation and maintenance of the water utility for Fiscal Years 2016 through 2019, with projections for Fiscal Year 2020.

**Historical Water Utility Revenues and Expenses (in 000s)\***

<b>Fiscal Year Ended September 30<sup>(1)</sup></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020 (unaudited)</b>
<b>Operating Revenues</b>					
Charges for Services	\$13,960,788	\$14,652,277	\$13,990,442	\$15,121,045	\$15,687,025
Total Operating Revenues	\$13,960,788	\$14,652,277	\$13,990,442	\$15,121,045	\$15,687,025
<b>Operating Expenses</b>					
Cost of Services	\$5,888,867	\$6,608,563	\$6,592,717	\$7,110,873	\$8,632,968
General and Administrative	859,841	859,841	1,208,080	1,241,160	1,357,920
Depreciation	2,473,149	2,577,418	2,687,464	2,989,142	3,093,821
Total Operating Expenses	\$9,221,857	\$10,045,822	\$10,488,261	\$11,341,175	\$13,084,709
<b>Total Operating Income (Loss)</b>	\$4,738,931	\$4,606,455	\$3,502,181	\$3,779,870	\$2,602,316
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income	\$179,716	\$116,373	\$142,044	\$252,449	\$95,094
Interest and Fiscal Charges	(833,101)	(1,218,930)	(954,155)	(889,905)	(853,100)
Other	(10,160)	(21,096)	150,202	46,428	27,220
Total Nonoperating Revenues (Expenses)	\$(663,545)	\$(1,123,653)	\$(661,909)	\$(591,028)	\$(730,787)
<b>Income (Loss) Before Contributions and Transfers</b>	\$4,075,386	\$3,482,802	\$2,840,272	\$3,188,842	\$1,871,529
<b>Transfers and Contributions</b>					
Connection Fees	\$216,003	\$392,160	\$291,037	\$705,944	\$137,578
Transfers Out	(1,104,889)	(1,350,899)	(1,812,509)	(2,309,728)	(1,489,728)
<b>Change in Net Position</b>	\$3,186,500	\$2,525,063	\$1,318,800	\$1,585,058	\$519,379
Net Position, Beginning of Year	\$47,157,815	\$50,344,315	\$52,760,505	\$54,079,305	\$55,664,363
Net Position, End of Year	\$50,344,315	\$52,869,378	\$54,079,305	\$55,664,363	\$56,183,742

Source: Financial Feasibility Report.

<sup>(1)</sup> Note that historical operating results through September 30, 2019, including the net position at beginning of year and end of year, are based upon audited information from the City's CAFRs for Fiscal Years 2016 through 2019. Fiscal Year 2020 figures were derived based upon City staff's adopted budget and staff's projections as of July 2020 and are unaudited. See also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Year 2020.

## The Sewer Utility

Description. The City's wastewater utility provides wastewater treatment services throughout the City's service area, which encompasses generally the same service area as the City water utility, although with small variations outside the City limits, by means of a 125-mile gravity and pressure pipe system and 125 miles of sewer lines, with 33 City-owned and maintained wastewater pump stations and several private pump stations. The City also owns and maintains a regional master pump station that collects wastewater from the City and surrounding areas and sends it to the ECR facility described below for treatment, which master pump station has an average daily flow rate of approximately 6.5MGD but pumping capacity of 20.3MGD.

Wastewater Treatment Facilities. In 1992, the City entered into an interlocal agreement (as amended, the "ECR Interlocal Agreement"), with Palm Beach County and the Cities of Riviera Beach and West Palm Beach and the Town of Palm Beach, for the operation and maintenance of the East Central Regional Wastewater Facility (the "ECR"). The ECR was created to receive, treat and dispose of sewage generated for 30 years, with a renewable term of 30 additional years. The ECR Interlocal Agreement provides for a governing board (the "ECR Board") comprised of one representative for each member, including the City, to administer the ECR. The ECR Interlocal Agreement may not be amended except by written agreement of members holding a cumulative capacity allocation of 100%. The City of West Palm Beach manages the ECR on behalf of the ECR Board.

As described above, a regional master pump station collects wastewater from the City and the Cities of Manalapan, Atlantis, South Palm Beach, and Lantana, where it is pumped via a 14.1 mile force main owned by the City and Palm Beach County to the ECR. The ECR Board establishes a series of wastewater flow charges each year to pass on to member entities so that the ECR is self-sustaining. The ECR Board also calculates an annual renewal and replacement fund contribution. The ECR has entered into a series of loans to fund various capital projects. As of fiscal year 2019, the balance due on such loans totaled approximately \$163 million, of which the City's share was approximately \$26 million. ECR reclaimed water is pumped to the FPL West County Energy Center for cooling water. Payments to ECR by the City are considered Operating Expenses of the System.

Historical Flows. Set forth below are historical average wastewater flows for the sewer utility for Fiscal Years 2015 through 2019:

### Historical Average Wastewater Flows

<u>Fiscal Year</u>				
2015	2016	2017	2018	2019
3,203,789	3,249,118	3,048,238	3,236,826	3,129,929

Source: City of Lake Worth Beach.

Customers. Set forth below are the top ten customers of the System for Fiscal Year 2019:

**Top Ten Wastewater Customers**

Customer Name and Ranking	Gallons Per Year (1,000 gals)	Total Revenues <sup>(1)</sup>
Lantana Silver Springs LLC	113,155	\$77,659.92
Meridian Pk Village Prtsh	103,408	61,153.12
Riverstone Communities, LLC	68,789	49,353.16
Hillhaven/Meridian/7135	76,616	43,027.54
Cap Utilities LLC	56,680	37,997.09
Lake Worth Towers	47,833	34,110.91
Palm Beach County	63,373	29,225.63
Meridian Pk Village Prtsh	57,386	27,016.39
Holiday II Mobile Home	66,515	25,924.92
Avante at Lake Worth Inc	43,470	19,076.25

Source: City of Lake Worth Beach.

<sup>(1)</sup> Represents approximately 5.2% of the Fiscal Year 2019 wastewater utility revenues.

User Rates and Charges.

Set forth below are the City's existing sewer rates:

**Existing Sewer Rates  
Monthly Readiness-To-Serve Charge**

<u>Meter Size</u>	<u>(Commercial/Industrial)</u>	<u>(Residential<sup>(1)</sup>)</u>
5/8 x 3/4"	\$15.66	\$16.66
1"	31.54	
1 1/2"	58.02	
2"	89.79	
3"	174.50	
4"	269.79	
6"	534.53	
8"	793.51	

### Usage Charge

A volume charge of \$0.474 per hundred gallons is charged for usage.

Source: City of Lake Worth Beach.

- (1) Each single-family residential unit is charged \$10.59 per ERU. Each residential unit in a multifamily complex or mobile home park is charged an equivalent to 66% of one (1) ERU.

The Financial Feasibility Report for the System (see "APPENDIX G -- FINANCIAL FEASIBILITY REPORT" attached hereto) recommends a rate increase of 7.5% in Fiscal Year 2021 and annual wastewater rate increases of 3.25% commencing in Fiscal Year 2022. The City has adopted the recommended increase for Fiscal Year 2021.

The table below provides a comparison of sewer rates of other area providers:

#### Comparison of Sewer Rates (based on usage of 4,000 gallons per month)

Provider	Rate
Lake Worth Beach	\$30.10
Golf	31.02
Delray Beach	31.61
Palm Springs	39.85
Lantana	32.51
Manalapan	78.34
Seacoast Utility Authority	30.79
West Palm Beach	28.84

Source: South Florida Water Management District 2019 Annual Utility Rate Survey.

#### Capital Improvement Program.

The City's 5-year capital improvement program includes the following:

Service	Project Name	FY 2020	FY 2021	Total
Sewer	Lift Station 14 Improvement	-	\$336,000	\$336,000
Sewer	Lift Station #13 electrical	\$350,000	186,000	536,000
Sewer	Lift Station #19 rehab/replace	150,000	-	150,000
Sewer	Global Manhole Lining	-	150,000	150,000
Sewer	Park of Commerce Phase 2	22,000	91,000	113,000
Sewer	Lake Bass Canal Aerial Forcemain Relocation	50,000	-	50,000
	<b>Total Sewer</b>	<b>\$572,000</b>	<b>\$763,000</b>	<b>\$1,335,000</b>

Transfers to the General Fund. The City annually transfers to its General Fund amounts from its wastewater enterprise fund. A portion of such amounts are equivalent to what the City deems it would otherwise charge as a franchise fee if the provider of such service was a private provider rather than the City, and these amounts are listed as "Transfers In" to the General Fund in the City's financial statements; a separate amount related to direct and indirect costs of the City attributable to such enterprise operations is treated as part of "Charges for Services". The City does not have a set formula for such transfers, and each year's amount is part of the budget process of the City; however, City management has expressed a desire to reduce the transfer portion not attributable to direct and indirect costs closer to 8% of revenues from its current level of approximately 10.8% of revenues. As described above, the Resolution limits the amount of excess System Net Revenues that may transferred to the General Fund for any lawful purpose (including such franchise fee amounts but excluding Charges for Services) to a maximum of 10% of Gross Revenues per Fiscal Year. There is no legal obligation of the City to transfer any amount from the enterprise funds to the General Fund. The table set forth below shows historical wastewater utility transfers (including such "franchise fees" and transfers in connection with the City's Park of Commerce that are not expected to continue in Fiscal Years 2020 onward due to capital improvements made thereto, but excluding Charges for Services, which are treated as an Operating Expense) for the past five Fiscal Years:

Fiscal Year	Wastewater Transfer
2016	\$613,767
2017	613,767
2018	1,305,810
2019	704,870
2020 (unaudited)	608,870

Projections of future transfers are included as part of the Financial Feasibility Report attached hereto as APPENDIX G.

#### Government Regulation.

*Federal.* The provisions of the Federal Water Pollution Control Act, the Clean Water Act of 1977 (the "Clean Water Act"), the Marine Protection, Research and Sanctuaries Act of 1972 ("MPRSA") and related regulations affect the wastewater system. Federal enforcement of these statutes is entrusted to EPA.

Under the Clean Water Act, EPA administers an extensive program of federal capital construction grants (the "Construction Grants Program") and oversees compliance with regulations and guidelines it has promulgated concerning (i) wastewater treatment plant construction, operation, maintenance, upgrading and rehabilitation, (ii) introduction of toxins and other pollutants into wastewater treatment facilities and (iii) pollutant discharges from all point sources.

The Clean Water Act also directs the EPA to address the problem of discharges of toxins and other substances that must be met by specific industries ("Categorical Standards") and has directed that publicly-owned treatment facilities establish and enforce industrial pretreatment programs.

The EPA pursuant to the Clean Water Act has indicated its intent to establish numeric criteria for certain nutrients (specifically, phosphorous and nitrogen) for both flowing waters and marine waters in Florida. The City is uncertain at this time of whether the proposed limits will be lower than that currently achieved by advanced wastewater treatment processes in places in Florida, which could necessitate mandatory upgrades to meet the new criteria. The City is likewise unable to predict at this time whether and when new, more stringent criteria will be imposed and what impact, financial and otherwise, the same might have on the City and the sewer utility.

*State.* State regulations establish various standards with which the sewer utility must comply in operating the sewer utility. The regulations set forth (i) criteria and standards for the DEP in granting permits to construct or modify domestic wastewater facilities, including specific guidelines for the design and construction of gravity wastewater systems and collection and transmission systems; (ii) criteria for the discharge of domestic wastewater effluent to certain wetlands; and (iii) standards for treating wastewater before discharge into disposal systems, surface waters, spray irrigation, ocean outfalls or underground geological formations.

In addition to the water effluent limitations set forth above, all activities of the sewer utility and all discharges from the sewer utility and the City's stormwater utility must also meet certain water quality-based effluent limitations. The regulations prohibit the DEP from issuing a permit for a discharge to the waters of the State unless the DEP has established an effluent limit for those pollutants in the discharge that are present in quantities or concentrations that can reasonably be expected to cause or contribute to a violation of the water quality standards for the State's public water supply.

In addition, the regulations require owners of wastewater treatment plants to provide monthly reports concerning the composition, concentration and treatment of the wastewater from the treatment plants. The regulations set forth a schedule of required sampling of effluent discharge for the following: flow, ph-chlorine residual, biochemical oxygen demand, suspended solids and fecal coliform. Failure to maintain records of such sampling and to correct such failure shall subject the wastewater treatment plant to revocation of its permit.

Through the City's legislative tracking, it is cognizant of upcoming changes to the regulations regarding lead and copper, in that the City practices corrosion control, is fully compliant with existing regulations and to its knowledge have few, if any, lead service lines in its service territory.

The ECR plant operates under a permit issued by FDEP which expires in 2021. Renewal of the permit is in process, and is expected to be received.

The City's sewer collection and treatment utility has consistently met EPA and DEP requirements, and the City is not operating under any administrative or consent decree.

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Historical Revenues and Expenses of the Sewer Utility. The following table sets forth the gross revenues and costs of operation and maintenance of the sewer utility for Fiscal Years 2016 through 2019, with projections for Fiscal Year 2020 as described below.

**Historical Sewer Utility Revenues and Expenses (in 000s)\***

<b>Fiscal Year Ended September 30<sup>(1)</sup></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020 (unaudited)</b>
<b>Operating Revenues</b>					
Charges for Services	\$7,694,524	\$7,183,903	\$7,083,494	\$7,770,255	\$8,920,097
Total Operating Revenues	\$7,694,524	\$7,183,903	\$7,083,494	\$7,770,255	\$8,920,097
<b>Operating Expenses</b>					
Cost of Services	\$5,494,063	\$5,904,731	\$6,977,569	\$7,029,771	\$7,964,252
General and Administrative	599,772	599,772	981,075	899,780	952,723
Depreciation	695,330	750,525	873,844	846,904	932,981
Total Operating Expenses	\$6,789,165	\$7,255,028	\$8,832,488	\$8,776,455	\$9,849,956
<b>Total Operating Income (Loss)</b>	<b>\$905,360</b>	<b>\$(71,125)</b>	<b>\$(1,748,994)</b>	<b>\$(1,006,200)</b>	<b>\$(929,859)</b>
<b>Nonoperating Revenues (Expenses)</b>					
Investment Income	\$89,754	\$30,876	\$38,749	\$72,441	\$17,854
Interest and Fiscal Charges	-	-	-	-	-
Other	-	7,116	102,133	198,434	6,728
Total Nonoperating Revenues (Expenses)	\$89,754	\$37,992	\$140,882	\$270,875	\$24,582
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$995,114</b>	<b>\$(33,133)</b>	<b>\$(1,608,112)</b>	<b>\$(735,325)</b>	<b>\$(905,277)</b>
<b>Transfers and Contributions</b>					
Connection Fees	\$153,488	\$246,226	\$180,134	\$201,549	\$49,660
Transfers Out	(613,767)	(613,767)	(1,305,810)	(704,870)	(608,870)
<b>Change in Net Position</b>	<b>\$534,835</b>	<b>\$(400,674)</b>	<b>\$(2,733,788)</b>	<b>\$(1,238,646)</b>	<b>\$(1,464,487)</b>
Net Position, Beginning of Year	\$19,523,991	\$20,058,826	\$19,629,705	\$16,895,917	\$15,657,271
Net Position, End of Year	\$20,058,826	\$19,658,152	\$16,895,917	\$15,657,271	\$14,192,784

Source: Financial Feasibility Report.

<sup>(1)</sup> Note that historical operating results through September 30, 2019, including the net position at beginning of year and end of year, are based upon audited information from the City's CAFRs for Fiscal Years 2016 through 2019. Fiscal Year 2020 figures were derived based upon City staff's adopted budget and staff's projections as of July 2020, and are unaudited. See also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Year 2020.

## **The Project**

Proceeds of the 2020 Bonds will be used to finance approximately \$52 million of water, sewer, and electric system projects, including projects appropriated in prior years, which are currently under construction, and are expected to be completed over the next one to three years. As described above, these improvements include the construction of the additional transmission line tie-in and system hardening described above for the electric utility, transmission line, storage and transfer pump improvements for the water utility, and lift station and other improvements for the sewer utility. See "APPENDIX G -- FINANCIAL FEASIBILITY REPORT" for a more detailed description of the Project. Consistent with prior funding practices, it is likely that even though funds for these projects will be identified and appropriated in subsequent budget years, actual expenditures and project construction will be spread out over a longer time period.

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## System Historic Operating Results

The historical revenues and expenses of the System for Fiscal Years 2016 through 2019, with projections for Fiscal Year 2020, are summarized below. The debt service requirements and coverage tests are based on the rate covenant contained in the Resolution.

### Historical System Revenues and Expenses<sup>(1)</sup>

Fiscal Year Ending September 30 <sup>(1)</sup>	2016	2017	2018	2019	2020 (unaudited)
<b>Operating Revenues</b>					
Charges for Services	\$78,666,716	\$77,686,224	\$75,354,771	\$78,019,832	\$85,488,275
Total Operating Revenues	\$78,666,716	\$77,686,224	\$75,354,771	\$78,019,832	\$85,488,275
<b>Operating Expenses</b>					
Cost of Services	\$53,291,055	\$60,005,084	\$63,792,499	\$59,320,370	\$62,721,300
General and Administrative	4,375,405	4,571,674	5,724,515	5,579,145	5,557,390
Depreciation	4,951,586	5,147,671	5,268,222	5,760,014	5,950,770
Total Operating Expenses	\$62,618,046	\$69,724,429	\$74,785,236 <sup>(2)</sup>	\$70,659,529	\$74,229,460
<b>Total Operating Income (Loss)</b>	\$16,048,670	\$7,961,795	\$569,535	\$7,360,303	\$11,258,815
<b>Non-Operating Revenues (Expenses)</b>					
Investment Income	\$419,804	\$288,663	\$439,080	\$738,624	\$284,814
Interest and Fiscal Charges	(1,501,612)	(2,717,378)	(1,981,754)	(1,815,517)	(1,726,815)
Other	705,964	583,425	854,290	784,897	510,093
Total Non-Operating Revenues (Expenses)	\$(375,844)	\$(1,845,290)	\$(688,384)	\$(292,356)	\$(931,908)
<b>Income (Loss) Before Contributions and Transfers</b>	\$15,672,826	\$6,116,505	\$(118,849)	\$7,067,947	\$10,326,906
<b>Transfers and Contributions</b>					
Connection Fees	\$369,491	\$639,386	\$471,171	\$907,493	\$187,238
Transfers Out	(5,959,636)	(6,340,119)	(8,282,019)	(8,714,339)	(6,635,089)
<b>Change in Net Position</b>	\$10,082,681	\$415,772	\$(7,929,697)	\$(738,899)	\$3,879,056
Net Position, Beginning of Year	\$87,650,507	\$97,733,188	\$98,148,960	\$90,219,263	\$89,480,364
Net Position, End of Year	\$97,733,188	\$98,148,960	\$90,219,263	\$89,480,364	\$93,359,420
<b>Determination of Income Available for Debt Service</b>					
<u>Adjustments:</u>					
Depreciation	\$4,951,586	\$5,147,671	\$5,268,222	\$5,760,014	\$5,950,770
Interest and Fiscal Charges	1,501,612	2,717,378	1,981,754	1,815,517	1,726,815
Transfers Out	5,959,636	6,340,119	8,282,019	8,714,339	6,635,089
Connection Fees	(369,491)	(639,386)	(471,171)	(907,493)	(187,238)
<b>Net Revenues Available for Debt Service</b>	\$22,126,024	\$13,981,554	\$7,131,127	\$14,643,478	\$18,004,491

Source: Financial Feasibility Report.

<sup>(1)</sup> Historical operating results through September 30, 2019 are as reported in each of the City's CAFRs for each respective Fiscal Year. Fiscal Year 2020 figures were derived based upon the City staff's adopted budget and staff's projections as of July 2020 and are unaudited. See

also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Year 2020.

- (2) As described under the heading "--Historical Revenues and Expenses of the Electric Utility" above, the City attributes the decrease in Net Revenues in Fiscal year 2018 to a reduction in electric rates and increased costs due to repairs at its GT2 gas turbine unit.

Projections of revenues and expenses for the ensuing five Fiscal Years are included as part of the Financial Feasibility Report attached hereto as APPENDIX G.

## **RISK FACTORS**

The future financial condition of the System could be affected adversely by, among other things, legislation, environmental and other regulatory actions as set forth above, changes in demand for services, economic conditions, demographic changes, acts of God (such as hurricanes, as the System lies in a hurricane-prone area) and litigation. In addition to those items listed above, some of the possible changes in the future may include, but not be limited to, the fact that the City's consolidated utility facilities are subject to regulation and control by numerous federal, state and local governmental agencies. Neither the City nor its consultants can predict future policies such agencies may adopt. Future changes could result in the City having to discontinue operations at certain facilities or to make unanticipated and significant capital expenditures, and could generate substantial litigation.

### **Enforceability of Remedies**

The remedies available to the owners of the 2020 Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution and the 2020 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2020 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX B -- FORM OF THE RESOLUTION" attached hereto for a description of events of default and remedies.

### **Climate Change Issues**

Numerous scientific studies on climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures. Sea levels are expected to continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Most of Florida is at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. Likewise, Florida is hurricane-prone, and the City has suffered damage from past hurricanes. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental

operations could be displaced, and the City could be required to mitigate these effects at a potentially material cost. The City is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City or the System. Additionally, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations of the City and the System. In response to these concerns, the City is a member of the "Coastal Resiliency Partnership", which consists of Palm Beach County and ten of its coastal municipalities. The "CRP" was formed pursuant to a state program to provide assistance and funding to coastal communities dealing with flooding, erosion and other climate change-related issues. Over thirty local representatives from the member communities meet regularly to discuss sustainability planning and preparedness and to craft principles for use within the CRP.

## **Cybersecurity**

Computer networks and systems used for data transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to department operations and the provision of citizen services. Increasingly, governmental entities are being targeted by cyberattacks (including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems) seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities and avenues that attackers/hackers can exploit in attempts to cause breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Additionally, the City's computer networks and systems routinely interface and rely on third party systems that are also subject to the risks previously described. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. In 2019, a vendor-maintained utility billing platform of the City was compromised via internal application vulnerability, whereupon the City immediately took the servers offline and rebuilt the same from scratch with the appropriate patches released from the vendor, with no signs of data exfiltration. The potential disruptions, access, modification, disclosure or destruction in general of data could result in interruption of the efficiency of City commerce, initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions in operations and the services provided, and the loss of confidence in City operations.

The City's Information Technology Department has made significant network upgrades, and will continue to do so, to combat cyber security threats and to provide the City with an utmost secured network. The City's IT network has multiple layers of protection in place which include next generation firewalls, software defined network access, application whitelisting software, end point protection software, network traffic monitoring services, alerts and notifications, multifactor authentication, automated policy enforcement, advanced security analytics, patch management for

servers and end points, state of the art backup system on premises and in the cloud, and restricted physical access to the City's critical IT infrastructure to IT authorized personnel only. In addition, the City has partnered with U.S. Department of Homeland Security MS-ISAC to provide network monitoring and external vulnerability scan services. Lastly, the Information Technology Department provides internal cybersecurity training to City users in an effort to create awareness and reduce security vulnerabilities.

However, no assurances can be given that any cyberattacks, if successful, will not have a material adverse effect on the operations of the City.

### **Impact of COVID-19**

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad-based and to negatively affect national, state and local economies.

In response to such expectations, President Trump on March 13, 2020, declared a "national emergency," which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. On March 25, 2020, President Trump declared the State of Florida a disaster area because of the spread of COVID-19. In addition, Governor DeSantis signed various executive orders that, among other effects, (i) closed all public and private schools serving pre-kindergarten through 12th grade students through the remainder of the spring semester, (ii) closed all bars and restaurants to dine-in customers through May 2020, and (iii) instructed residents to stay at home except for essential travel. The restrictions in (ii) and (iii) above were lifted in June 2020, although the limitation on bars selling alcohol for indoor consumption was reinstated effective June 25, 2020 and lifted again in September 2020. The finances of City and Palm Beach County residents are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions in response thereto and changes in the behavior of businesses and people, which all could affect the ability to pay their taxes and utility bills.

The City and other governmental entities have taken a number of steps locally with respect to COVID-19. The City closed all of its recreational facilities, and City Commission meetings have been held digitally. Similar to all local governments, the City's finances are being impacted by the pandemic. Due to COVID-19's impacts beginning in mid-March and the unknown length of the public health crisis, as well as the duration of measures to mitigate the pandemic, the City is unable to accurately project the total economic impact of the COVID-19 pandemic upon the City's operations. These measures are expected to adversely impact the City's revenues for Fiscal Year 2020, with unknown impacts for Fiscal Year 2021. The City's unaudited numbers for Fiscal Year 2020 show an estimated 4.6% decline in its General Fund revenues, as state sales tax revenues (which fund the local government sales tax and a portion of state revenue sharing distributed to Florida local governments and form a part of the City's non-ad valorem revenues) were diminished significantly in Fiscal Year 2020.

The City instituted a moratorium on utility shutoffs commencing in March 2020 and ended this in September 2020. During that period, approximately 750 customers were eligible to be disconnected but were not, with a total of approximately \$1.3 million in arrears. Such amounts continue to be owed and are not waived or forgiven, although the City has offered payment plans to delinquent customers. The City's unaudited total electric utility net revenues through August 2020 are an estimated 5% above budget, as electric utility operating expenses during the period have declined by approximately 8% (due in part to lower fuel costs and a delay in financing capital projects) while gross revenues have decreased approximately 2%. The City's water utility net revenues through August 2020 are an estimated 7% above budget, partly due to the shutdown and to a drier than usual spring, and due to water operating expenses being down approximately 12% due to a delay in financing capital projects. Sewer utility net revenues through August 2020 are approximately 10% below budget, reflecting declines in both gross revenues and operating expenses.

A new wave of the virus could produce more negative impacts, and could adversely impact ratings on the Series 2020 Bonds. Please refer to "RATINGS," herein.

### **HURRICANE IRMA IMPACTS**

On September 10-11, 2017, Hurricane Irma swept through Florida and caused a significant amount of damage within the State, with the center of the storm making landfall twice, once as a Category 4 storm with 130 mph sustained winds in the Florida Keys and once as a Category 3 storm with 115 mph sustained winds near the City of Marco Island. While the center of the storm did not pass near the City, it suffered approximately \$4 million in damages from the storm, which was paid by the City's self-insurance fund. The City expects to be reimbursed for a portion of this amount by FEMA.

### **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the 2020 Bonds are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as "APPENDIX C -- FORM OF BOND COUNSEL OPINION") will be available at the time of delivery of the 2020 Bonds. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that, subsequent to the date of the opinion, Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion. Certain legal matters will be passed on for the City by Torcivia, Donlon & Goddeau, P.A., West Palm Beach, Florida, City Attorney and for the Underwriters by the Law Offices of Steve E. Bullock, P.A., Miami, Florida. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, has also acted as disclosure counsel to the City in connection with the issuance of the 2020 Bonds.

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## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of the Bond Counsel (see APPENDIX C), the interest on the 2020 Bonds is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions and the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the City to comply subsequent to the issuance of the 2020 Bonds with certain requirements of the Code regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States may cause interest on the 2020 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. The City has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the 2020 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the 2020 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the 2020 Bonds and the payments of certain arbitrage earnings in excess of the "yield" on the 2020 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the 2020 Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

### **[Premium Bonds]**

The difference between the principal amount of the 2020 Bonds maturing \_ (the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriter or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.]

### **[Discount Bonds]**

Under the Code, the difference between the principal amount of the 2020 Bonds which are not Premium Bonds (the "Discount Bonds"), and the initial offering price to the public, excluding

bond houses and brokers, at which price a substantial amount of the Discount Bonds of the same maturity was sold, constitutes "original issue discount". Original issue discount on the Discount Bonds represents interest which is not includable in gross income. A portion of such interest that accrues to the owner of such Bonds in a year, as described below, is, however, included in the calculation of a corporate taxpayer's alternative minimum tax and environmental tax and may result in other collateral federal tax consequences although the owner may not have received cash in such year. Original issue discount on such Discount Bonds will accrue actuarially over the term of a Discount Bond at a constant interest rate. A purchaser who acquires Discount Bonds at an issue price equal to the initial offering price thereof as set forth on the cover page of this Official Statement will be treated as receiving an amount of interest excluded from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bonds and will increase its adjusted basis in such Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or the disposition of such Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or price may be determined according to rules which differ from those described above. Holders of Discount Bonds should consult their own tax advisors with respect to the consequences of owning Discount Bonds, including the effect of such ownership under applicable state and local laws.]

### **Collateral Tax Consequences**

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the 2020 Bonds. Prospective purchasers of the 2020 Bonds should be aware that the ownership of the 2020 Bonds may result in other collateral federal tax consequences. For example, ownership of the 2020 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such 2020 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the 2020 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the 2020 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2020 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES REFERRED TO ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters. Interest on the 2020 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the 2020 Bonds should consult their tax advisors as to the income tax status of interest on the 2020 Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the 2020 Bonds. In some cases these proposals have contained

provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the 2020 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the 2020 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the 2020 Bonds. For example, proposals have been discussed in connection with deficit spending reduction, job creation and other tax reform efforts that could significantly reduce the benefit of, or otherwise affect the exclusion from gross income of, interest on obligations such as the 2020 Bonds. The further introduction or enactment of one or more of such proposals could affect the market price or marketability of the 2020 Bonds.

## **LITIGATION**

There is no suit, action or proceeding of any nature now pending or threatened to restrain or to enjoin the issuance, sale, execution or delivery of the 2020 Bonds, or in any way contesting or affecting the validity of the 2020 Bonds or any proceedings of the City Commission of the City taken with respect to the issuance or sale thereof or the pledge or application of any moneys, revenues or security provided for the payment of the 2020 Bonds, or the existence or powers of the City with respect to the 2020 Bonds, the security therefor, or the System.

The City is engaged from time to time in litigation typical to Florida municipalities, for which it retains insurance and to which it has defenses, including claims for which it is a nominal party. In addition, the City is appealing a determination by and has filed litigation against the Federal Emergency Management Agency ("FEMA") in connection with FEMA's decision to deobligate approximately \$4 million in disaster assistance funding stemming from hurricanes occurring in 2004 and 2005. City staff filed administrative appeals with FEMA Region IV to reverse the deobligation decision, which appeals were denied. The City then filed second appeals with FEMA Headquarters in Washington, D.C. and is awaiting a decision. The State of Florida Division of Emergency Management supports the City's positions in the appeals, although there is a likelihood that a portion of the deobligated monies will need to be repaid.

## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Pursuant to Section 517.051, Florida Statutes, as amended by Chapter 87-316, Laws of Florida, 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 Banking and Finance (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. Although the City is not aware of any other defaults, it is not undertaking an independent review of bonds or other debt obligations for which it served only as a conduit issuer. Because the source of payment of any such defaulted bonds would be separate and distinct from the

source of payment for the 2020 Bonds and would not be an obligation of the City other than to the extent the City receives funds from the party borrowing the proceeds of such bonds, any default on such bonds is not considered a material fact with respect to the 2020 Bonds.

## **FINANCIAL STATEMENTS**

The annual financial statements of the City, for the fiscal year ending September 30, 2019, and report thereon of Keefe McCullough, CPAs are included in APPENDIX D attached hereto. The 2020 Bonds are payable solely from and secured by a lien upon and pledge of the Pledged Funds. The financial statements attached hereto as APPENDIX D are presented for general informational purposes only.

## **RATINGS**

[S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal bond rating of "\_\_\_" to the 2020 Bonds, based upon the delivery of the standard municipal bond insurance policy of \_\_\_ insuring the same.] In addition, S&P and Moody's Investors Service have assigned their underlying municipal bond ratings of "\_\_\_" (\_\_\_ outlook) and "\_\_\_" (\_\_\_ outlook) respectively, to the 2020 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. 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 2020 Bonds.

## **FINANCIAL ADVISOR**

The City has retained Davenport & Company LLC, Richmond, Virginia (the "Financial Advisor"), in connection with the preparation and issuance of the 2020 Bonds. The Financial Advisor is not obligated to, 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.

## **UNDERWRITING**

The 2020 Bonds are being purchased by Morgan Stanley & Co. LLC and Raymond James & Associates, Inc. (collectively, the "Underwriters") at an aggregate purchase price of \$\_\_\_\_\_ (which includes net original issue [discount] [premium] of \$\_\_\_\_\_ and Underwriters' discount of \$\_\_\_\_\_). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the 2020 Bonds if any 2020 Bonds are purchased. The 2020 Bonds may be offered and sold to certain dealers (including dealers depositing such 2020 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have reviewed the information in this Official Statement in accordance with and, as part of their responsibilities to investors under the federal securities laws as applied to

the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters have provided the following information for inclusion in this Official Statement: The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps) and the Underwriters and their affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offer or other offer of the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offer or other offers of the City. The Underwriters do not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

Morgan Stanley, a parent company of Morgan Stanley & Co. LLC, an underwriter of the 2020 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2020 Bonds.

### **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 2020 Bonds. Payment of all or a portion of the fees of such professionals relating to the issuance of the 2020 Bonds and compensation to the Underwriters in the form of a purchase price discount are each contingent upon the issuance of the 2020 Bonds.

### **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the 2020 Bondholders to provide certain financial information and operating data relating to the City and the 2020 Bonds in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated material events. Such covenant shall only apply so long as the 2020 Bonds remain outstanding under the Resolution. The covenant shall also cease upon the termination of the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administrative action. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") through its "EMMA" system, as well as any state information depository that is subsequently established in the State of Florida ("SID"). The notices of material events will be filed by the City with the MSRB and with any SID. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in "APPENDIX E -- FORM OF CONTINUING

DISCLOSURE CERTIFICATE," which shall be executed by the City at the time of issuance of the 2020 Bonds. These covenants have been made in order to assist the Underwriters in complying with the Rule.

With respect to the 2020 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule. The City has complied with its existing continuing disclosure obligations over the past five years and fully anticipates satisfying all future obligations in connection therewith.

#### **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 2020 Bonds, the security for the payment of the 2020 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the 2020 Bonds.

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

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## **AUTHORIZATION OF OFFICIAL STATEMENT**

This Official Statement, and its execution and delivery, has been duly authorized and approved by the City Commission of the City. Concurrently with the delivery of the 2020 Bonds, the undersigned will furnish their certificate to the effect that, to the best of their knowledge, this Official Statement did not as of its date, and does not as of the date of delivery of the 2020 Bonds, contain any untrue statement of a material fact or omit to state a material fact that should be included herein for the purposes for which this Official Statement is to be used, or which is necessary in order to make the statements contained herein, in the light of the circumstances in which they were made, not misleading.

**CITY OF LAKE WORTH BEACH,  
FLORIDA**

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

\_\_\_\_\_  
Nabors, Giblin & Nickerson, P.A.

## APPENDIX A

### GENERAL INFORMATION CONCERNING THE CITY OF LAKE WORTH BEACH

THE FOLLOWING INFORMATION CONCERNING THE CITY IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THE INFORMATION HAS BEEN COMPILED ON BEHALF OF THE CITY, AND SUCH COMPILATION INVOLVED ORAL AND WRITTEN COMMUNICATION WITH VARIOUS SOURCES. THE INFORMATION INDICATED IS SUBJECT TO CHANGE, ALTHOUGH EFFORTS HAVE BEEN MADE TO UPDATE INFORMATION WHERE PRACTICABLE.

#### General Information and Location

The City of Lake Worth Beach, Florida (the "City"), was incorporated as a municipality under the laws of the State of Florida in 1913. The City is part of the Gold Coast of South Florida and is located in Palm Beach County. The City borders West Palm Beach on its northern boundary and the City of Lantana to its south. The Intracoastal Waterway and Atlantic Ocean are to the east and various municipalities and unincorporated county areas are to the west. The City is primarily a residential community of approximately 7 square miles with a population of approximately 38,000. The median age has declined over the past two decades from 50 years to 40 years. Tourism, retail and construction are the main industries supporting the local economy. The quarter-mile, municipally-owned beach complex, which has an ocean fishing pier, an Olympic-sized swimming pool and ocean front shops and restaurants, makes this area a popular attraction for residents and tourists alike.

#### Government

The City Commission is comprised of five members who serve overlapping three-year terms and are elected on a nonpartisan basis by residents of the City. The Mayor is elected at-large to serve a three-year term as the presiding officer at City Commission meetings and as the official head of the City for legislative and ceremonial purposes. The City Commission is responsible for passing ordinances and other policy directives for the operation of the City.

The current Mayor and Commission and the years in which their terms expire are listed below:

<u>Official</u>	<u>Beginning Term</u>	<u>Term Expires</u>
Pam Triolo, Mayor	March 2018	March 2021
Andy Amoroso, Vice Mayor	March 2018	March 2021
Scott Maxwell, Vice Mayor Pro Tem	March 2018	March 2021
Omari Hardy, Commissioner	March 2019	November 2020
Herman Robinson, Commissioner	March 2019	March 2022

## Administration

The administration of the City is conducted by the City Manager, who serves as the Chief Executive Officer. The City Manager, who is appointed by the Commission, provides leadership in administration of policies and objectives formulated by the Commission.

## City Employees

The City currently has approximately 308 full-time employees in nine operating departments.

## Population

The population of the City, according to the 2010 Census, was 34,910. The resident population of the City for the last five (5) years is estimated as follows:

<u>Year</u>	<u>Population</u>
2014	37,145
2015	37,674
2016	37,803
2017	37,946
2018	38,267
2019	38,484

Source: City of Lake Worth Beach.

## Economic Data

### Unemployment Rate (as of October 2019)

	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
Palm Beach County	745,652	723,165	22,487	3.0%
Florida	10,465,200	10,134,600	330,600	3.2
U.S.	164,364,000	158,510,000	5,855,000	3.6

Source: Florida Agency for Workforce Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program, as reported at [www.labormarketinfo.com](http://www.labormarketinfo.com).

## PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City contributes to three single-employer retirement systems covering substantially all full-time employees other than police officers and firefighters. As described below, the General Employees' Retirement System, the Police Officers' Relief and Retirement System and the Firefighters' Pension Trust Fund (collectively, the "Pension Trust Funds") are defined benefit pension plans. Each plan issues a publicly available financial report that includes the applicable financial statements and required supplementary information for the plan.

See "APPENDIX B -- AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019," for additional information regarding the Pension Trust Funds and the City's compliance with other post employment benefits ("OPEB") requirements.

**Net Pension Liability of the City**

The City transferred its police functions to the Palm Beach County Sheriff's Office and its fire operations to Palm Beach County effective October 1, 2009. At that time, the pension plan with respect to police officers and firefighters became closed to new members. All City employees other than police officers and firefighters continue to participate in the City's pension plan. The City's net pension liability was determined based on a measurement date of September 30, 2018.

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The components of the net pension liability of the City at September 30, 2019, were as follows:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust Fund
Total pension liability	\$108,063,294	\$52,206,957	\$66,114,854
Plan fiduciary net position	(72,091,129)	(32,328,488)	(47,122,406)
Net pension liability	<u>\$35,972,165</u>	<u>\$19,878,469</u>	<u>\$18,992,448</u>
Plan fiduciary net position as a percentage of the total pension liability	66.71%	61.92%	71.27%

**Changes in Net Pension Liability:  
General Employees'  
Retirement System:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, as of September 30, 2017, Measurement Date	<u>\$105,045,230</u>	<u>\$70,340,708</u>	<u>\$34,704,522</u>
Changes for the year:			
Service cost	1,276,370	-	1,276,370
Interest	7,622,289	-	7,622,289
Benefit Changes	2,327,011	-	2,327,011
Differences between expected and actual experience	217,106	-	217,106
Contributions – Employer	-	3,987,293	(3,987,293)
Contributions – Employee	-	1,124,419	(1,124,419)
Net investment income	-	6,162,213	(6,162,213)
Changes of assumptions	957,440	-	957,440
Benefit payments	(9,382,152)	(9,382,152)	-
Administrative expenses	-	(141,352)	141,352
Net changes	<u>3,018,064</u>	<u>1,750,421</u>	<u>1,267,733</u>
Balances, as of September 30, 2018, Measurement Date	<u>\$108,063,294</u>	<u>\$72,091,129</u>	<u>\$35,972,165</u>

**Police Officers' Relief and  
Retirement System:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, as of September 30, 2017, Measurement Date	\$50,643,890	\$30,722,155	\$19,921,735
Changes for the year:			
Service cost	193,882	-	193,882
Interest	3,661,397	-	3,661,397
Differences between expected and actual experience	434,141	-	434,141
Changes of assumptions	656,642	-	656,642
Contributions – Employer and State	-	3,119,402	(3,119,402)
Contributions – Employee	-	68,521	(68,521)
Net investment income	-	2,189,338	(2,189,338)
Benefit payments	(3,678,987)	(3,678,987)	-
Other (additions to share plan accounts)	295,992	-	295,992
Administrative expenses	-	(91,941)	91,941
Net changes	1,563,067	1,606,333	(43,266)
Balances, as of September 30, 2018, Measurement Date	<u>\$52,206,957</u>	<u>\$32,328,488</u>	<u>\$19,878,469</u>

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**Firefighters' Pension Trust Fund:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, as of September 30, 2017, Measurement Date	\$65,953,233	\$44,263,693	\$21,689,540
Changes for the year:			
Service cost	260,076	-	285,547
Interest	4,749,735	-	4,762,802
Differences between expected and actual experience	(544,886)	-	(322,397)
Contributions – Employer and State	-	2,794,091	(2,811,277)
Contributions – Employee	-	84,971	(105,985)
Net investment income	-	4,981,565	(2,748,904)
Changes of assumptions	613,640	-	185,206
Benefit payments	(5,341,813)	(5,341,813)	-
Rollover	424,869	424,869	-
Administrative expenses	-	(84,970)	84,970
Net changes	161,621	2,858,713	(2,697,092)
Balances, as of September 30, 2018, Measurement Date	\$66,114,854	\$47,122,406	\$18,992,448

**Other Post-Employment Benefits (OPEB)**

Plan Description and Funding Policy. Employees who retire from the City and their dependents are eligible to continue to participate ("single employer plan") in the City's health insurance plan currently offered through the City at the "blended" employee group rate, which is determined annually by the City. The benefits of the Plan conform to Florida law, which are the legal authority for the Plan.

The following table provides a summary of the number of participants in the plan as of the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	436
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	326
Total plan members	762

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund. To date, the City has followed a pay as you go funding policy; therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the General Fund. Contribution rates are determined by the City. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

Funded Status and Funding Progress. The funded status of the plan as of October 1, 2018, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability	\$1,916,498
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$1,916,498</u>
Funded ratio	0.0%
Covered payroll	\$19,192,059
UAAL as a percentage of covered payroll	10.97%

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**PRINCIPAL EMPLOYERS  
CITY OF LAKE WORTH BEACH, FLORIDA  
FISCAL YEAR 2019**

Employer	Number of Employees
Palm Beach State College	1,148
City of Lake Worth Beach	307
Lake Worth High School	270
American Medical Response	213
Highland Elementary School	168
Publix (214 N. Dixie Hwy.)	148
Barton Elementary School	131
Publix (1910 Lake Worth Rd.)	122
North Grade Elementary School	91
Lake Worth Middle School	74

Source: City of Lake Worth Beach, Florida.

**Principal Taxpayers**

The following table lists the ten principal taxpayers within the City, the 2019 taxable valuation and the percent of total assessed valuation for such taxpayers.

**PRINCIPAL TAXPAYERS**

Top Ten Principal Taxpayers	Taxable Value	Percentage of Assessed Valuation
SL Boutwell Business Center II LLC	\$24,873,640	1.2%
Lake Worth Village, LLC	21,836,215	1.1
Oakwood Apartments 160 Units, LLC	20,851,057	1.0
Village at Lake Osborne, LLC	12,380,165	0.6
GSG Investments	11,278,768	0.6
Palm Beach Mobile Home Park, LLC	10,892,991	0.5
Cubalmart LP	10,553,880	0.5
Akers Robert L SR Trust	9,422,267	0.5
1910 10 <sup>th</sup> Avenue, LLC	9,100,000	0.5
Cubalmart LP	9,086,232	<u>0.5</u> 7.0%

Source: City of Lake Worth Beach, Florida.

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
CITY OF LAKE WORTH BEACH, FLORIDA**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy	Collections in Subsequent Years	Total Taxes Collected	Percent of Levy
2010	\$7,965,615	\$7,434,810	93.34%	\$194,286	\$7,629,096	95.78%
2011	6,096,193	5,841,442	95.82	178,523	6,019,965	98.75
2012	5,752,832	5,728,138	99.57	13,946	5,742,084	99.81
2013	6,028,316	5,429,614	90.07	67,717	5,497,331	91.19
2014	6,584,941	5,694,788	86.48	38,369	5,733,157	87.06
2015	6,668,511	6,277,985	94.14	5,404	6,277,985	94.14
2016	7,225,095	6,951,573	96.21	-	6,951,573	96.21
2017	8,101,969	7,796,543	96.23	-	7,796,543	96.23
2018	9,006,434	8,660,007	96.15	-	8,660,077	96.15
2019	12,033,164	11,616,102	96.53	-	11,616,102	96.53

Source: City of Lake Worth Beach, Finance Department and Palm Beach County Tax Collector's Office.

**ASSESSED VALUE TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
CITY OF LAKE WORTH BEACH, FLORIDA  
(000's)**

Fiscal Year	Residential Property	Commercial Property	Railroad Property	Total Net Assessed Value	Total Direct Tax Rate
2010	\$1,436,762	\$57,667	\$4,224	\$1,498,653	8.76
2011	1,053,076	53,324	3,735	1,110,135	8.49
2012	990,200	52,992	3,825	1,047,017	8.95
2013	1,041,527	51,276	4,350	1,097,153	8.95
2014	1,143,415	49,839	4,763	1,198,017	8.95
2015	1,260,658	51,353	5,148	1,317,159	8.95
2016	1,415,323	51,077	5,596	1,471,996	8.95
2017	1,584,396	43,122	5,781	1,633,299	9.70
2018	1,758,006	49,116	5,924	1,813,046	9.70
2019	1,933,683	57,977	7,795	1,999,455	10.06

Source: City of Lake Worth Beach, Florida, Finance Department.

**COMPUTATION OF DIRECT  
AND OVERLAPPING DEBT  
PAID WITH PROPERTY TAXES  
CITY OF LAKE WORTH BEACH, FLORIDA**

		Applicable to City of Lake Worth Beach	
<b>Governmental Unit:</b>	<b>Debt Outstanding</b>	<b>Percentage</b>	<b>Amount</b>
<b>Overlapping:</b>			
Palm Beach County	\$61,115,000	1.05%	\$641,708
Palm Beach School Board	<u>9,381,000</u>	1.05%	<u>98,501</u>
<b>Subtotal</b>	\$70,496,000		\$740,208
<b>Direct Debt:</b>			
City of Lake Worth Beach	<u>\$38,839,704</u>	100%	<u>\$38,839,704</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$109,335,704</u>		<u>\$39,579,912</u>

Source: Palm Beach County Finance Department and the Palm Beach County Property Appraiser's Office.

**APPENDIX B**  
**FORM OF THE RESOLUTION**

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

**APPENDIX D**

**AUDITED GENERAL FINANCIAL STATEMENTS OF THE CITY FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

## **APPENDIX E**

### **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Lake Worth Beach, Florida (the "Issuer") in connection with the issuance of its \$ \_\_\_\_\_ Consolidated Utility Revenue Bonds, Series 2020 (the "Bonds"). The Bonds are being issued pursuant to Resolution No. 45-2020, adopted by the City Commission of the City of Lake Worth Beach, Florida on October 6, 2020, as amended and supplemented from time to time, particularly as supplemented by Resolution No. \_\_\_\_\_, adopted by the City Commission of the City of Lake Worth Beach, Florida on October 20, 2020 (collectively, the "Resolution"), and other applicable provisions of law.

**SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holder and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

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

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

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

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

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

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

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Participating Underwriter" shall mean, collectively, the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access ("EMMA") web portal at "<http://emma.msrb.org>."

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

### SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by not later than June 30th following the end of the prior fiscal year, beginning with the fiscal year ending September 30, 2020 with respect to the report for the 2019-2020 fiscal year, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to the date set forth in (a) above, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to any Repository an Annual Report as required in subsection (a), the

Issuer shall send a notice to and Repository, in electronic format as prescribed by such Repository, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository;

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided; and

(iii) if the Dissemination Agent is other than the Issuer, the Dissemination Agent shall send a notice to any Repository, in electronic format as prescribed by such Repository, in substantially the form attached as Exhibit A if the Issuer is unable to provide an Annual Report to any Repository as required in subsection (a).

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated November \_\_\_, 2020 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the historical financial and operating data set forth in the Official Statement under the captions:

- (i) Historical Energy and Peak Loads
- (ii) Monthly Non-Coincident Peak Demand
- (iii) Sources of Energy
- (iv) Monthly Net Energy Load
- (v) Electric Utility Average Number of Retail Meters & Annual Billed Usage
- (vi) Electric Utility's 10 Largest Retail Customers
- (vii) Electric Utility – Transfers to the General Fund
- (viii) Historical Electric Utility Revenues and Expenses
- (ix) Water Utility Usage
- (x) Top Ten Water Customers
- (xi) Water Utility – Transfers to the General Fund
- (xii) Historical Water Utility Revenues and Expenses
- (xiii) Historical Average Wastewater Flows
- (xiv) Top Ten Wastewater Customers

- (xv) Sewer Utility – Transfers to the General Fund
- (xvi) Historical Sewer Utility Revenues and Expenses
- (xvii) Historical System Revenues and Expenses

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

#### SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 17 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;

12. an Event of Bankruptcy or similar event of an Obligated Person;
  13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  14. appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material;
  15. incurrence of a financial obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect holders of the Bonds, if material (for purposes of the foregoing and paragraph (xvi) below, "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b));
  16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties; and
  17. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.
- (b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and

- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Digital Assurance Certificate.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the

change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

[Remainder of page intentionally left blank]

SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as November \_\_\_\_, 2020

(SEAL)

CITY OF LAKE WORTH BEACH,  
FLORIDA

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Nabors, Giblin & Nickerson, P.A.

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Lake Worth Beach, Florida  
Name of Bond Issue: Consolidated Utility Revenue Bonds, Series 2020  
Date of Issuance: November \_\_\_\_, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 and 4(b) of the Continuing Disclosure Certificate dated as of November \_\_\_\_, 2020. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_\_.

Dated:

CITY OF LAKE WORTH BEACH, FLORIDA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **APPENDIX F**

### **CONSULTING ENGINEER'S REPORT WITH RESPECT TO THE ELECTRIC UTILITY**

**APPENDIX G**  
**FINANCIAL FEASIBILITY REPORT**

**EXHIBIT C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Lake Worth Beach, Florida (the "Issuer") in connection with the issuance of its \$ \_\_\_\_\_ Consolidated Utility Revenue Bonds, Series 2020 (the "Bonds"). The Bonds are being issued pursuant to Resolution No. 45-2020, adopted by the City Commission of the City of Lake Worth Beach, Florida on October 6, 2020, as amended and supplemented from time to time, particularly as supplemented by Resolution No. \_\_\_\_\_, adopted by the City Commission of the City of Lake Worth Beach, Florida on October 20, 2020 (collectively, the "Resolution"), and other applicable provisions of law.

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holder and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

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

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

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

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

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

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

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Participating Underwriter" shall mean, collectively, the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access ("EMMA") web portal at "<http://emma.msrb.org>."

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

### SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by not later than June 30th following the end of the prior fiscal year, beginning with the fiscal year ending September 30, 2020 with respect to the report for the 2019-2020 fiscal year, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to the date set forth in (a) above, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to any Repository an Annual Report as required in subsection (a), the Issuer shall send a notice to and Repository, in electronic format as prescribed by such Repository, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository;

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided; and

(iii) if the Dissemination Agent is other than the Issuer, the Dissemination Agent shall send a notice to any Repository, in electronic format as prescribed by such Repository, in substantially the form attached as Exhibit A if the Issuer is unable to provide an Annual Report to any Repository as required in subsection (a).

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated November \_\_, 2020 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the historical financial and operating data set forth in the Official Statement under the captions:

- (i) Historical Energy and Peak Loads
- (ii) Monthly Non-Coincident Peak Demand
- (iii) Sources of Energy
- (iv) Monthly Net Energy Load
- (v) Electric Utility Average Number of Retail Meters & Annual Billed Usage
- (vi) Electric Utility's 10 Largest Retail Customers
- (vii) Electric Utility – Transfers to the General Fund
- (viii) Historical Electric Utility Revenues and Expenses
- (ix) Water Utility Usage
- (x) Top Ten Water Customers
- (xi) Water Utility – Transfers to the General Fund
- (xii) Historical Water Utility Revenues and Expenses
- (xiii) Historical Average Wastewater Flows
- (xiv) Top Ten Wastewater Customers
- (xv) Sewer Utility – Transfers to the General Fund
- (xvi) Historical Sewer Utility Revenues and Expenses
- (xvii) Historical System Revenues and Expenses

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

#### SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 17 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material;

15. incurrence of a financial obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect holders of the Bonds, if material (for purposes of the foregoing and paragraph (xvi) below, "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b));

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties; and

17. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

(a) the category of information being provided;

(b) the period covered by any annual financial information, financial statement or other financial information or operation data;

(c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);

(d) the name of any Obligated Person other than the Issuer;

(e) the name and date of the document being submitted; and

(f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Digital Assurance Certificate.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as November \_\_\_, 2020

(SEAL)

CITY OF LAKE WORTH BEACH,  
FLORIDA

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Nabors, Giblin & Nickerson, P.A.

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Lake Worth Beach, Florida

Name of Bond Issue: Consolidated Utility Revenue Bonds, Series 2020

Date of Issuance: November \_\_, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 and 4(b) of the Continuing Disclosure Certificate dated as of November \_\_, 2020. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_\_.

Dated:

CITY OF LAKE WORTH BEACH, FLORIDA

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**

**FORM OF INSURANCE AGREEMENT**

## INSURANCE AGREEMENT

**THIS INSURANCE AGREEMENT**, dated November \_\_, 2020 (the "Agreement"), by and between the CITY OF LAKE WORTH BEACH, FLORIDA (the "Issuer") and \_\_\_\_\_ (the "Bond Insurer" or "\_\_\_\_\_").

In consideration of the issuance by the Bond Insurer of its Municipal Bond Insurance Policy Nos. \_\_\_\_\_ and \_\_\_\_\_ (collectively, the "Policy") with respect to the Issuer's Consolidated Utility Revenue Bonds, Series 2020 (the "Bonds") issued under the Issuer's Resolution No. 45-2020, adopted October 6, 2020 (the "Original Resolution"), as amended and supplemented by its Resolution No. \_\_\_\_-2020, adopted October 20, 2020 (collectively with the Original Resolution, the "Resolution") and the Issuer's payment to the Bond Insurer of the insurance premium for the Policy, the Bond Insurer and the Issuer hereby covenant and agree as follows:

1. Notice and Other Information to be given to \_\_\_\_\_. The Issuer will provide \_\_\_\_\_ with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Certificate and (ii) to the holders of the Bonds or the Paying Agent under the Resolution.

The notice address of \_\_\_\_\_ is: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, Attention: Surveillance, Re: Policy Nos. \_\_\_\_\_ and \_\_\_\_\_, Telephone: (\_\_\_\_) \_\_\_\_\_, Telecopier: (\_\_\_\_) \_\_\_\_\_, Email: \_\_\_\_\_. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at \_\_\_\_\_ or at Telecopier: (\_\_\_\_) \_\_\_\_\_ and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

2. Amendments, Supplements and Consents.

- a. *Amendments.* Wherever any Security Document requires the consent or approval of holders of the Bonds, \_\_\_\_\_'s consent shall also be required. In addition, any amendment, supplement or modification to the Security Documents that adversely affect the rights or interests of \_\_\_\_\_ shall be subject to the prior written consent of \_\_\_\_\_.
- b. *Consent of \_\_\_\_\_ Upon Default.* Anything in any Security Document to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, \_\_\_\_\_ shall be deemed to be the sole holder of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds, the Paying Agent or any trustee (a "Trustee") for the benefit of such holders under any Security Document. The Trustee may not waive any default or event of default or accelerate the Bonds

without \_\_\_\_'s written consent.

- c. *Trustee.* No removal, resignation or termination of any Trustee shall take effect until a successor, acceptable to \_\_\_\_, shall be qualified and appointed.

3. \_\_\_\_ as Third Party Beneficiary. \_\_\_\_ is explicitly recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce any right, remedy or claim conferred, given or granted thereunder.

4. Policy Payments.

- a. In the event that principal and/or interest due on the Bonds shall be paid by \_\_\_\_ pursuant to the Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of \_\_\_\_, and \_\_\_\_ shall be subrogated to the rights of such registered owners, including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Bonds.
- b. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent agree for the benefit of \_\_\_\_ that:
- i. They recognize that to the extent \_\_\_\_ makes payments directly or indirectly (e.g., by paying through the Paying Agent), on account of principal of or interest on the Bonds, \_\_\_\_ will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Bonds; and
- ii. They will accordingly pay to \_\_\_\_ the amount of such principal and interest, with interest thereon, but only from the sources and in the manner provided in the Security Documents and the Bonds for the payment of principal of and interest on the Bonds to holders, and will otherwise treat \_\_\_\_ as the owner of such rights to the amount of such principal and interest.
- c. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to \_\_\_\_, solely from Pledged Funds (as defined in the Resolution) (i) a sum equal to the total of all amounts paid by \_\_\_\_ under the Policy ("\_\_\_\_ Policy Payment"); and (ii) interest on such \_\_\_\_ Policy Payments from the date paid by \_\_\_\_ until payment thereof in full by the Issuer, payable to \_\_\_\_ at the Late Payment Rate per annum (collectively, "\_\_\_\_ Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, \_\_\_\_ Reimbursement Amounts shall be, and the

Issuer hereby covenants and agrees that the \_\_\_\_ Reimbursements Amounts are, payable from and secured by the Issuer's Pledged Funds on the same basis as with respect to payment of debt service due on the Bonds.

5. Additional Payments. The Issuer agrees unconditionally that it will pay or reimburse \_\_\_\_ on demand solely from Pledged Funds as described above, any and all reasonable charges, fees, costs, losses, liabilities and expenses that \_\_\_\_ may pay or incur, including, but not limited to, fees and expenses of \_\_\_\_'s agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of \_\_\_\_ spent in connection with the actions described in the preceding sentence. The Issuer agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to \_\_\_\_ until the date \_\_\_\_ is paid in full.

6. Special Provisions for Insurer Default: If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraph 2 above to the contrary, (1) if at any time prior to or following an Insurer Default, \_\_\_\_ has made payment under the Policy, to the extent of such payment \_\_\_\_ shall be treated like any other holder of the Bonds for all purposes, including giving of consents, and (2) if \_\_\_\_ has not made any payment under the policy, \_\_\_\_ shall have no further consent rights until the particular Insurer Default is no longer continuing or \_\_\_\_ makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (6), "Insurer Default" means: (A) \_\_\_\_ has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) \_\_\_\_ shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment of the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of \_\_\_\_ (including without limitation under the New York Insurance Law).

7. Definitions. All capitalized terms not otherwise defined herein have the meanings set forth in the Resolution. In addition:

" \_\_\_\_ " shall mean \_\_\_\_\_, or any successor thereto.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of

interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in the City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as \_\_\_\_\_, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to \_\_\_\_\_ shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"Policy" shall mean the Municipal Bond Insurance Policy issued by \_\_\_\_\_ that guarantees the scheduled payment of principal of and interest on the Bonds when due.

"Security Documents" shall mean the Resolution, the Bonds and any additional or supplemental document executed in connection with the Bonds.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed in their respective names as of the date first written above.

**CITY OF LAKE WORTH BEACH,  
FLORIDA**

\_\_\_\_\_

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Title: Authorized Officer

ATTEST:

\_\_\_\_\_  
Clerk

Approved as to form:

\_\_\_\_\_  
Nabors, Giblin & Nickerson, P.A.,  
Bond Counsel

**EXHIBIT E**

**FORM OF CUSTODY AGREEMENT**

## CUSTODY AGREEMENT

This custody agreement (the "Agreement") dated as of November \_\_, 2020 (the "Effective Date"), is between U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, as Custodian ("Custodian") and the City of Lake Worth Beach, Florida ("City") a municipal corporation organized under the laws of the State of Florida.

The parties hereby agree as follows:

### **1. Appointment and Acceptance.**

1.1 City hereby appoints Custodian to provide custody services in connection with securities, cash and other property delivered from time to time to Custodian hereunder by, or at the direction of, City, and income, distributions and payments received by Custodian with respect thereto (collectively the "Assets"); and Custodian hereby agrees to hold the Assets in a custody account established in the name of City (the "Account"), upon the terms and conditions set forth below.

1.2 All references contained herein to actions, directions and responsibilities (other than the obligations set forth in Sections 12 and 14) of City shall include, apply to and be binding upon City's agents, including any investment manager or advisor, appointed and authorized by City to direct Custodian or otherwise take actions on behalf of City in connection with Custodian's services and responsibilities hereunder. City shall provide written notice to Custodian of the identity of all such appointed agents and the scope of their authority to act or direct Custodian hereunder.

1.3 In the event that City requires Custodian to establish one or more sub-accounts within the Account under this Agreement ("Sub-Accounts"), Custodian shall open such accounts pursuant to Custodian's account opening procedures in effect at the time. The term "Account" as used in this Agreement shall refer to one or all of the Sub-Accounts, as the context of this Agreement shall require. The City specifically directs the establishment of separate "2020 Construction Fund" and "Prior Bond Proceeds Fund" Sub-Accounts.

1.4 Custodian shall have no duties or responsibilities except those specifically set forth herein and shall not be liable except for failure to perform the duties and obligations set forth herein. No implied duties, responsibilities, representations, warranties, covenants or obligations shall be read into this Agreement against Custodian.

### **2. Asset Delivery, Transfer, Custody and Safekeeping.**

2.1 City will from time to time deliver, or cause to be delivered, Assets to Custodian. Custodian shall receive and accept such Assets for the Account upon Appropriate Instructions (defined in Section 11.1) from City. Custodian shall keep records of all transactions involving the Account and Assets belonging to the Account. Custodian shall not have any responsibility or liability for any assets of City that are not delivered to and received by Custodian.

2.2 Upon receipt of Appropriate Instructions, Custodian shall return Assets to City, or deliver Assets to such location or third party as Appropriate Instructions may indicate, provided that in connection therewith it is the sole responsibility of City to provide any transfer documentation as may be required by the applicable Depository (defined in Section 3.3) or third-party recipient. Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Assets, except as provided herein or pursuant to Appropriate Instructions.

2.3 As part of the services for which Custodian charges its basic fee hereunder, Custodian shall furnish City with monthly Account statements reflecting all Asset transactions in the Account during the reporting period and ending Asset holdings.

2.3.1 If City wishes Custodian to report on Assets that are not in control of Custodian, City shall execute Custodian's CLIENT CONTROL ADDENDUM, which shall be provided to City upon request.

2.3.2 Custodian is not an investment manager of the Assets. The Account statements described above (including their timing and form) will serve as the sole written notification to City of any securities transaction effected by Custodian for the Account unless City requests that Custodian provide written notification of such transactions pursuant to 12 CFR 12.4(a) or 12 CFR 12.4(b) at no additional cost to City.

2.4 Custodian shall forward to City, or City's designated agent identified in Section 17.4 (or as identified in a separate written designation by City that is received by Custodian) all information it receives with respect to any of the Assets concerning redemption rights that are exercisable at City's option, tender or exchange offers, all proxy material it receives with respect to securities included among the Assets and all other special matters or shareholder rights. This Section 2.4 is subject to the following exceptions:

2.4.1 Exception: If Custodian receives a class action litigation proof of claim in respect to any of the Assets, Custodian shall file such claim on behalf of City.

2.4.2 Exception: Custodian will not forward so-called "mini-tenders" to City or its designated agent. Mini-tenders are tender offers for a small amount of the outstanding securities of a "target" City, generally with an offer price at or below market value. For equity issues, unless a tender offer is made for 5% or greater of the outstanding securities, and is subject to Securities and Exchange Commission ("SEC") review, the tender offer will not be forwarded by Custodian.

2.4.3 Exception: No tender offer will be forwarded by Custodian for a debt issue if, (i) it is not registered with the SEC, (ii) it has a "first received, first buy" basis with no withdrawal privilege and includes a guarantee of delivery clause, or (iii) the offer includes the statement that "the purchase price includes all accrued interest on the note and has been determined in the sole discretion of the buyer and may be more than or less than the fair market value of the notes" or similar language.

2.5 Absent Custodian's receipt of specific investment directions to the contrary from City, Custodian is hereby authorized and directed by City to hold funds in the investment indicated on Schedule A hereto. If applicable, City acknowledges receipt of a current copy of the prospectus for the investment authorized in Schedule A prior to providing such direction.

**3. Powers of Custodian.** In the performance of its duties hereunder, Custodian shall have the following powers:

3.1 To register any of the Assets in the name of City or in Custodian's name or in the name of a nominee of Custodian or in the name of Custodian's agent bank or to hold any of the Assets in unregistered form or in such form as will pass title by delivery, provided that such Assets shall at all times be recorded in the Account as belonging to City. In consideration of Custodian's registration of any securities or other property in the name of Custodian or its nominee or agent, City agrees to pay on demand to Custodian or to Custodian's nominee or agent the amount of any loss or liability, claimed or asserted against Custodian or Custodian's nominee or agent by reason of such registration.

3.2 To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any or all other instruments that may be necessary or appropriate to carry out the duties described and powers granted herein.

3.3 To maintain qualifying Assets in any registered clearing agency such as the Depository Trust City or in a Federal Reserve Bank (collectively a "Depository"), and to permit such deposited Assets to be registered in the name of Custodian, Custodian's agent or nominee or Depository, on the records of a Depository and to employ and use securities depositories, clearing agencies, clearance systems, sub-custodians or agents located outside the United States in connection with transactions involving foreign securities.

3.4 To employ agents and to delegate duties to them as it sees fit and to employ or consult with experts, advisors and legal counsel (who may be employed by City) and shall be fully protected in relying on information and advice received from such agents, experts, advisors, and legal counsel.

3.5 To perform any and all other ministerial acts deemed by Custodian necessary or appropriate to the proper discharge of its duties hereunder.

3.6 To hold uninvested cash awaiting investment or distribution and to deposit the same, with or without interest, in the commercial or savings departments of Custodian.

**4. Purchases.** Upon the receipt of Appropriate Instructions from City, Custodian shall purchase securities for City on a contractual settlement basis. City's legal obligation to pay for such purchases arises immediately upon Custodian's receipt of such Appropriate Instructions. City hereby covenants and agrees that (i) it shall not instruct Custodian to

sell any Asset until such Asset has been fully paid for by City, and (ii) City shall not engage in any practice whereby City relies on the proceeds from the sale of an Asset to pay for the earlier purchase of the same Asset.

**5. Sales.** Upon receipt of Appropriate Instructions from City, Custodian will deliver Assets held by it as Custodian hereunder and sold by or for City against payment to Custodian of the amount specified in such Appropriate Instructions in accordance with the then current securities industry practices and in form satisfactory to Custodian. Custodian will not hold physical securities in the account.

**6. Settlements.**

6.1 Custodian shall provide City with settlement of all purchases and sales of Assets in accordance with Custodian's then prevailing settlement policies, provided that Custodian has timely received all funds and other information necessary to complete the transaction.

6.2 To avoid a deficiency in the Account, City covenants and agrees that (i) it shall not initiate any trade without sufficient Assets to settle such trade, and (ii) City shall not notify a separate financial institution that it intends to settle purchases out of the Account without sufficient Assets to do so.

6.3 Custodian shall not be liable or responsible for or on account of any act, omission, default, or insolvency of any broker, bank, trust City, person, or other agent designated by City to purchase or sell securities for the Account.

6.4 Notwithstanding anything to the contrary, (i) if Custodian has advanced funds on behalf of City for the purchase or settlement of Assets, any deposit of such Assets into the Account shall be provisional, subject to reversal if Custodian does not receive Full Payment (defined below) for such Assets, (ii) Custodian shall retain all interest, ownership and title to Assets for which Custodian has not received Full Payment, including the right to dispose of the Assets, until Custodian has been paid in full for any such Assets, and (iii) nothing in this Agreement shall constitute a waiver of any of Custodian's rights as a securities intermediary under Uniform Commercial Code §9-206 as in effect in the Jurisdiction (defined in Section 17.8). For the purposes of this Agreement, the term "Full Payment" with respect to any Asset shall mean Custodian's receipt of payment in full, in immediately available funds, in an amount equal to the purchase and settlement cost of that Asset.

**7. Corporate Actions.** In connection with any mandatory conversion of Assets pursuant to their terms, reorganization, recapitalization, redemption in kind, consolidation or other exchange transaction that does not require or permit approval by the owner of the affected Assets, Custodian will tender or exchange securities held for other securities, for other securities and cash, or for cash alone.

**8. Collections.**

8.1 Custodian shall collect all income, principal and other distributions due and payable on Assets held either by Custodian or a Depository but shall be under no obligation or duty to take action to effect collection of any amount if the Assets upon which such payment is due are in default, or if payment is refused after due demand and presentation. If Custodian receives notice of default or refusal to pay from an issuer or transfer agent, Custodian shall so advise City.

8.2 Collections of monies in foreign currency, to the extent possible, are to be converted into United States dollars at customary rates through customary banking channels, including Custodian's own banking facilities, and in accordance with Custodian's prevailing policies for foreign funds repatriation. Custodian shall have no responsibility for risks, expenses or fluctuating exchange rates affecting collections or conversions related to foreign assets.

**9. No Discretionary Authority; Standard of Care.**

9.1 City and Custodian acknowledge that Custodian is not a fiduciary with respect to any Asset or City and the duties of Custodian hereunder do not include discretionary authority, control or responsibility with respect to the management or disposition of any Asset; or authority or responsibility to render investment advice with respect to any Asset. In addition, it is agreed that:

9.1.1 Custodian shall have no duty to make any evaluation or to advise anyone of the suitability or propriety of action or proposed action of City in any particular transaction involving an Asset or the suitability or propriety of retaining any particular investment as an Asset. Custodian shall have no duty or authority to review, question, approve or make inquiries as to any investment instructions given pursuant

hereto. Custodian shall be under no duty or obligation to review the securities or other property held in the Account with respect to prudence or diversification.

9.1.2 Custodian shall not be liable for any loss or diminution of Assets by reason of investment experience or for its actions taken in reliance upon a direction or other instruction from City or City's agent.

9.1.3 Custodian shall have no duty or responsibility to monitor or otherwise investigate the actions or omissions of City.

9.1.4 Custodian shall have no responsibility for the accuracy of Asset valuations quoted by outside services or sources.

9.1.5 Custodian shall only be responsible for the performance of such duties as are expressly set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against Custodian. Custodian's sole responsibility shall be for the safekeeping of the Assets in accordance with Custodian's customary practices and disbursement thereof in accordance with the terms of this Agreement. The Custodian shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Agreement, including without limitation any other agreement between any or all of the parties hereto or any other persons even though reference thereto may be made herein. In no event shall Custodian be liable for indirect, special, or consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Custodian has been advised of the likelihood of such damages or penalty and regardless of the form of action damages.

9.1.6 Custodian shall not be liable for a failure to take an action required under this Agreement in the event and to the extent that the taking of the action is prevented or delayed by war, revolutions, terrorism, insurrection, riot, civil commotion, acts of God, epidemic, accident, fire, explosion, stoppage of labor, strikes or other differences with employees, communication line failures, computer viruses, attacks or intrusions, laws, regulations, orders or other acts of any governmental authority or any other cause whatsoever beyond its control; nor shall any such failure or delay give City the right to terminate this Agreement, except as provided in Section 15 of this Agreement.

9.1.7 Custodian shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines that the Custodian's gross negligence or willful misconduct in connection with a material breach of this Agreement was the sole cause of any loss to City.

9.2 Custodian may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the advice of such counsel.

**10. Books, Records and Accounts.** Custodian will make and maintain proper books of account and complete records of all Assets and transactions in the Account maintained by Custodian hereunder on behalf of City. Custodian will preserve for the periods prescribed by applicable federal statute or regulation all records required by such statutes or regulations to be so maintained.

**11. Instructions and Directions.**

11.1 The following shall constitute appropriate instructions ("Appropriate Instructions") if delivered in compliance with the requirements of Section 11.3 hereof: written instructions including a letter, memorandum, or other means of written communication, which Custodian believes is (i) given by any person whose name is listed on the most recent certificate delivered by City to Custodian which lists those persons authorized to give orders, and instructions in the name of and on behalf of City ("Authorized Persons Certificate") or (ii) given by any other person duly authorized by City to give instructions or directions to Custodian hereunder or who Custodian believes to be so authorized (for example an investment adviser or other agent designated by City).

11.2 [reserved]

11.3 All notices, approvals, consents, requests, and other communications hereunder shall be in writing (provided that each such communication to Custodian must be in the form of a document that is signed manually or by way of a DocuSign digital signature or electronic copy of either manually signed by City) and shall be delivered (i) by personal delivery, or (ii) by national overnight courier service, or (iii) by certified or registered mail, return

receipt requested. Notice shall be effective upon receipt. Such notices shall be sent the applicable party or parties at the address specified below:

If to City, at: City of Lake Worth Beach, Florida  
ATTN: Finance Director  
7 North Dixie Highway  
Lake Worth Beach, FL 33460  
Telephone: 561/586-1641

with a copy to: City of Lake Worth Beach, Florida  
ATTN: City Attorney  
7 North Dixie Highway  
Lake Worth Beach, FL 33460  
Telephone: 561/586-1659

If to Custodian, at: U.S. Bank National Association, as Custodian  
ATTN: Global Corporate Trust Services  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_

and to:

U.S. Bank National Association  
ATTN: \_\_\_\_\_  
Trust Finance Management  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

or to such other address as each party may designate for itself by like notice and unless otherwise provided herein shall be deemed to have been given on the date received.

11.4 In the event that Custodian is directed to deliver Assets to any person other than City, Appropriate Instructions must include and City shall supply to Custodian appropriate transfer instructions.

11.5 Custodian may conclusively rely and shall be fully protected in acting or refraining from acting upon any direction, instruction, resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

11.6 In the event Asset transfer instructions, address changes or change in contact information are given (other than in writing at the time of execution of this Agreement), whether in writing, by facsimile or otherwise, the Custodian is authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to the person or persons designated on Schedule B hereto, and the Custodian may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by Custodian and shall be effective only after Custodian has a reasonable opportunity to act on such changes. If the Custodian is unable to contact any of the designated representatives identified in Schedule B, the Custodian is hereby authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to any one or more of City's executive officers ("Executive Officers"), as the case may be, which shall include the titles of Mayor, City Manager and Finance Director, as the Custodian may select. Such Executive Officer shall deliver to the Custodian a fully executed incumbency certificate, and the Custodian may rely upon the confirmation of anyone purporting to be any such officer. City agrees that the Custodian may at its option record any telephone calls made pursuant to this Section. The Custodian in any funds or Assets transfer may rely solely upon any account numbers or similar identifying numbers provided by City to identify (a) the beneficiary, (b) the beneficiary's bank, or (c) an intermediary bank. The Custodian may apply any of the Assets for any payment or transfer order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of Assets to a bank other than the beneficiary's bank or an intermediary bank designated. City acknowledges that these optional security procedures are commercially reasonable.

## **12. Compensation, Security.**

12.1 City shall, upon demand, (a) reimburse Custodian for costs incurred by it hereunder, and (b) pay to Custodian fees for its services under this Agreement as set forth in Custodian's then current applicable fee schedule or such other fee arrangement as Custodian and City may otherwise agree in writing.

12.2 If any advance of funds is made by Custodian on behalf of City to purchase, or to make payment on or against delivery of securities or there shall arise for whatever reason an overdraft in the Account, or if City is for any other reason indebted to Custodian, including, but not limited to, any advance of immediately available funds to City with respect to payments to be received by Custodian in next-day funds (which City acknowledges City is liable to repay if Custodian does not receive final payment), City agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness and accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds rate in effect at the time.

12.3 In the event of an advance of funds by Custodian, or if any overdraft is created by Account transactions, or if City is otherwise in default of any obligation to Custodian, Custodian may directly charge the Account and deduct such payment therefrom.

12.4 In the event that a compensation or indemnity payment due Custodian is past due by more than 30 days, such amount may be charged to the Account and Custodian may deduct such payment therefrom.

12.5 To secure such payment obligations as are set forth under this Section 12 or Section 14, City does hereby grant to Custodian a first security interest in, lien upon and rights of sale and setoff against and deduction from all Assets up to the amount of any deficiency or other indebtedness to Custodian.

12.6 None of the provisions of this Agreement shall require Custodian to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder.

**13. City Responsibility.** City shall be responsible for the review of all reports, accountings and other statements provided by Custodian, and shall within 90 days following receipt thereof notify Custodian of any mistakes, defects or irregularities contained or identified therein, after which time all such matters shall be conclusively deemed ratified, approved and correct and shall not provide any basis for claim or liability against Custodian.

## **14. Indemnification.**

14.1 City hereby agrees, to the extent permitted by law, and solely from legally available non-ad valorem funds, to fully and promptly indemnify Custodian and its affiliates, officers, directors, employees and agents (each, a "Indemnified Party") and hold each Indemnified Party harmless from and against any cost, losses, claims (whether asserted by City or any other person or entity), liabilities, fines, penalties, damages and expenses (including reasonable fees of attorneys and other professionals) (collectively, "Liabilities") arising out of:

14.1.1 Custodian's actions or omissions hereunder; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any Liabilities finally determined by a court of competent jurisdiction, subject to no further appeal, to have been directly caused solely by the gross negligence or willful misconduct of such Indemnified Party in connection with Custodian's material breach of this Agreement; or

14.1.2 Custodian's action taken or omitted hereunder or upon any direction, instruction, information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument delivered hereunder to Custodian and believed by Custodian to be genuine or to bear the signature of a person or persons authorized by City to sign, countersign or execute the same.

14.2 City further agrees to indemnify and hold harmless, subject to the limitations of Section 14.1 above, each Indemnified Party for costs and expenses incurred by such Indemnified Party in enforcing City's obligations to Custodian under this Agreement.

14.3 The obligations of this Section 14 and Section 12 shall survive the termination of this Agreement and Custodian's removal or resignation.

## **15. Termination.**

15.1 This Agreement will remain in effect until terminated by either party giving written notice thirty days in advance of the termination date.

15.2 Upon termination of this Agreement, Custodian shall follow such reasonable City instructions concerning the transfer of Assets, provided that:

15.2.1 Custodian shall have no liability for the costs of shipping and insurance associated therewith; and

15.2.2 Custodian shall not be required to make any delivery or payment until (a) full payment shall have been made by City of all liabilities constituting a charge on or against Custodian, and (b) full payment shall have been made to Custodian of all its compensation, costs, including special termination costs, if any, and expenses hereunder; and

15.2.3 Custodian shall have been reimbursed for any advances of monies or securities made hereunder to City. If any Assets remain in the Account after termination, Custodian shall require further transfer instructions regarding delivery of Assets to City or a successor custodian. If a successor custodian is not appointed by City within 30 days after termination, City acknowledges and agrees that Custodian may petition a court of competent jurisdiction regarding such appointment and charge the Account for fees and expenses involved therein.

15.3 Upon termination of this Agreement, all obligations of the parties to each other hereunder shall cease, except that all payment and indemnification provisions herein shall survive with respect to any Liabilities arising from events prior to, or in connection with, such termination.

**16. Binding Obligations.** City and Custodian each hereby represent and warrant that this Agreement constitutes its legal, valid and binding obligation enforceable in accordance with the terms hereof; subject, as to enforcement of remedies, to applicable bankruptcy and insolvency laws, and to general principles of equity.

**17. General Provisions.**

17.1. Tax Responsibility. Custodian shall have no responsibility for the tax consequences of this Agreement and City shall consult with independent counsel concerning any and all tax matters. City shall provide Custodian Form W-9 and an original Form W-8, as applicable, for each payee, together with any other documentation and information requested by Custodian in connection with Custodian's reporting obligations under this Agreement. If such tax documentation is not so provided, Custodian is authorized to withhold taxes as required by the Internal Revenue Code and related regulations. . Except as otherwise agreed by Custodian in writing, Custodian has no tax reporting or withholding obligation except to the IRS with respect to IRS Form 1099-B reporting on payments of gross proceeds under Internal Revenue Code Section 6045 and IRS Form 1099 and IRS Form 1042-S reporting with respect to investment income earned on the Escrow Funds, if any. Custodian shall have no responsibility for Form 1099-MISC reporting with respect to disbursements that Custodian makes in an administrative or ministerial function to vendors or other service providers and shall have no tax reporting or withholding duties with respect to the Foreign Investment in Real Property Tax Act.

17.3 Shareholder Communications Act Authorization. The Shareholder Communications Act of 1985, as amended, requires Custodian to make an effort to permit direct communications between a City that issues securities and the shareholder that exercises shareholder rights with respect to those securities. Unless City specifically directs Custodian in writing not to release City's name, address and security position to requesting companies, Custodian is required by law to disclose City's name and address to such companies. City hereby responds to the following question [the absence of a response will mean "Yes"]:

Does City authorize Custodian to provide its name, address and security position to requesting companies whose stock is owned in this Account? ☐ Yes / ☐ No

17.4 City's Agent – Shareholder Rights. Should City require that a designated agent for the Account, such as an investment advisor, be responsible for proxy voting and other special matters and shareholder rights as specified in Section 2.4 above, City shall provide the name and address of that agent below. Such agent shall be removed upon Custodian's receipt of a written removal from City. City may designate more than one agent to be responsible for separate sub-Accounts or investment accounts under this Agreement by providing a clear, written designation to that effect to Custodian. Custodian has no authority or responsibility with regard to proxy voting or any

similar special matters. Therefore, Custodian may not be designated below unless Custodian has separately agreed in writing to act as investment advisor for the Account.

**Designated Agent:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Telephone Number:** \_\_\_\_\_

17.5 Publicity. Neither party will (a) use the other party's proprietary indicia, trademarks, service marks, trade names, logos, symbols, or brand names, or (b) otherwise refer to or identify the other party in advertising, publicity releases, or promotional or marketing publications, or correspondence to third parties without, in each case, securing the prior written consent of the other party.

17.6 Complete Agreement; Modification. This Agreement contains a complete statement of all the arrangements between the parties with respect to its subject matter, supersedes all existing agreements, both oral and written, between the parties concerning the subject, and cannot be amended or modified in any manner except by a written agreement executed by both parties.

17.7 Governing Law; Venue. This Agreement shall be subject to, governed by, and construed in accordance with the laws of the State of Minnesota (the "Jurisdiction") applicable to agreements made and to be performed in the Jurisdiction, without regard to the Jurisdiction's conflict of laws rules. All legal actions or other proceedings directly or indirectly relating to this Agreement shall be brought in federal court (when available, or state court when federal court is not available) sitting in the Jurisdiction. By execution of this Agreement, the parties submit to the courts of the Jurisdiction. To the extent that Custodian or City may be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (whether before or after judgment) or other legal process, each hereby irrevocably agrees not to claim, and hereby waives, such immunity.

17.8 Assignment. No party may assign any of its rights hereunder without the consent of the other party.

17.9 Separability. If any provision of this Agreement is invalid or unenforceable, the balance of the Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

17.10 No Agency or Third-party Rights. In performing its services hereunder, Custodian is acting solely on behalf of City. No agency, contractual or service relationship shall be deemed to be established hereby between Custodian and any other person or entity. Nothing in this Agreement, express or implied, is intended to or shall confer upon any other person other than City, Custodian and the Indemnified Parties any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

17.11 Counterparts and Duplicates. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. This Agreement and any administrative form under the Agreement may be proved either by a signed original or by a reproduced copy thereof (including, not by way of limitation, a microfiche copy or an electronic file copy).

17.12 Legal Actions affecting Account. If Custodian is served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant or similar order relating to the Account, (a "Legal Action") Custodian will comply with that Legal Action and shall be protected, indemnified, and held harmless therefrom. City will reimburse Custodian for all fees and expenses Custodian incurs in responding to any Legal Action affecting the Assets or the Account (including but not limited to the fees of attorneys and other professionals). If any portion of the Assets is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Custodian is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Custodian complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

17.13 Abandoned Property. Any Assets remaining unclaimed or abandoned by City for a period of time as is set forth in the applicable state's abandoned property, escheat, or similar law shall be delivered to the proper public official pursuant to law and Custodian shall be held harmless therefrom. This Section shall survive the termination of the Agreement.

17.14 Waiver of Jury Trial. Each of the parties hereby irrevocably waive all right to a trial by jury in any action, proceeding, claim, or counterclaim (whether based on contract, tort or otherwise) directly or indirectly arising out of or relating to this Agreement.

17.15 Brokerage Confirmations. The parties acknowledge that to the extent regulations of the Comptroller of Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions of the escrow, City waives receipt of such confirmations, to the extent permitted by law. The Custodian shall furnish a statement of security transactions on its regular monthly reports.

17.16 Identifying Information. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust, or other legal entity, Custodian asks for documentation to verify its formation and existence as a legal entity. Custodian may also ask to see financial statements, licenses, and identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

*[signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative effective as of the Effective Date.

**CITY OF LAKE WORTH BEACH, FLORIDA (City)**

**U.S. BANK NATIONAL ASSOCIATION, as  
Custodian**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: Mayor

Title: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
Nabors, Giblin & Nickerson, P.A.

## **SCHEDULE A**

### **U.S. BANK NATIONAL ASSOCIATION Investment Authorization Form**

#### **DESCRIPTION AND TERMS**

The U.S. Bank Money Market Deposit Account is a U.S. Bank National Association ("U.S. Bank") interest-bearing money market deposit account designed to meet the needs of U.S. Bank's Corporate Trust Services Escrow Group and other corporate trust customers of U.S. Bank. Selection of this investment includes authorization to place funds on deposit and invest with U.S. Bank.

U.S. Bank uses the daily balance method to calculate interest on this account (actual/365 or 366). This method applies a daily periodic rate to the principal balance in the account each day. Interest is accrued daily and credited monthly to the account. Interest rates are determined at U.S. Bank's discretion, and may be tiered by City deposit amount.

The owner of the account is U.S. Bank as agent for its corporate trust customers. U.S. Bank's corporate trust department performs all account deposits and withdrawals. Deposit accounts are FDIC Insured per depositor, as determined under FDIC Regulations, up to applicable FDIC limits.

#### **Automatic Authorization**

In the absence of specific written direction to the contrary, U.S. Bank is hereby directed to invest and reinvest proceeds and other available moneys in the U.S. Bank Money Market Deposit Account. The City confirms that the U.S. Bank Money Market Deposit Account is a permitted investment under the operative documents and this authorization is the permanent direction for investment of the moneys until notified in writing of alternate instructions.

## SCHEDULE B

Each of the following person(s) is authorized to execute documents and direct Custodian as to all matters, including Asset transfers, address changes and contact information changes on City's behalf:

<u>Pam Triolo</u>	<u>Mayor</u>	<u>561/586-1600</u>
Name	Specimen signature	Telephone No.
<u>Michael Bernstein</u>	<u>City Manager</u>	<u>561/586-1689</u>
Name	Specimen signature	Telephone No
<u>Bruce Miller</u>	<u>Finance Director</u>	<u>561/586-1641</u>
Name	Specimen signature	Telephone No

(Note: if only one person is identified above, please add the following language)  
The following person not listed above is authorized for call-back confirmations:

[ ]  
Name Telephone Number

**EXHIBIT F**

**FORM OF ESCROW DEPOSIT AGREEMENT**

## **ESCROW DEPOSIT AGREEMENT**

**ESCROW DEPOSIT AGREEMENT** (the "Agreement"), dated as of November 1, 2020, by and between the City of Lake Worth Beach, Florida (the "Issuer") and U.S. Bank National Association (the "Escrow Agent"), a national banking association having its designated corporate trust office in Fort Lauderdale, Florida, as escrow agent hereunder.

**WHEREAS**, the Issuer has heretofore issued its [Utility System Refunding Revenue Bond, Series 2013] in the original aggregate principal amount of \$\_\_\_\_\_ (the "Refunded Bond") pursuant to Resolution No. 27-2013, adopted April 16, 2013 (the "Refunded Bond Resolution"); and

**WHEREAS**, the Issuer desires to provide payment of the Refunded Bond as set forth on Schedule A attached hereto through the issuance of its Consolidated Utility Revenue Bonds, Series 2020A (the "2020A Bonds") and discharge and satisfy the pledges, liens and other obligations of the Issuer with respect to the Refunded Bond under the Refunded Bond Resolution; and

**WHEREAS**, the deposit of cash funds into an Escrow Fund (herein defined) to be invested and held by the Escrow Agent, and the discharge and satisfaction of the pledges, liens and other obligations of the Issuer under the Refunded Bond Resolution in regard to the Refunded Bond shall occur as a simultaneous transaction; and

**WHEREAS**, this Agreement is intended to effectuate such simultaneous transaction;

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. The Issuer represents that the recitals stated above are true and correct and incorporated herein.

2. Receipt of the Resolution is hereby acknowledged by the Escrow Agent. The Escrow Agent also acknowledges receipt of the verification report of \_\_\_\_\_, dated \_\_\_\_\_, 2020 (the "Verification Report"). The applicable and necessary provisions of the Resolution are incorporated herein by reference. Reference herein to or citation herein of any provisions of the Resolution shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

3. The Issuer by this writing exercises its option to have the pledges, liens and obligations to the holder of the Refunded Bond defeased, discharged and satisfied.

4. There is hereby created and established with the Escrow Agent a special, segregated and irrevocable escrow fund designated the "Lake Worth Beach, Florida Utility System Refunding

Revenue Bond, Series 2013 Escrow Deposit Fund" (the "Escrow Fund"). The Escrow Fund shall be held in the custody of the Escrow Agent as an escrow fund for the benefit of the holders of the Refunded Bond, separate and apart from other funds and accounts of the Issuer and the Escrow Agent. The Escrow Agent hereby accepts the Escrow Fund and acknowledges the receipt of and deposit to the credit of the Escrow Fund of the sum of [\$\_\_\_\_\_] in immediately available funds, of which the Issuer represents \$\_\_\_\_\_ constitutes proceeds of the 2020A Bonds and \$\_\_\_\_\_ constitutes amounts held by the Issuer for the benefit of the Refunded Bond. For purposes of this Agreement, the Escrow Fund shall consist of a single fund with no sub-accounts.

5. The Escrow Agent shall, concurrently with the Issuer's deposit, use such amount to purchase on behalf of and for the account of the Issuer, certain direct non-callable obligations of the United States of America (the "Initial Escrow Securities"), in the aggregate principal or par amount of [\$\_\_\_\_\_], which are described in Schedule A hereto, and the Escrow Agent will deposit such obligations in the Escrow Fund. The remaining [\$\_\_\_\_\_] (the "Cash Deposit") shall be held as cash in the Escrow Fund. Any securities which shall be on deposit in the Escrow Fund, including the Initial Escrow Securities, shall herein be referred to as the "Escrow Securities."

6. In reliance upon the Verification Report, the Issuer represents and warrants that the interest on and the principal amounts successively maturing on the Escrow Securities in accordance with their terms (without consideration of any reinvestment of such maturing principal and interest) are sufficient such that moneys will be available to the Escrow Agent in amounts sufficient and at the times required to pay the amounts of principal of, redemption premium, if any, and interest due and to become due on the Refunded Bond as described in Schedule B attached hereto. If the Escrow Securities shall be insufficient to make such redemption payments, the Issuer shall timely deposit to the Escrow Fund, solely from legally available funds of the Issuer, such additional amounts as may be required to pay the Refunded Bond as described in Schedule B hereto. Notice of any insufficiency shall be given by the Escrow Agent to the Issuer as promptly as possible, but the Escrow Agent shall in no manner be responsible for the Issuer's failure to make such deposits.

7. The deposit of the Escrow Securities in the Escrow Fund shall constitute an irrevocable deposit of federal securities in trust solely for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bond at such times and amounts as set forth in Schedule B hereto, and subject to the provisions of Section 9 and Section 17 hereof, the principal of and interest earnings on such Escrow Securities and the Cash Deposit shall be used solely for such purposes.

8. The Escrow Agent shall pay the registered owner of the Refunded Bond from the moneys on deposit in the Escrow Fund an amount sufficient to pay scheduled principal of and interest on and to redeem the Refunded Bond prior to its scheduled maturity date as contemplated in Schedule B attached hereto. The Escrow Securities shall be used to pay the principal of, redemption premium, if any, and interest on the Refunded Bond as the same become due and the Refunded Bond is redeemed. The liability of the Escrow Agent for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bond pursuant to this Agreement

shall be limited to the application of the Escrow Securities and the Cash Deposit and the interest earnings thereon available for such purposes in the Escrow Fund.

9. Moneys deposited in the Escrow Fund shall be invested only in the Escrow Securities listed in Schedule A hereto and, except as provided in Section 5 hereof and in this Section 9, neither the Issuer nor the Escrow Agent shall otherwise invest or reinvest any moneys in the Escrow Fund.

Except as provided in Section 5 hereof and in this Section 9, the Escrow Agent may not sell or otherwise dispose of any or all of the Escrow Securities in the Escrow Fund and reinvest the proceeds thereof in other securities nor may it substitute securities for any of the Escrow Securities, except upon written direction of the Issuer and where, prior to any such reinvestment or substitution, the Escrow Agent has received from the Issuer the following:

- (a) a written verification report by an independent certified public accountant or firm of independent certified public accountants, of recognized standing, appointed by the Issuer, addressed to the Issuer and the Escrow Agent, stating that after such reinvestment or substitution the principal amount of Escrow Securities, together with the interest therein, will be sufficient to pay the Refunded Bond as described in Schedule B hereto; and
- (b) a written opinion of Bond Counsel to the effect that such investment does not violate any provision of Florida law or of the Resolution and will not adversely affect the tax-exempt status of the Refunded Bonds;

provided, that the Escrow Agent shall not release any Escrow Securities then held in the Escrow Fund for such sale, transfer, exchange, redemption or other disposition until the Escrow Agent shall be in possession of the proceeds thereof or the substituted securities.

In the event the above-referenced verification concludes that there are surplus moneys in the Escrow Fund, such surplus moneys shall be released to the Issuer upon its written direction. The Escrow Fund shall continue in effect until the date upon which the Escrow Agent makes the final payment to the paying agent for the Refunded Bond in an amount sufficient to pay the Refunded Bond as described in Schedule B hereto, whereupon the Escrow Agent shall sell upon written direction from the Issuer or redeem any Escrow Securities remaining in the Escrow Fund, and shall remit to the Issuer the proceeds thereof, together with all other money, if any, then remaining in the Escrow Fund.

10. The Issuer has been advised by counsel that, concurrently with the deposit of the Initial Escrow Securities and the Cash Deposit set forth in Section 5 hereof, the Refunded Bond are hereby deemed to have been paid and discharged within the meaning and with the effect expressed in the Resolution. The Escrow Agent shall provide the required notice of redemption of the Refunded Bond, substantially in the form attached hereto as Schedule C, in the manner

provided in the Resolution. The Refunded Bond shall be redeemed on \_\_\_\_\_ at a redemption price of 100% of par, plus accrued interest.

11. Concurrently with the deposit of the Escrow Securities set forth in Section 5 hereof, the Refunded Bond shall be deemed to have been paid within the meaning and with the effect expressed in the Resolution. Within ten (10) days of the deposit of moneys into the Escrow Fund, the Escrow Agent, on behalf of the Issuer, shall cause notice to be given to the registered owner of the Refunded Bond of said defeasance, in compliance with Section 1102 of the Master Resolution.

12. The Escrow Fund hereby created shall be irrevocable and the holders of the Refunded Bond shall have an express lien on all amounts on deposit in the Escrow Fund pursuant to the terms hereof until paid out, used and applied in accordance with this Agreement and the Resolution. Neither the Issuer nor the Escrow Agent shall cause nor permit any other lien or interest whatsoever to be imposed upon the Escrow Fund.

13. This Agreement is made for the benefit of the Issuer and the holders from time to time of the Refunded Bond and it shall not be repealed, revoked, altered or amended or supplemented in whole or in part without the written consent of such holders of the Refunded Bond and the written consent of the Escrow Agent; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holder, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holder and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant, or confer upon, the Escrow Agent for the benefit of the holder of the Refunded Bond, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holder or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of Bond Counsel with respect to compliance with this Section 13, including the extent, if any, to which any change, modification or addition affects the rights of the holder of the Refunded Bond, or that any instrument executed hereunder complies with the conditions and provisions of this Section 13.

14. In consideration of the services rendered by the Escrow Agent under this Agreement, the Issuer agrees to and shall pay to the Escrow Agent a one-time fee of \$\_\_\_\_\_, and promptly on receipt of an invoice to pay all reasonable, customary and ordinary expenses, charges, attorneys' fees, costs and expenses and other disbursements incurred by it in connection with publication of notices of redemption and appointment of a successor Escrow Agent hereunder. Additionally, should the Escrow Agent perform any extraordinary services not contemplated

hereunder, it shall be entitled to extraordinary fees and reimbursement of any out of pocket and extraordinary costs and expenses, including, but not limited to, attorneys' fees, costs and expenses made in connection with such extraordinary services. The Escrow Agent shall have no lien whatsoever upon any amount in said Escrow Fund for the payment of such proper fees and expenses. The Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, and solely from the Trust Estate under the Resolution, to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements), which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by the Issuer or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Fund established hereunder, the acceptance of the funds and securities deposited hereunder, and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Issuer shall not be required to indemnify the Escrow Agent against its own gross negligence or willful misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement or the sooner resignation or removal of the Escrow Agent.

The Escrow Agent undertakes to perform only such duties as are expressly set forth herein. The duties and responsibilities of the Escrow Agent hereunder shall be determined solely by the express provisions of this Agreement, and no further duties or responsibilities shall be implied. The Escrow Agent shall not have any liability under, nor duty to inquire into the terms and provisions of, any agreement or instructions, other than as outlined in the Agreement. The Escrow Agent shall conclusively rely and shall be fully protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Escrow Agent in its capacity as Escrow Agent hereunder shall not have any liability for any loss sustained as a result of any investment made pursuant to this Agreement or as a result of any directed liquidation of any investment prior to its maturity. The Escrow Agent shall have no duty to solicit any payments that may be due it hereunder. The Escrow Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by the parties hereto. In the administration of this Escrow Agreement and the Escrow Fund hereunder, the Escrow Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys, and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. Any payment obligation of the Escrow Agent shall be paid from, and is limited to funds available, established and maintained hereunder and the Escrow Agent shall not be required to expend its own funds for the performance of its

duties under this Agreement. The Escrow Agent shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its negligence or willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of such loss or damage and regardless of the form of action. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

The Escrow Agent may act without liability, upon any written notice, request, waiver, opinion, consent, certificate, receipt, authorization, power of attorney, or other instrument or document which the Escrow Agent in good faith believes to be genuine and to be what it purports to be and the Escrow Agent shall be under no duty to make an investigation or inquiry as to matters contained in any such instrument or document.

15. On or before December 1, 20\_\_\_\_, the Escrow Agent shall forward, in writing, to the Issuer, a statement in detail of the deposit and withdrawal of money from the Escrow Fund, since the date of this Agreement.

16. The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than twenty (20) days' written notice to the Issuer and mailing notice thereof, specifying the date when such resignation will take effect to the holder of the Refunded Bond then outstanding, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holder of the Refunded Bond then outstanding or by the Issuer as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be replaced at any time upon thirty (30) days' notice by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and signed by the Issuer or the holder of the Refunded Bond then outstanding. Such instrument shall provide for the appointment of a successor Escrow Agent, which appointment shall occur simultaneously with the removal of the Escrow Agent.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or

officers, or of a receiver appointed by a court, a successor may be appointed by the holder of the Refunded Bond then outstanding by an instrument or concurrent instruments in writing, signed by such holder, or by its attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the Issuer shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holder of the Refunded Bond then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the Issuer shall immediately and without further act be superseded by the Escrow Agent so appointed by such holder. The Issuer shall mail notice of any such appointment made by it at the times and in the manner described in the first paragraph of this Section 16.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holder or the Issuer pursuant to the foregoing provisions of this Section 16 within twenty (20) days after written notice of resignation of the Escrow Agent has been given to the Issuer, the holder of the Refunded Bond or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any State, and shall have at the time of appointment capital and surplus of not less than \$20,000,000.

In the event of replacement or resignation of the Escrow Agent, the Escrow Agent shall have no further liability hereunder and the Issuer shall pay any applicable termination fees and expenses and indemnify and hold harmless the Escrow Agent from any such liability, including costs or expenses (including legal fees, costs and expenses) incurred by Escrow Agent or its counsel.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of such successor Escrow Agent or the Issuer execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, and powers of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the Issuer be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Any corporation into which the Escrow Agent, or any successor to it in the escrow created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

17. Except as otherwise provided herein, this Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. Upon such termination, all moneys remaining in the Escrow Fund shall be released to the Issuer for deposit to the Revenue Fund under the Resolution.

18. The Issuer acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the Issuer monthly cash transaction statements that include detail for all investment transactions made by the Escrow Agent hereunder.

19. This Agreement shall be governed by the applicable laws of the State of Florida, with regard to conflict of law principles.

20. If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

21. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. The transactions described herein may be conducted and related documents may be sent and stored by electronic means.

22. Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Agreement shall be in writing and sent by registered or certified mail addressed to:

U.S. Bank National Association  
500 West Cypress Creek Road, Suite 460  
Fort Lauderdale, Florida 33309  
Attention: Corporate Trust

City of Lake Worth Beach, Florida  
7 North Dixie Highway  
Lake Worth Beach, Florida 33460  
Attention: Mayor

with a copy to:

City of Lake Worth Beach  
Attn: City Attorney  
7 N. Dixie Highway  
Lake Worth Beach, FL 33460

SIGNATURE PAGE OF THE ISSUER FOR  
ESCROW DEPOSIT AGREEMENT

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Escrow Deposit Agreement to be executed by their duly authorized officers or agents and appointed officials and, in the case of the Issuer, its seal to be hereunder affixed and attested as of the date first above written.

**LAKE WORTH BEACH CITY COMMISSION**

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Pam Triolo, Mayor

ATTEST:

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Deborah M. Andrea, CMC, City Clerk

APPROVED AS TO FORM:

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Nabors, Giblin & Nickerson, P.A.

SIGNATURE PAGE OF THE ESCROW AGENT FOR  
ESCROW DEPOSIT AGREEMENT

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Escrow Deposit Agreement to be executed by their duly authorized officers and appointed officials and, in the case of the Issuer, its seal to be hereunder affixed and attested as of the date first above written.

**U.S. BANK, NATIONAL ASSOCIATION**, as  
Escrow Agent

By: \_\_\_\_\_  
Title: Authorized Officer

## SCHEDULE A

### INITIAL ESCROW SECURITIES

<u>Maturity Date</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Par Amount</u>
	SLGS		
	SLGS		

**SCHEDULE B**

**REFUNDED BOND**

Date	Principal	Interest	Principal Redeemed	Total

**SCHEDULE C**

**NOTICE OF REDEMPTION**

**City of Lake Worth Beach, Florida  
Utility System Refunding Revenue Bond, Series 2013**

NOTICE IS HEREBY GIVEN on behalf of the City of Lake Worth Beach, Florida (the "County") pursuant to that certain Resolution No. 27-2013, adopted April 16, 2013 (the "Resolution"), that the County's outstanding Utility System Refunding Revenue Bond, Series 2013 (the "Refunded Bond"), which was originally issued on April \_\_, 2013, shall be redeemed, prior to its stated maturity, on \_\_\_\_\_ (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the Redemption Date.

Payment of the Redemption Price of such Refunded Bond shall become due and payable on the Redemption Date and shall be paid by wire transfer of U.S. Bank, National Association, as escrow agent. Interest on such Refunded Bond will cease to accrue from and after the Redemption Date.

U.S. BANK, NATIONAL ASSOCIATION,  
as Escrow Agent

By: \_\_\_\_\_

Dated: \_\_\_\_\_