

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2025****NEW ISSUE-BOOK-ENTRY ONLY****RATINGS:** See "RATINGS" herein

*In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX MATTERS," interest on the 2025 Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX MATTERS," and (b) not an item of tax preference for purposes of the federal alternative minimum tax, provided, however, with respect to certain corporations, interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. Such interest also may be subject to other federal income tax consequences referred to herein under "TAX MATTERS." See "TAX MATTERS" herein for a general discussion of Bond Counsel's opinion and other tax considerations.*

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

**CITY OF LAKE WORTH BEACH, FLORIDA  
CONSOLIDATED UTILITY REVENUE BONDS, SERIES 2025**

**Dated: Date of Delivery****Due: October 1, as shown below**

The Consolidated Utility Revenue Bonds, Series 2025 (the "2025 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 2025 Bonds will be payable October 1, 2025, and semiannually on each April 1 and October 1 thereafter by check or draft of U.S. Bank Trust Company, National Association, registrar and paying agent.

The 2025 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 2025 Bonds (the "Beneficial Owners") will not receive physical delivery of the 2025 Bonds. Transfer of ownership in the 2025 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. See "DESCRIPTION OF THE 2025 Bonds," herein.

The 2025 Bonds are being issued pursuant to Resolution No. 45-2020 of the City Commission of the City, adopted October 6, 2020, as amended and supplemented by Resolution No. 35-2022 of the City Commission, adopted April 19, 2022, and particularly as supplemented by Resolution No. \_\_\_\_-2025 of the City Commission, adopted April 29, 2025 (collectively, 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"), and (ii) paying costs of issuance. [The City intends to fund a subaccount securing the 2025 Bonds

within the Reserve Account with a Reserve Account Insurance Policy. See "SECURITY FOR THE BONDS – Reserve Account" and "RESERVE POLICY," herein.]

The 2025 Bonds are payable solely from and secured by a lien upon and pledge of the "Pledged Funds," on a parity with the City's Consolidated Utility Revenue Bonds, Series 2020 and its Consolidated Utility Revenue Bonds, Series 2022 and any Additional Bonds issued pursuant to the Resolution, 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 2025 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 2025 Bonds. The 2025 Bonds will not constitute a lien upon the System or any other property of the City, except for the Pledged Funds.

[The scheduled payment of principal of and interest on the 2025 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2025 Bonds by \_\_\_\_\_. See "MUNICIPAL BOND INSURANCE" herein.

[insert \_\_\_\_\_ logo]

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 2025 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 & Rubin, P.A., West Palm Beach, Florida, City Attorney, and for the Underwriters by \_\_\_\_\_, \_\_\_\_\_, Florida. Davenport & Company LLC, Richmond Virginia, is serving as financial advisor to the City. It is expected that the 2025 Bonds in definitive form will be available for delivery through The Depository Trust Company in New York, New York on or about \_\_\_\_\_, 2025.*

Dated: \_\_\_\_\_, 2025

**MORGAN STANLEY**

**RAYMOND JAMES**

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\* Preliminary, subject to change.

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

**CITY OF LAKE WORTH BEACH, FLORIDA**  
**CONSOLIDATED UTILITY REVENUE BONDS, SERIES 2025**

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

Maturity (October 1)	Principal Amount	Interest Rate	Price	Yield	Initial CUSIP Numbers <sup>†</sup>
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\$ \_\_\_\_\_ % Term Bonds due October 1, 20\_\_\_\_; Price - \_\_\_\_\_; Initial CUSIP No. <sup>†</sup>: \_\_\_\_\_  
\$ \_\_\_\_\_ % Term Bonds due October 1, 20\_\_\_\_; Price - \_\_\_\_\_; Initial CUSIP No. <sup>†</sup>: \_\_\_\_\_

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

<sup>†</sup>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**

Betty Resch, Mayor  
Sarah Malega  
Christopher McVoy  
Mimi May  
Anthony Segrich

### **City Clerk**

Melissa Ann Coyne

### **Interim City Manager**

Jamie Brown

### **Counsel to the City**

Torcivia, Donlon, Goddeau & Rubin, P.A.  
West Palm Beach, Florida

### **Bond Counsel and Disclosure Counsel**

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

### **Financial Advisor**

Davenport & Company LLC  
Richmond, Virginia

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 2025 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 2025 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.

THE UNDERWRITERS MAY OFFER AND SELL THE 2025 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.

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 2025 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 2025 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 2025 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 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 2025 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 2025 BONDS.

[\_\_\_\_ ("\_\_\_\_") MAKES NO REPRESENTATION REGARDING THE 2025 BONDS OR THE ADVISABILITY OF INVESTING IN THE 2025 BONDS. IN ADDITION, \_\_\_\_ HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING \_\_\_\_ SUPPLIED BY \_\_\_\_ AND PRESENTED UNDER THE HEADING "MUNICIPAL BOND INSURANCE" AND "APPENDIX G -- SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

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 2025**

## **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 2025 (the "2025 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 2025 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") and (ii) paying the costs of issuance of the 2025 Bonds. [The City intends to fund a subaccount securing the 2025 Bonds within the Reserve Account with a Reserve Account Insurance Policy.] See "SECURITY FOR THE BONDS – Reserve Account" and "RESERVE POLICY," herein.

The 2025 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, and particularly as supplemented by Resolution No. \_\_\_\_-2025, adopted by the City Commission of the City on April 29, 2025 (collectively, the "Resolution"). All capitalized undefined terms used herein shall have the meaning ascribed thereto in the Resolution. See "APPENDIX B -- FORM OF THE RESOLUTION" attached hereto.

The 2025 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 2025 Bonds are being issued and are secured by the Pledged Funds on a parity with the City's Consolidated Utility Revenue Bonds, Series 2020 (the "2020 Bonds"), currently outstanding in the principal amount of

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\*Preliminary, subject to change.

\$84,600,000, its Consolidated Utility Revenue Bonds, Series 2022 Consolidated Utility Revenue Bonds, Series 2022 (the "2022 Bonds"), currently outstanding in the principal amount of \$43,205,000, and any Additional Bonds hereafter issued pursuant to the Resolution. The 2025 Bonds, the 2022 Bonds, the 2020 Bonds and any such Additional Bonds 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 Melissa Ann Coyne, City Clerk, 7 North Dixie Highway, Lake Worth Beach, Florida 33460.

## **DESCRIPTION OF THE 2025 BONDS**

### **General**

The 2025 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 inside cover page hereof. The 2025 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 2025 Bonds. Transfer of ownership in the 2025 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 2025 Bonds will be payable commencing October 1, 2025 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 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 of the Registered Holder, by bank wire transfer for the account of such Registered Holder. The principal of the 2025 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 2025 Bonds. The 2025 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 2025 Bonds, in the aggregate amount of each maturity, and will be deposited

with the Paying Agent on behalf of DTC. Individual purchases of beneficial interests in the 2025 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 S&P Global Ratings 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 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 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 2025 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 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all 2025 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 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial

Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 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 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the 2025 Bonds may wish to ascertain that the nominee holding the 2025 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 2025 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 2025 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 2025 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 2025 Bonds. THE CITY CANNOT PROVIDE ANY ASSURANCE THAT DTC, DIRECT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE 2025 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 2025 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 2025 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 2025 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 2025 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 2025 Bond at the request of any Direct or Indirect Participant. In that event, certificates for the 2025 Bonds will be printed and delivered.

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

So long as Cede & Co. is the Registered Holder of the 2025 Bonds as nominee of DTC, references herein to the holders or Registered Holders of the 2025 Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the 2025 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 2025 Bonds or (iv) any other action taken by DTC or its partnership nominee as owner of the 2025 Bonds.

#### **Exchange and Transfer**

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

Each 2025 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 2025 Bonds maturing on and prior to October 1, 20\_\_ are not subject to optional redemption prior to their respective dates of maturity. The 2025 Bonds maturing on and after October 1, 20\_\_ are subject to redemption at the option of the City on and after October 1, 20\_\_ 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 2025 Bonds maturing on October 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, in part by lot on October 1, 20\_\_ 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:

Year  
\*

Sinking Fund Installment

\_\_\_\_\_  
\*Final 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 interest on the 2025 Bonds will be payable solely from and secured by a 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"). Such pledge is on a parity with the pledge of the Pledged Funds to the 2022 Bonds, the 2020 Bonds and to any Additional Bonds issued pursuant to the terms of the Resolution. See "-- Issuance of Additional Bonds," below.

"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 2025 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 2025 Bonds. The 2025 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 and interest on the 2025 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 2025 Bonds with a Reserve Account Insurance Policy. In the event the rating of the Reserve Account Insurance Policy provider is downgraded, the Resolution does not require the City to replace the Reserve Account Insurance Policy or deposit cash into the Reserve Account.]

## **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 payment 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 and Supplement attached hereto as APPENDIX F, the City anticipates issuing an estimated \$\_\_\_ 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 have a report on the System delivered by the Consulting Engineer at least once every three years, and to have an inspection of the System at least once every three years. See "APPENDIX B -- FORM OF THE RESOLUTION," attached hereto 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.

In the event of a claim on the Policy (as described below) by \_\_\_\_\_, the City's obligation to repay \_\_\_\_\_ would be on a parity with debt service payments on Bonds Outstanding. See "MUNICIPAL BOND INSURANCE," herein.

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 2025 Subaccount of the Reserve Account securing only the 2025 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 "RESERVE POLICY" and "APPENDIX B -- FORM OF THE RESOLUTION", attached hereto.

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 2025 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 2022 Bonds, the 2020 Bonds 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 \$ \_\_\_\_\_. The City has also issued its Series 2020A Non-Ad Valorem Revenue Bonds and Taxable Series 2020B Non-Ad Valorem Revenue Bonds currently outstanding in the amounts of \$5,395,000 and \$15,210,000, respectively (the "2020AB Bonds"). The City is required to appropriate legally available non-ad valorem revenues to make payments on the 2020AB Bonds. Such payments of the 2020AB Bonds which are System-related have historically been made from System Net Revenues, although Net Revenues are not pledged to secure such payment.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds to be received from the sale of the 2025 Bonds shall be applied, together with certain other moneys, as follows:

#### **SOURCES OF FUNDS:**

Principal Amount of 2025 Bonds	\$
Net Original Issue Premium	
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$</b>

#### **USES OF FUNDS:**

Deposit to Series 2025 Account in Construction Fund	\$
Costs of Issuance <sup>(1)</sup>	
<b>TOTAL USES OF FUNDS</b>	<b>\$</b>

<sup>(1)</sup> Includes underwriting discount, legal and financial advisory fees and expenses, and various other costs of issuance, [including bond insurance and Reserve Account Insurance Policy premiums].

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## DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the 2025 Bonds, 2020 Bonds and the 2022 Bonds.

Period Ending September 30 <sup>(1)</sup>	2025 Bonds		Total Debt Service	2020 Bonds Total Debt Service	2022 Bonds Total Debt Service	Total Debt Service
	Principal	Interest				
2025				\$5,016,675	\$2,639,350	
2026				5,015,425	2,639,150	
2027				5,015,050	2,642,650	
2028				5,010,425	2,639,850	
2029				5,021,050	2,646,150	
2030				5,011,800	2,641,150	
2031				5,012,675	2,643,900	
2032				5,146,900	2,639,275	
2033				5,375,500	2,642,150	
2034				5,370,400	2,642,275	
2035				5,366,000	2,639,650	
2036				5,376,800	2,639,150	
2037				5,372,600	2,640,525	
2038				5,373,400	2,643,525	
2039				5,376,275	2,643,025	
2040				5,372,325	2,639,025	
2041				5,370,300	2,641,275	
2042				5,371,000	2,638,100	
2043				5,377,800	2,640,100	
2044				5,324,300	2,639,300	
2045				5,320,500	2,635,700	
2046				5,325,000	2,639,100	
2047				5,322,500	2,639,300	
2048				5,322,800	2,641,200	
2049				5,482,300	2,644,600	
2050				5,485,500	2,644,400	
2051				2,677,500	2,640,600	
2052				-	2,638,100	
2053				-	2,636,700	
2054				-	-	
2055				-	-	
2056				-	-	
				\$139,612,800	\$76,579,275	

**Total**

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<sup>(1)</sup> For purposes of calculating "Annual Debt Service" pursuant to the Resolution, the payments due October 1 are deemed to be paid in the Fiscal Year which they occur in order to align reporting with respect to the Bonds with the City's Fiscal Year ending September 30.

## **[MUNICIPAL BOND INSURANCE]**

### **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 a financial feasibility report (the "Financial Feasibility Report") in connection with the issuance of the 2025 Bonds (see "APPENDIX F -- FINANCIAL FEASIBILITY REPORT AND SUPPLEMENT", attached hereto).

#### **Administration**

[To be updated] Jamie Brown was appointed by the City Commission as Interim City Manager of the City of Lake Worth Beach in December of 2023.

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 energy system master planning, improving energy efficiency, reducing greenhouse gas emissions, energy procurement 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, development and 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.

Vaughn Baker oversees the City's water, sewer, and stormwater utilities. As Water Utilities Director, she is responsible for ongoing capital improvements, including renewal and replacement of the City's water treatment plant and the City's water distribution, sewer collection, and stormwater systems. Ms. Baker obtained her Bachelor of Science Degree in Civil Engineering from Clemson University and her Master's Degree in Civil Engineering from the University of Florida. She is a licensed Professional Engineer in the State of Florida. The first decade of her career was spent as a consulting engineer with AECOM and Kimley-Horn where she was involved in and managed numerous civil/water utility projects, from study through design and construction administration. She has been with the City of Lake Worth Beach Water Utilities Department since 2023.

[to be updated] Yannick Ngendahayo has been finance director of the City since \_\_\_\_.

## **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.

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. A second interconnection to the FPL transmission system is under construction has been energized and is anticipated to be in full network service in May 2025. The City's transmission system is comprised of 6.25-circuit miles of overhead 138KV line connected to the FPL transmission system at both the City's Hypoluxo and Canal substations. 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 previously proposed a 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 financed with proceeds of the 2020 Bonds consisted of the construction of a second 138KV interconnection to the FPL network transmission system to improve reliability. This project is largely completed, connected to the FPL transmission system, energized, and awaiting final NERC/SERC approvals for network operations (expected May 2025). In addition, also as described below, large portions of the City's electric utility's distribution system are over fifty years old and date to the early 1970s, and a large part of the electric utility capital improvement plan referred to as the System Hardening and Reliability Improvement Program ("SHRIP") is to harden and improve such facilities so as to greatly improve system resilience to weather events and reliability of service to customers.

In January 2025, FPL, the owner-operator of the electric transmission system serving large portions of the State of Florida, and through which system the City accesses its generation entitlements and wholesale energy and capacity sources, reached settlement with the Florida Municipal Power Agency ("FMPA"), representing the interests of all municipal electric transmission customers of FPL in Florida, including the City's electric utility, and a number of additional intervenors in its transmission rate case, which was filed at the Federal Energy Regulatory Commission ("FERC") in 2023. FPL's proposed rates went into effect in February 1, 2025, subject to refund if the parties settled the rate case at rates lower than those initially filed by FPL. A corresponding refund will be issued by FPL to all transmission customers expected in early 2025. The amount of the City's refund is approximately \$500,000. Additional rate changes by FPL can only be accomplished by it initiating further FERC proceedings. As a part of the 2020 transmission rate settlement discussion, FPL and the City reached conceptual agreement to construct the second interconnection between the City and the FPL transmission system at the Canal substation as referenced above. This second interconnection will provide improved reliability and resiliency for the City's electric utility. The City and FPL subsequently entered into a letter of intent to construct the second interconnection in October 2020, the construction of which has been completed and energized, and said project is awaiting final regulatory approvals to be placed in network service.

The City's 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 seasonal firm transportation capacity on

the Florida Gas Transmission ("FGT") pipeline and a party to a gas transportation contract with Florida Public Utilities, the local natural gas distribution utility and a unit of Chesapeake Utilities Corporation ("FPU"), for dedicated sole use of a high-pressure natural gas 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 FMPA and is operated by FPL. As a participant in the FMPA St. Lucie Project, the City's entitlement totals 22.2 megawatts (MW). In addition to the ownership of FMPA 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. St. Lucie Unit #2 is licensed to operate until 2043. The City is one of 14 members of FMPA that currently participate in the FMPA St. Lucie Project.

Key Contract Terms. Unless terminated pursuant to its terms, the contracts related to the FMPA 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 FMPA under its participation agreement with FPL have been paid. The City's entitlement share is equal to 24.87% of FMPA'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 FMPA projects related to the Stanton coal units I and II located in Orlando, Florida, owned and operated by OUC. The City's share of FMPA's Stanton I entitlement totals 11.2 MW. The City's share of FMPA'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 FMPA under its participation agreement with OUC have been paid. The City has a 16.26% entitlement share of FMPA's 14.8193% entitlement in Stanton I and rights of first refusal on KUA's 8.2443% share of FMPA's 15.9962% share of Stanton II.

OUC has announced its commitment to significantly reduce coal fired generation beginning no later than 2025, and to eliminate it no later than 2027. OUC has further announced and recently reaffirmed its intention to retire the Stanton I unit in December

2025. The City planned for the likely retirement of this unit and has proactively increased its participation in the FMPA Solar Projects to replace the energy supply previously provided by Stanton I. The City is currently considering options for peaking capacity additions to coincide with the retirement of Stanton I, including purchases under supplemental energy and capacity contract(s) or power purchase agreements.

#### *FMPA Solar Projects Participation.*

The City is committed to a path to significantly lowering its carbon footprint through the use of solar photovoltaic electric generation resources. To that end, in 2017 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 with FMPA that will provide it with a 13.25 MW-AC share of the FMPA Solar Project II at the Rice Creek site and a 20.9 MW-AC share at the Whistling Duck site, both beginning deliveries to the City's electric utility in 2025. The FMPA Solar Project II is anticipated to operate over a period of 20 years, and holds a power purchase agreement with a unit of Origis Energy, which intends to construct two sites each containing a unit of nearly 75 MW-AC of solar photovoltaic power. The Rice Creek site is located in Putnam County near Palatka, Florida, and is interconnected to the Florida Power & Light transmission system.

Pricing for power from the Rice Creek site, which entered commercial operation in January 2025, has been publicly disclosed to be under \$35 per MWh with annual escalation, and delivered to the FPL transmission system. Exact pricing remains confidential under the Agreement with Origis Energy. The City is also a party to an Energy Exchange Agreement with FMPA 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 renewable electric energy delivered on the FPL transmission system, thereby allowing the City to retain the renewable attributes of the solar energy and avoid transmission charges on the Duke transmission system.

Origis Energy is also underway with construction of a 74.5 MW-AC solar photovoltaic power plant at its Whistling Duck site located in north-central Florida, with an expected commercial operation date of December 2025. Pricing for power from the project has been publicly disclosed to be under \$45 per MWh. Exact pricing remains an Origis Energy trade secret.

The City intends to continue to explore additional sources of electric generation entitlements as may be in its strategic, economic and environmental interests. Efforts currently underway include the exploration of future capacity and energy supply projects, such as participating in future FMPA projects, the utilization of battery energy storage located in-City and connected to the City's electric distribution system, and the importation of electric energy from potential ocean current energy projects powered by the Gulf Stream current.

The City's electric utility anticipates that by 2027, greater than 60% of its energy supply will come from carbon-free resources, comprised of nuclear (33.15%) and solar energy (27.5%),

which will exemplify one of the lowest greenhouse gas emitting electric supply resources in the State of Florida. Furthermore, the City's electric utility's exposure to natural gas supply prices will be reduced to approximately 39.35% of its energy supply portfolio, a ratio significantly lower than that of the majority of electric utility customers in the state of Florida. The utility's relatively stable and predictable pricing of its nuclear energy and solar energy portfolio are expected to provide an element of known operating costs resulting in increased rate stability for customers.

*Orlando Utilities Commission Agreement.* 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") which originally expired December 31, 2022, and which has delivered significant cost reductions over prior years. Under the terms of the Agreement, the City has two (2) unilateral one (1) year extension rights, and a mutual extension option which have extended the term until December 31, 2025. Under this agreement OUC schedules and dispatches energy to the City's electric utility 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 City is preparing to undertake another competitive process, yielding a new agreement for wholesale electric supply effective January 1, 2026.

*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, referred to as "LWB Solar I".

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 electric utility intends to retire the S3 and S5 Steam Units in early 2025 and has significantly reduced the workforce at the site accordingly.

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 load periods of the year for tie line maintenance.



The City's power plant is operated by a workforce of City employees subject to negotiation of a new collective bargaining agreement following decertification of the prior union local in 2024. The International Brotherhood of Electrical Workers (IBEW) has notified the City of its intent to organize the power plant workforce.

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

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

<b>Unit</b>	<b>Heat Rate at Average Full Load Natural Gas Btu/kwh (HHV)</b>	<b>Start Up Times (Cold Start) Hours</b>	<b>Allowable Operating Hours</b>
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 in 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 turbine section 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. As stated above, the S-3 generating unit and S-5 generating unit which runs in combined cycle with the GT-2 are planned to be retired in early 2025. 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 year-round, but more likely when generating units in the FMPP and/or FMPA projects in which the City is a participant are offline for maintenance or experience unplanned outages, and for grid support and/or spinning reserve needs of the FMPP.

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 FPU transports natural gas from the FGT line to the City's power plant for the City's exclusive use 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 electric capacity and energy 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 limited dispatch by the FMPP and/or extenuating circumstances, which in turn makes it possible to sell natural gas bundled with its firm gas capacity for a limited period. The City's energy supply agreement with OUC enabled the City to take over the management of its own capacity on the FGT system to extract the maximum value from this asset, which it has done.

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 twenty-six members consisting of a municipal joint action agency, one combination gas distribution and electric generation utility, four electric generating utilities, and twenty 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 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 need to operate its existing plant extensively or elect to build a new natural gas-field unit at the City's 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	46
GT-2		20 MW GE MS5001P Gas Turbine	1978	44
S-3	Riley Stoker dual fuel	25 MW Westinghouse Gas Turbine	1967	55
S-5		10 MW GE Steam Turbine	1978	44
Solar 1	---	-----	2017	5
M1 - M5	---	General Motor EMD 567D reciprocating engines	1965	57

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.

The City's electric utility staff continually maintains its owned and self-operated generation assets in a state of readiness for operation, operates the assets in response to dispatch requests from the FMPP, performs required operational and environmental emissions permit

compliance testing, trains and performs operating drills to maintain staff proficiency, and reports daily to the FMPP on unit availability.

Several new generating resources have been evaluated for the City's College Street power plant site. An analysis by engineering consulting firms on behalf of the City has been conducted to determine least cost options for meeting the City's 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. As indicated above, the City's electric utility intends to retire its S3 and S5 steam generation units in early 2025 in anticipation of achieving full network operations of the additional transmission interconnection project at the Canal Substation.

*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.

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 March 1, 2025, customer-owned renewable generation systems connected to the City's electric utility total 333 systems with an estimated total combined rating of 2.7 MW-AC. An additional 16 customer-owned renewable generation systems are in the permitting process with an estimated combined rating of 0.13 MW-AC.

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 27,300 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 twelve 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	36,884	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	45,463	52,218	50,545	44,541	478,545
2017	40,195	32,417	35,209	31,245	29,728	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	473,579
2020	45,228	33,139	31,859	30,805	30,705	36,403	38,303	39,229	46,004	49,179	50,738	46,586	478,178
2021	43,658	36,411	29,947	28,726	31,127	35,029	36,319	43,872	44,483	48,206	51,822	44,826	474,426
2022	42,993	31,631	33,767	30,344	29,989	36,753	37,898	44,149	45,920	53,320	53,364	46,423	486,551
2023	40,838	38,247	34,018	32,776	32,774	38,011	40,107	43,813	45,072	51,913	53,634	47,765	498,968
2024	43,692	36,684	32,414	31,707	29,598	37,405	37,958	50,759	48,552	54,401	52,192	49,127	504,489

Source: City of Lake Worth Beach.

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### 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	92.2	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
2021	88.0	78.5	66.9	65.5	74.6	79.7	84.4	89.1	91.1	95.1	95.7	95.1	95.7
2022	90.8	72.6	70.1	65.6	69.8	77.7	84.8	88.8	93.6	97.2	98.2	96.7	98.2
2023	89.7	89.1	69.6	70.6	77.2	82.9	85.5	88.8	97.8	101.5	103.4	98.2	103.4
2024	95.0	82.5	77.7	72.2	71.4	87.1	85.5	100.3	99.6	102.6	102.4	98.3	102.6

Source: City of Lake Worth Beach.

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 2024 is shown in the following table.

### Exhibit 1 Sources of Energy (Calendar 2024)

Sources of Energy (2024)		
Supplier	Energy (MWh)	Percent of Total (%)
OCU	330,793	61.95%
FMPA Stanton Project	23,200	4.34%
FMPA St. Lucie Project	174,602	32.7%
FMPA Rice Creek Solar	2,995	0.56%
LWB Solar 1	2,134	0.4%
City's TG Smith Power Plant	262	0.049%
<b>Total</b>	<b>533,986</b>	<b>100%</b>

Source: City of Lake Worth Beach.

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On a monthly and certainly hourly basis, these numbers vary significantly based upon St. Lucie and Stanton I 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 2024.

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

<b>Supplier</b>	<b>Maximum Monthly Percent</b>	<b>Minimum Monthly Percent</b>
OUC	65.1%	44.8%
Stanton	8.5%	5.3%
St. Lucie	30.1%	49.9%

Source: City of Lake Worth Beach.

The City plans for its load to increase 0.75% per year through 2028. The table below provides its current estimate for the net energy for load forecast for such period.

**Energy Summary Forecast**

<b>Fiscal Year</b>	<b>Total Energy MWH</b>
2024	504,489
2025	508,274
2026	512,086
2027	515,926
2028	519,796

Source: City of Lake Worth Beach.

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Customers. The table set forth below sets forth the average number of retail meters in the City over the last five Fiscal Years:

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

<b>Fiscal Year Ended Sept 30</b>	<b>Average Meters</b>	<b>% Annual Change</b>
2020	26,970	0.90%
2021	27,300	1.22%
2022	27,446	0.53%
2023	27,704	0.94%
2024	27,809	0.38%
Average Change		0.79%

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

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

The following table lists the ten largest retail customers of the electric utility for Fiscal Year 2024, which in total represents approximately 9.9% of total retail sales revenues.

**Electric Utility's 10 Largest Retail Customers  
For Fiscal Year 2024**

<b>Rank (kWh's)</b>	<b>Customer Name</b>	<b>Usage (kWh's)</b>	<b>Revenues</b>
1	Palm Beach County Schools	12,758,296	\$1,633,912
2	Palm Beach State College	13,202,000	1,466,694
3	Lake Worth Beach Utilities Water Treatment	6,144,195	686,928
4	HODL Associates LLC	6,322,739	670,379
5	El Bodegon Grocery #4, #5 INC	4,557,352	495,169
6	Select Specialty Hospital	3,600,957	383,403
7	Wal-Mart Stored East	3,462,636	370,167
8	Publix Supermarket INC	2,227,560	241,852
9	JFK Medical Center Limited	1,660,308	180,208
10	Palm Beach County Parks	1,414,996	151,003

Source: City of Lake Worth Beach.

<sup>(1)</sup> Palm Beach State College is serviced through two separate electric accounts.



Rates. The City's current electric rates, effective March 1, 2025, are shown in the following table:

**Electric Utility Schedule of Rates as of March 1, 2025**

<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)	\$11.97	\$19.28	\$147.42
Storm Fund	5.00	5.00	5.00
<b>Energy Charges (Usage Rate):</b>			
Base Energy Charge (Fist 1,000 kWh's)	\$0.07825	\$0.09866	\$0.05897
Base Energy Charge ( $\geq$ 1,000 kWh's)	0.10093	0.09866	0.05897
PCA (Fist 1,000 kWh's)	0.03179	0.03389	0.03389
PCA ( $\geq$ 1,000 kWh's)	0.04179	0.03389	0.03389
Demand Charge	N/A	N/A	13.61/kW
Minimum Bill	\$40.00	\$113.00	\$284.00
		Poly Phase	
		\$57.00	
		Single Phase	

Source: City of Lake Worth Beach – Electric Rate Schedule.

An Electric Utility Storm Fund Charge has been established at a rate of \$5.00 per month per account until such time as the Fund Balance reaches a total of \$8 Million.

In order to enhance regional competitiveness, the City reached rate parity with FPL residential rates in 2018. For the period of February 2018 through December 2021, the rates diverged slightly, but the City's electric rates remained close or slightly less than an FPL bill for a typical 1,000 kWh/month residential customer. The City's electric utility has conducted a cost of service study with the assistance of Leidos, a nationally recognized provider in the field of utility ratemaking support. The Leidos study and accompanying City staff recommendations called for slight increases in residential electric rates combined with slight decreases in commercial rates, accompanied with increases in monthly minimum bills for residential and commercial rate classes. Such recommendations were approved by the City with an effective date of January 1, 2022, and are reflected in the above-referenced rates. The City's Electric Utility Rates are adjusted annually to reflect changes in base operating costs, as well as changes in purchased power costs (PCA) and to maintain growth in fund balance. Beginning January 1, 2022, the City's residential electric rates have been lower than FPL's. The Financial Feasibility Report and Supplement for the System (see "APPENDIX F -- FINANCIAL FEASIBILITY REPORT AND SUPPLEMENT" attached hereto) recommends an electric system base rate increases of 8.0% in Fiscal Years 2026 and 2027, and annual rate increases of 5.0% in Fiscal Years 2027 and 2028.

The following table shows a comparison of typical monthly electric utility bills for comparative residential electric customer in the state of Florida as reported publicly by the Florida Municipal Electric Association (FMEA):

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

	Residential Electric Service 1,000 kWh
Lake Worth Beach (City of)	\$114.60
Duke Energy Florida with Franchise Fee <sup>(2)</sup>	161.08
Florida Power & Light Company with Franchise Fee <sup>(2)</sup>	138.52
Fort Pierce (City of)	123.37
Gainesville (City of)	136.60
Jacksonville Electric Authority	125.76
Lakeland (City of)	110.74
Orlando Utilities Commission	125.00
Tampa Electric Company with Franchise Fee <sup>(2)</sup>	150.46

Source: 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 February 2025.
- (2) Amounts shown include a 6% typical franchise fee. Actual bills may differ from published estimates once taxes are applied.

**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 is underway with an electric utility capital investment plan ("CIP") utilizing proceeds of prior bond sales and operating funds comprised largely of a series of reliability improvement projects and activities with the intent of significantly improving system reliability, hardening its electric transmission and distribution systems to withstand category 5 storm force winds, providing for adequate electric delivery infrastructure to reliably support increased residential and commercial development, decreasing operating costs, and supporting future demand for new uses of electricity such as electric vehicle charging stations. The projects currently underway are primarily comprised of a transmission project (a second 138

kV point of interconnection to the FPL transmission system described above), multiple distribution projects such as new substations, pole replacements, re-conductoring of circuits, adding circuit sectionalizing devices, adding fiber optic communications capability, additional transmission to distribution voltage step down transformers, and adding power quality devices.

The City's intention is to continue with its CIP comprised of multiple projects using funds sourced from the sale of utility revenue bonds. See "APPENDIX F -- FINANCIAL FEASIBILITY REPORT AND SUPPLEMENT" for a listing of the projects intended to be undertaken.

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 and point of interconnection 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 2024, upwards of 99.5% of the City's electric supply needs were met with imports, with the remaining 0.5% 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. Accordingly, the City's Electric Utility intends to retire its steam generation units in early 2025, an effort which is already underway with commensurate reductions in staff and associated operating costs.

Rate Stabilization Fund. The City has created and maintains a Rate Stabilization Fund (RSF) using monthly revenues from electric utility customers. Power Cost Adjustment (PCA) revenues, a line item on customer bills, funds the RSF. The purpose of the RSF is to provide a cushion against rapidly rising fuel costs depleting operating funds or causing a need for immediate rate changes to customers. The RSF is intended to operate with a target minimum balance of \$500,000 and a maximum balance of \$3,500,000. The RSF is monitored monthly and rate changes as deemed appropriate to maintain the RSF balance within the desired limits are subject to the approval of the City Commission.

Electric Utility Storm Fund. The City has created and maintains an Electric Utility Storm Fund (Storm Fund) funded by monthly revenues from electric utility customers via a line item on customer bills. The purpose of the Storm Fund is to provide a source of funds to cover costs associated with repairs to the City's electric utility system due to storm events. The Storm Fund monthly charge to electric customers is \$5 per month per electric utility account and which is required to be collected until the fund reaches a balance of \$8,000,000. Storm costs may be eligible for future recovery from the Federal Emergency Management Agency (FEMA).

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 prior level of approximately 10.8% of revenues. As described above, the Resolution limits the amount of excess System Net Revenues that may be 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", but not including Charges for Services that are treated as an Operating Expense) for the past five Fiscal Years:

Fiscal Year	Electric Transfer
2020	\$4,536,491
2021	4,536,491
2022	4,953,797
2023	5,048,958
2024	4,911,363

[Projections of future transfers are included as part of the Financial Feasibility Report and Supplement attached hereto as APPENDIX F.]

#### 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 NERC Standard PER-005-2 which resulted in zero (0) areas of concern, zero (0) recommendations, and zero (0) potential non-compliances. The City has initiated discussions with SERC in regards to its plans to add a second point of interconnection to the FPL system and its likely additional registration of Transmission Operator ("TOP"). The City has contracted the TOP

function for its new interconnection to the FPL electric transmission system at the Canal Substation to OUC. OUC operates a centralized transmission operator ("CTOP") function serving four municipal utilities for the purpose of reducing term costs through economies of scale and easing local compliance duties for participating utilities.

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. On June 23, 2021, the NERC launched Project 2021-03 to address the categorization of Transmission Owner Control Centers (TOCCs) under the Critical Infrastructure Protection (CIP) Reliability Standards, specifically CIP-002-5.1a. The purpose of the project was to clarify the impact ratings of TOCCs that perform functions similar to those of Transmission Operators. As part of this initiative, the City conducted a field test with NAES, the City compliance vendor, to evaluate the applicability of the existing criteria and the associated impact designation to its operations. Following the field test, the City submitted its findings to NERC in January 2022. Based on the field tests, it was determined that the City does not meet Criterion 2.12 for the following reasons: (i) the City does not operate any transmission elements independently; all such operations occur under the direction of FPL. The City's only transmission station, Hypoluxo Station, is under FPL's control. (ii) the City owned only radial systems at the Canal Substation and Main Substation. These systems fall under the E1a exclusion. FRCC previously reviewed and approved this exclusion, and it remains subject to review at least once every three calendar years and (iii) the City does not perform any independent operation of Transmission elements.

*SERC.* In the first quarter of 2024, SERC Reliability Corporation ("SERC") conducted a formal Independent Risk Assessment of the City's Compliance Oversight Plan at the request of the City's compliance manager. The City received a score of 5, which represents an entity that has built a compliance program that has lower inherent risk with the recommendation for audits every five years. On February 13, 2025, the SERC announced that it selected the City for an Operations and Planning Compliance Spot-Check. SERC plans to commence the Spot-Check no sooner than 270 days from the date of this notification. SERC will provide additional details, including the scope and instructions, in the audit notification packet, which it plans to send on or about July 14, 2025—120 days prior to the commencement date.

*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 2025 legislative session, a number of bills were filed that would have potentially impacted the electric industry in Florida, several of which are described below.

[to come]

*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 2020 through 2024, with projections for Fiscal Year 2025.

### Historical Electric Utility Revenues and Expenses

<b>Fiscal Year Ended September 30<sup>(1)</sup></b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Operating Revenues</b>						
Charges for Services <sup>(2)</sup>	\$53,508,982	\$57,265,178	\$60,203,551	\$69,042,994	\$63,166,868	\$70,009,278
	-	-	-	-	-	-
Total Operating Revenues	\$53,508,982	\$57,265,178	\$60,203,551	\$69,042,994	\$63,166,868	\$70,009,278
<b>Operating Expenses</b>						
Cost of Services	\$41,856,988	\$42,123,599	\$47,567,157	\$46,185,728	\$47,724,957	\$54,166,386
General and Administrative	8,065,589 <sup>(4)</sup>	7,848,305 <sup>(4)</sup>	8,339,206	8,386,971	7,458,678	8,348,832
Depreciation	1,899,628	1,864,562	1,864,562	1,935,786	2,314,346	2,545,781
Total Operating Expenses	\$51,822,205	\$51,836,466	\$57,770,925	\$56,508,485	\$57,497,981	\$65,061,000
<b>Total Operating Income (Loss)</b>	\$1,686,777	\$5,428,712	\$2,432,626	\$12,534,509	\$5,668,887	\$4,948,278
<b>Nonoperating Revenues (Expenses)</b>						
Investment Income	\$211,709	\$3,996	\$253,845	\$506,535	\$2,964,676	\$1,338,449
Interest and Fiscal Charges	(872,695)	(3,098,315)	(2,563,749)	(3,894,600)	(4,203,019)	(4,148,611)
Other	341,002	825,300	387,260	339,283	1,105,872	2,390,000
Total Nonoperating Revenues (Expenses)	\$(319,984)	\$(2,269,019)	\$(1,922,644)	\$(3,048,782)	\$(132,471)	\$(420,163)
<b>Income (Loss) Before Contributions and Transfers</b>	\$1,366,793	\$3,159,693	\$509,981	\$9,485,727	\$5,536,416	\$4,528,116
<b>Transfers and Contributions</b>						
Transfers In	-	-	-	-	\$1,403,278	-
Transfers Out	-	-	-	(2,500,000)	(1,500,000)	-
<b>Change in Net Position</b>	\$1,366,793	\$3,159,693	\$509,981	\$6,985,727	\$5,439,694	\$4,528,116
Net Position, Beginning of Year	\$19,633,029	\$20,999,822	\$24,482,236	\$20,317,431	\$27,303,158	\$32,742,852
Net Position, End of Year	\$20,999,822	\$24,159,515	\$24,992,217	\$32,742,852	\$32,742,852	\$37,270,968

Source: Financial Feasibility Report.

<sup>(1)</sup> Note that historical operating results through September 30, 2023, 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 ("ACFR") for Fiscal Years 2020 through 2023. Fiscal Year 2024 figures were derived based upon unaudited financial data, and Fiscal Year 2025 figures from City staff's adopted budget and staff's projections, as well as the Financial Feasibility Report and Supplement attached hereto as Appendix F, and are unaudited. See also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Years 2020 and 2021.

<sup>(2)</sup> Charges for services includes items such as electric sales, capacity charges, fuel surcharges, service charges, penalties/late fees, etc.



## **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 encompasses approximately 9.7 square miles, and includes all residents within the City limits, as well as portions of 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. The first facility is a lime softening plant built in 1957 designed to treat a maximum capacity of 12.9 million gallons per day ("MGD") and supplied by 12 production wells 100-300 feet deep tapping the Surficial Aquifer, which wells are located within an approximately half-mile radius of the plant. The conventional lime softening plant provides slightly more than half the treated water produced. The process includes a rapid mix with flocculation and sedimentation basins, filtration, chemical addition and disinfection. The second facility is a reverse osmosis plant built in 2011 designed to treat an average of 5.1MGD and expandable to 10.2MGD. 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 reverse osmosis plant converts high-salt ground water to high-quality drinking water.

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.

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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)
2020	134	5,710,893	305,882	6,612,033
2021	130	5,393,149	448,716	6,338,314
2022	100.76	5,877,019	613,626	7,243,579
2023	109.23	5,828,636	403,345	7,149,900
2024	117.46	6,016,219	358,885	7,269,007

Source: City of Lake Worth Beach.

Customers. Set forth below are the top ten customers of the water utility for Fiscal Year 2024:

#### **Top Ten Water Customers**

Rank	Customer	Customer Type	Consumption (1000 Gal)	Revenue <sup>(1)</sup>
1.	Town of Lake Clarke Shores	Bulk	36,313	\$144,588.76
2.	Riverstone Communities, LLC	Multi-Family	13,797	99,506.12
3.	Finnish American RST Home	Commercial	13,211	190,152.15
4.	Meridian PK Village Partnership	Multi-Family	9,839	74,258.51
5.	Pacifica SL Lantana LLC	Multi-Family	8,906	64,676.35
6.	CAP Utilities LLC	Multi-Family	7,846	59,199.60
7.	Holiday II Mobile Home	Multi-Family	7,253	64,889.53
8.	Lantan Silver Springs LLC	Multi-Family	5,771	74,518.56
9.	Riverview Housing LMTD PRTS	Multi-Family	5,568	43,667.29
10.	1017 Lake Ave LLC	Multi-Family	5,299	45,672.66

Source: City of Lake Worth Beach.

<sup>(1)</sup> Represents approximately 5.1% of total Fiscal Year 2024 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"	\$17.21
1"	43.05
1 1/2"	86.06
2"	137.72
3"	275.45
4"	430.36
6"	860.74
8"	1,336.71

#### **Usage Charge**

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

	<b>Block 1 \$0.371</b>		<b>Block 2 \$0.570</b>		<b>Block 3 \$0.772</b>		<b>Block 4 \$1.352</b>		<b>Block 5 \$1.697</b>	
<b>Meter Size</b>	<b>Min</b>	<b>Max</b>	<b>Min</b>	<b>Max</b>	<b>Min</b>	<b>Max</b>	<b>Min</b>	<b>Max</b>	<b>Min</b>	<b>Max</b>
5/8" x 3/4"	1	40	41	80	81	120	121	200	201	-
1"	1	100	101	200	201	300	301	500	501	-
1-1/2"	1	200	201	400	401	600	601	1,000	1,001	-
2"	1	320	321	640	641	960	961	1,600	1,601	-
3"	1	640	641	1,280	1,281	1,920	1,921	3,200	3,201	-
4"	1	1,000	1,001	2,000	2,001	3,000	3,001	5,000	5,001	-
6"	1	2,000	2,001	4,000	4,001	6,000	6,001	10,000	10,001	-
8"	1	4,000	4,001	6,000	6,001	8,000	8,001	12,000	12,001	-

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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	Single-Unit Accounts		Multi-Unit Accounts	
	Minimum	Maximum	Minimum	Maximum
Block 1 \$0.371	1	40	1	20
Block 2 \$0.570	41	80	21	40
Block 3 \$0.772	81	120	41	60
Block 4 \$1.352	121	200	61	100
Block 5 \$1.697	201	-	101	-

Source: City of Lake Worth Beach.

The Financial Feasibility Report and Supplement for the System (see "APPENDIX F -- FINANCIAL FEASIBILITY REPORT AND SUPPLEMENT" attached hereto) recommends a water rate increase of 5.25% in Fiscal Year 2026, and annual rate increases of 4.0% commencing in Fiscal Year 2027.

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	\$34.78
Golf	38.87
Highland Beach	29.62
Jupiter	31.59
Lantana	31.91
Manalapan	52.21
Tequesta	36.50
West Palm Beach	34.86

Source: South Florida Water Management District 2023 Annual Utility Rate Survey.

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## Capital Improvement Program

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

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
S Booster Repairs – N Booster	-	-	\$1,500,000	-	-
Raw Water Wells	-	\$1,262,000	1,080,000	\$2,180,000	\$1,500,000
Water Mains	-	1,150,000	1,715,000	950,000	350,000
Water Treatment Plant Improvements	-	350,000	1,700,000	825,000	600,000
<b>Total Water</b>	<b>-</b>	<b>\$2,762,000</b>	<b>\$5,445,000</b>	<b>\$3,955,000</b>	<b>\$2,450,000</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 prior level of approximately 10.8% of revenues. As described above, the Resolution limits the amount of excess System Net Revenues that may be 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", but excluding Charges for Services, which are treated as an Operating Expense) for the past five Fiscal Years:

Fiscal Year	Water Transfers
2020	\$1,489,728
2021	1,489,728
2022	1,355,103
2023	1,381,686
2024	1,453,190

[Projections of future transfers are included as part of the Financial Feasibility Report and Supplement attached hereto as APPENDIX F.]

### 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 and 4,106MG per year 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 2020 through 2024, with projections for Fiscal Year 2025.

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

<b>Fiscal Year Ended September 30<sup>(1)</sup></b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Operating Revenues</b>						
Charges for Services	\$14,691,895	\$15,612,994	\$15,602,124	\$15,880,803	\$16,786,062	\$18,448,016
Total Operating Revenues	\$14,691,895	\$15,612,994	\$15,602,124	\$15,880,803	\$16,786,062	\$18,448,016
<b>Operating Expenses</b>						
Cost of Services	\$8,017,201	\$7,651,825	\$8,357,193	\$9,227,985	\$9,776,224	\$12,090,956
General and Administrative	2,730,888 <sup>(2)</sup>	3,105,214 <sup>(2)</sup>	2,813,801	2,622,846	3,507,475	3,832,542
Depreciation	3,143,666	3,276,390	3,276,390	3,608,634	3,863,430	4,045,586
Total Operating Expenses	\$13,891,755	\$14,033,429	\$14,447,384	\$15,459,465	\$17,147,129	\$19,969,084
<b>Total Operating Income (Loss)</b>	\$800,140	\$1,579,565	\$1,154,740	\$421,338	\$(361,067)	\$(1,521,069)
<b>Nonoperating Revenues (Expenses)</b>						
Investment Income	\$102,870	\$922	\$120,101	\$537,397	\$1,261,194	\$350,223
Interest and Fiscal Charges	(849,864)	(1,952,150)	(1,364,622)	(1,212,614)	(1,348,100)	(1,323,118)
Other	12,918	51,800	17,000	45,211	39,451	45,000
Total Nonoperating Revenues (Expenses)	\$(734,076)	\$(1,899,428)	\$(1,227,520)	\$(630,006)	\$(47,455)	\$(927,895)
<b>Income (Loss) Before Contributions and Transfers</b>	\$66,064	\$(319,863)	\$(72,780)	\$(208,668)	\$(408,522)	\$(2,448,964)
Capital Contributions	586,278	\$302,373	-	\$962,574	\$246,397	\$314,674
Transfers In	-	-	\$135,383	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Change in Net Position</b>	\$652,342	\$(17,490)	\$62,603	\$753,906	\$(162,125)	\$(2,134,290)
Net Position, Beginning of Year	\$55,664,363	\$56,316,705	\$54,643,435	\$56,968,981	\$57,722,887	\$57,560,762
Net Position, End of Year	\$56,316,705	\$56,299,215	\$56,706,038	\$57,722,887	\$57,560,762	\$55,426,472

Source: Financial Feasibility Report.

<sup>(1)</sup> Note that historical operating results through September 30, 2023, including the net position at beginning of year and end of year, are based upon audited information from the City's ACFRs for Fiscal Years 2020 through 2023. Fiscal Year 2024 figures were derived based upon unaudited financial data, and Fiscal Year 2025 figures were derived based upon City staff's adopted budget and staff projections, as well as the Financial Feasibility Report and Supplement attached hereto as Appendix F, and are unaudited. See also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Years 2020 and 2021.

## **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's 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 20.3 MGD.

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 Water Reclamation Facility (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 City's water and sewer utility director is the current chair of the ECR Board. 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, Palm Beach State College and the Town of Lake Clarke Shores, 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 2021, 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.

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Historical Flows. Set forth below are historical average wastewater flows for the sewer utility for Fiscal Years 2020 through 2024:

**Historical Average Wastewater Flows (MGD)**

**Fiscal Year**

<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
9.08	9.13	8.43	9.26	9.04

Source: City of Lake Worth Beach.

Customers. Set forth below are the top ten customers of the System for Fiscal Year 2024:

**Top Ten Wastewater Customers**

<b>Rank</b>	<b>Customer Name and Ranking</b>	<b>Gallons Per Year (1,000 gals)</b>	<b>Total Revenues<sup>(1)</sup></b>
1.	Riverstone Communities LLC	13,797	\$107,104.64
2.	Finnish American RST Home	13,211	190,152.15
3.	Meridian PK Village PARTSH	9,839	85,553.27
4.	Pacifica SL Lantana LLC	8,906	72,362.33
5.	CAP Utilities LLC	7,846	67,471.63
6.	Holiday II Mobile Home	7,253	37,885.80
7.	Lantan Silver Springs LLC	5,771	77,994.94
8.	Riverview Housing LMTD PRTS	5,568	50,667.97
9.	1017 Lake Ave LLC	5,299	53,315.20
10.	Orange Grove Mobile Home Park LLC	5,182	41,740.30

Source: City of Lake Worth Beach.

<sup>(1)</sup> Represents approximately 6.5% of the Fiscal Year 2024 wastewater utility revenues.

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## 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"	\$14.68	\$14.68
1"	36.68	
1 1/2"	73.36	
2"	117.39	
3"	234.76	
4"	366.79	
6"	733.62	
8"	1,092.46	

### **Usage Charge**

A volume charge of \$0.656 per hundred gallons is charged for usage.

Source: City of Lake Worth Beach.

<sup>(1)</sup> Each single-family residential unit is charged \$14.68 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 and Supplement for the System (see "APPENDIX F -- FINANCIAL FEASIBILITY REPORT AND SUPPLEMENT" attached hereto) recommends a sewer rate increase of 9.0% in Fiscal Year 2026, increases of 5.0% in Fiscal Years 2027 and 2028, and a 2.0% increase in Fiscal Year 2029.

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)**

<u>Provider</u>	<u>Rate</u>
Lake Worth Beach	\$28.23
Golf	45.15
Delray Beach	32.04
Palm Springs	43.52
Lantana	40.40
Manalapan	78.34
Seacoast Utility Authority	24.75
West Palm Beach	33.77

Source: South Florida Water Management District 2023 Annual Utility Rate Survey.  
Capital Improvement Program.

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

<b>Sewer Utility</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Global Manhole Lining	\$150,000	\$150,000			
Sewer Pump Station Improvements	400,000	325,000			
Sewer System Pipe Network	990,000	990,000			
<b>Total Sewer</b>	<b>\$1,540,000</b>	<b>\$1,465,000</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 prior 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", but excluding Charges for Services, which are treated as an Operating Expense) for the past five Fiscal Years:

<b>Fiscal Year</b>	<b>Wastewater Transfer</b>
2020	\$608,870
2021	608,870
2022	1,355,103
2023	1,381,686
2024	1,453,190

[Projections of future transfers are included as part of the Financial Feasibility Report and Supplement attached hereto as APPENDIX F.]

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.

New changes to the regulations regarding lead and copper have been taken into account by the City, in that the City practices corrosion control, is fully compliant with existing regulations and to its knowledge has few, if any, lead service lines in its service territory.

The ECR plant operates under a permit issued by FDEP, which was renewed on May 22, 2021, and expires July 14, 2026.

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 2020 through 2024, with projections for Fiscal Year 2025 as described below.

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

<b>Fiscal Year Ended September 30<sup>(1)</sup></b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Operating Revenues</b>						
Charges for Services	\$8,827,767	\$9,991,750	\$9,781,014	\$10,955,584	\$12,052,494	\$12,571,482
Total Operating Revenues	\$8,827,767	\$9,991,750	\$9,781,014	\$10,955,584	\$12,052,494	\$12,571,482
<b>Operating Expenses</b>						
Cost of Services	\$7,509,289	\$7,295,809	\$7,783,374	\$9,284,946	\$10,411,541	\$9,345,062
General and Administrative	1,508,650 <sup>(2)</sup>	1,808,650 <sup>(2)</sup>	1,742,644	1,733,788	1,328,574	2,220,467
Depreciation	789,371	727,677	727,677	681,556	820,036	828,236
Total Operating Expenses	\$9,807,310	\$9,832,135	\$10,253,695	\$11,700,290	\$12,560,151	\$12,393,765
<b>Total Operating Income (Loss)</b>	<b>\$(979,543)</b>	<b>\$159,615</b>	<b>\$(472,681)</b>	<b>\$(744,706)</b>	<b>\$(507,657)</b>	<b>\$177,717</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment Income	\$556	\$332	\$34,838	\$115,511	\$272,064	\$79,873
Interest and Fiscal Charges	-	(54,234)	(47,350)	(167,591)	(216,154)	(188,841)
Other	15,180	38,670	15,056	39,906	-	505
Total Nonoperating Revenues (Expenses)	\$15,736	\$(15,232)	\$2,544	\$(12,174)	\$55,910	\$(108,463)
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$(963,807)</b>	<b>\$144,383</b>	<b>\$(470,137)</b>	<b>\$(756,880)</b>	<b>\$(451,747)</b>	<b>\$69,254</b>
Capital Contributions	\$311,477	\$167,095	\$37,245	\$621,313	\$132,925	\$434,525
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Change in Net Position</b>	<b>\$(652,330)</b>	<b>\$311,478</b>	<b>\$(432,892)</b>	<b>\$(135,567)</b>	<b>\$(318,822)</b>	<b>\$503,779</b>
Net Position, Beginning of Year	\$16,025,665	\$15,373,335	\$15,684,813	\$16,178,437	\$16,042,870	\$15,724,048
Net Position, End of Year	\$15,373,335	\$15,684,813	\$15,251,921	\$16,042,870	\$15,724,048	\$16,227,827

Source: Financial Feasibility Report.

<sup>(1)</sup> Note that historical operating results through September 30, 2023, including the net position at beginning of year and end of year, are based upon audited information from the City's ACFRs for Fiscal Years 2019 through 2023. Fiscal Year 2024 figures were derived from unaudited financial data, and Fiscal Year 2025 figures were derived based upon City staff's adopted budget and staff's projections, as well as the Financial Feasibility Report and Supplement attached hereto as Appendix F, and are unaudited. See also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Years 2020 and 2021.

## **The Project**

Proceeds of the 2025 Bonds will be used to finance approximately \$10,350,000 of water, \$2,250,000 of sewer, and \$34,977,875 of 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 F -- FINANCIAL FEASIBILITY REPORT AND SUPPLEMENT", attached hereto 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 2020 through 2024, with projections for Fiscal Year 2025, 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>	2020	2021	2022	2023	2024	2025
<b>Operating Revenues</b>						
Charges for Services	\$77,028,644	\$82,869,922	\$85,586,688	\$95,879,381	\$92,005,424	\$101,028,776
Total Operating Revenues	\$77,028,644	\$82,869,922	\$85,586,688	\$95,879,381	\$92,005,424	\$101,028,776
<b>Operating Expenses</b>						
Cost of Services	\$57,383,478	\$57,071,233	\$63,707,724	\$64,698,659	\$67,912,722	\$75,602,405
General and Administrative	12,305,127 <sup>(3)</sup>	12,762,169 <sup>(3)</sup>	12,895,651	12,743,605	12,294,727	14,401,841
Depreciation	5,832,665	5,868,629	5,868,629	6,225,976	6,997,812	7,419,603
Total Operating Expenses	\$75,521,270	\$75,702,030	\$82,472,003	\$83,668,240	\$87,205,261	\$97,423,849
<b>Total Operating Income (Loss)</b>	\$1,507,374	\$7,167,892	\$3,114,685	\$12,211,141	\$4,800,163	\$3,604,926
<b>Non-Operating Revenues (Expenses)</b>						
Investment Income	\$315,135	\$5,250	\$408,784	\$1,159,443	\$4,497,934	\$1,768,545
Interest and Fiscal Charges	(1,722,559)	(5,104,699)	(3,975,721)	(5,274,805)	(5,767,273)	(5,660,570)
Other	369,100	915,771	419,316	424,400	1,145,323	2,435,505
Total Non-Operating Revenues (Expenses)	\$(1,038,324)	\$(4,183,678)	\$(3,147,621)	\$(3,690,962)	\$(124,016)	\$(1,456,521)
<b>Income (Loss) Before Contributions and Transfers</b>	\$469,050	\$2,984,213	\$(32,930)	\$8,520,179	\$4,676,147	\$2,148,406
<b>Transfers and Contributions</b>						
Connection Fees	\$897,755	\$469,468	\$172,628	\$1,583,887	\$379,322	\$749,199
Transfers Out	-(3)	-(3)	-	(2,500,000)	(1,500,000)	-(3)
<b>Change in Net Position</b>	\$1,366,805	\$3,453,681	\$139,692	\$7,604,066	\$3,555,469	\$2,897,605
Net Position, Beginning of Year	\$91,323,057	\$92,689,862	\$96,810,484	\$93,464,849	\$101,068,915	\$106,027,662
Net Position, End of Year	\$92,689,862	\$96,143,543	\$96,950,176	\$101,068,915	\$106,027,662	\$108,925,267
<b>Adjustments:</b>						
Depreciation	\$5,832,665	\$5,868,629	\$5,868,629	\$6,225,976	\$6,997,812	\$7,419,603
Interest and Fiscal Charges	1,722,559	4,437,759	3,975,721	5,274,805	5,767,273	5,660,570
Transfers Out	6,635,089	6,635,089 <sup>(3)</sup>	7,157,781	7,264,653	7,282,271	8,299,909
Connection Fees	(897,755)	(469,468)	(172,628)	(1,583,887)	(379,322)	(749,199)
<b>Net Revenues Available for Debt Service</b>	\$14,659,343	\$20,592,631	\$16,969,195	\$24,785,613	\$23,223,503	\$23,528,488

Source: Financial Feasibility Report and Supplement.

<sup>(1)</sup> Historical operating results through September 30, 2024 are as reported in each of the City's ACFRs for each respective Fiscal Year. Fiscal Year 2025 figures were derived based upon unaudited financial data, and Fiscal Year 2025 figures derived based upon the City staff's adopted budget and staff projections, as well as the Financial Feasibility Report and Supplement attached hereto as Appendix F, and are unaudited. See also "RISK FACTORS – Impact of COVID-19" for additional information on Fiscal Years 2020 and 2021.



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

## **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 2025 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 2025 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2025 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, had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The City's utility revenues for Fiscal Year 2020, although higher than Fiscal Year 2019, were below budget, although those rebounded in Fiscal Year 2021. No assurance can be given regarding the impact of any future similar pandemic on the City's Pledged Funds.

### **[Municipal Bond Insurance Risk Factors]**

In the event of default of the payment of principal or interest with respect to the 2025 Bonds when all or some becomes due, any owner of the 2025 Bonds shall have a claim under the bond insurance policy provided by \_\_\_\_\_ (the "Policy") for such payments. In addition, upon the occurrence of an event of insolvency of the City, \_\_\_\_\_ will act as agent and attorney-in-fact for the owners of the 2025 Bonds. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or otherwise, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The payment of principal and interest in connection with optional prepayment of the 2025 Bonds by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by \_\_\_\_\_ at such time and in such amounts as would have been due absent such prepayment by the City, unless \_\_\_\_\_ chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of \_\_\_\_\_ without appropriate consent. \_\_\_\_\_ may direct and must consent to any remedies and \_\_\_\_\_'s consent may be required in connection with amendments to the Resolution.

In the event \_\_\_\_\_ is unable to make payment of principal and interest as such payments become due under the Policy, the 2025 Bonds are payable solely from the moneys received pursuant to the Resolution. In the event \_\_\_\_\_ becomes obligated to make payments with respect to the 2025 Bonds, no assurance is given that such event will not adversely affect the market price of the 2025 Bonds or the marketability (liquidity) for the 2025 Bonds.

The long-term ratings on the 2025 Bonds are dependent in part on the financial strength of \_\_\_\_\_ and its claim paying ability. \_\_\_\_\_'s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of \_\_\_\_\_ and of the ratings on the 2025 Bonds will not be subject to downgrade, and such event could adversely affect the market price of the 2025 Bonds or the marketability (liquidity) for 2025 Bonds. See "RATINGS" herein.

The obligations of \_\_\_\_\_ are contractual obligations, and in an event of default by \_\_\_\_\_, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the City nor the Underwriter has made independent investigation into the claims paying ability of \_\_\_\_\_, and no assurance or representation regarding the financial strength or projected financial strength of \_\_\_\_\_ is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the 2020 Bonds and the claims paying ability of \_\_\_\_\_, particularly over the life of the investment.

## **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the 2025 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 2025 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 & Rubin, P.A., West Palm Beach, Florida, City Attorney, and for the Underwriters by \_\_\_\_\_, \_\_\_\_\_, Florida. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, has also acted as disclosure counsel to the City in connection with the issuance of the 2025 Bonds.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of the Bond Counsel, the form of which is included as APPENDIX C attached hereto, the interest on the 2025 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions; provided, however, with respect to certain corporations, interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income from the purpose of computing the alternative minimum tax imposed on such corporations. Failure by the City to comply

subsequently to the issuance of the 2025 Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to requirements regarding the use, expenditure and earnings to the Treasury of the United States, may cause interest on the 2025 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the 2025 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 2025 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the 2025 Bonds and the payments of certain arbitrage earnings in excess of the "yield" on the 2025 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the 2025 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 2025 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 2025 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 inside 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 2025 Bonds. Prospective purchasers of the 2025 Bonds should be aware that the ownership of the 2025 Bonds may result in other collateral federal tax consequences. For example, ownership of the 2025 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such 2025 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the 2025 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the 2025 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

**PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2025 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 2025 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the 2025 Bonds should consult their tax advisors as to the income tax status of interest on the 2025 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 2025 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 2025 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 2025 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 2025 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 2025 Bonds. The further introduction or enactment of one or more of such proposals could affect the market price or marketability of the 2025 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 2025 Bonds, or in any way contesting or affecting the validity of the 2025 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 2025 Bonds, or the existence or powers of the City with respect to the 2025 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.

## **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 2025 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 2025 Bonds.

## **FINANCIAL STATEMENTS**

The annual financial statements of the City, for the fiscal year ended September 30, 2023, and report thereon of RSM US LLP are included in APPENDIX D attached hereto. The 2025 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 division of Standard & Poor's Financial Services, LLC, is expected to assign a rating on the 2025 Bonds of "\_\_\_\_" (stable outlook) based on the delivery of the standard policy of bond insurance by \_\_\_\_\_.] In addition, Moody's Investors Service, Inc. has assigned its municipal bond rating of "\_\_\_\_" to the 2025 Bonds. The ratings reflect only the views of said rating agencies, and an explanation of the ratings and outlook may be obtained only from said rating agencies. There is no assurance that such ratings and outlook will continue for any given period of time or that they will not be lowered or withdrawn entirely by either rating agency, if in its judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings or outlook may have an adverse effect on the market price of the 2025 Bonds.

## **FINANCIAL ADVISOR**

The City has retained Davenport & Company LLC, Richmond, Virginia (the "Financial Advisor"), in connection with the preparation and issuance of the 2025 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 2025 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 2025 Bonds if any 2025 Bonds are purchased. The 2025 Bonds may be offered and sold to certain dealers (including dealers depositing such 2025 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 offers 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 2025 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 2025 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 2025 Bonds. Payment of all or a portion of the fees of such professionals relating to the issuance of the 2025 Bonds and compensation to the Underwriters in the form of a purchase price discount and counsel to the Underwriters are each contingent upon the issuance of the 2025 Bonds.

### **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the 2025 Bondholders to provide certain financial information and operating data relating to the City and the 2025 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 2025 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," attached hereto, which shall be executed by the City at the time of issuance of the 2025 Bonds. These covenants have been made in order to assist the Underwriters in complying with the Rule. In 2021, the City was one day late in filing its Fiscal Year 2020 unaudited financial statements with EMMA, when the audited financial statements for such fiscal year were not yet available. The City has taken steps to ensure that it complies with this requirement in the future.

With respect to the 2025 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. Except as otherwise described in this section, 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 2025 Bonds, the security for the payment of the 2025 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 2025 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, have been duly authorized and approved by the City Commission of the City. Concurrently with the delivery of the 2025 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 2025 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: \_\_\_\_\_  
Interim 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 43,000. The median age has declined over the past two decades from 50 years to 37 years. Tourism, retail and construction are the main industries supporting the local economy. Over the past few decades, the City downtown and historic neighborhoods have undergone a cultural renaissance. 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 two-year terms and are elected on a nonpartisan basis by residents of the City. The Mayor is elected at-large to serve a two-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>
Betty Resch, Mayor	March 2024	March 2028
Sarah Malega, Commissioner	March 2024	March 2028
Christopher McVoy, Commissioner	March 2024	March 2028
Mimi May, Commissioner	March 2024	March 2028
Anthony Segrich	March 2025	March 2029

## 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 2023 Census, was 43,432. The resident population of the City for the last six (6) years is estimated as follows:

Year	Population
2018	38,267
2019	38,484
2020	42,219
2021	42,572
2022	42,637
2023	43,432

Source: City of Lake Worth Beach.

## Economic Data

### Unemployment Rate (as of September 2023)

	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
Palm Beach County	788,964	755,532	23,432	3.0%
Florida	10,988,566	10,668,886	319,680	3.4
U.S.	166,661,000	134,006,000	13,700,000	3.6

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

## 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, 2023," attached hereto, 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, 2019.

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The components of the net pension liability of the City at September 30, 2023, were as follows:

	General Employees' Retirement System	Police Officers' Relief and Retirement System	Firefighters' Pension Trust Fund
Total pension liability	\$109,787,870	\$54,458,730	\$67,361,974
Plan fiduciary net position	(68,728,004)	(35,632,405)	(49,321,196)
Net pension liability	\$41,059,866	\$18,826,325	\$18,040,778
Plan fiduciary net position as a percentage of the total pension liability	62.60%	65.43%	73.22%

**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, 2021, Measurement Date	\$106,607,780	\$83,097,734	\$23,510,046
Changes for the year:			
Service cost	1,468,610	-	1,468,610
Interest	7,367,563	-	7,367,563
Differences between expected and actual experience	1,972,829	-	1,972,829
Changes in assumptions	986,888	-	986,888
Contributions – Employer	-	4,422,607	(4,422,607)
Contributions – Employee	-	1,231,525	(1,231,525)
Net investment income	-	(11,264,335)	(11,264,335)
Benefit payments	(8,615,800)	(8,615,800)	-
Administrative expenses	-	(143,727)	143,820
Net changes	3,180,090	(14,369,730)	17,549,820
Balances, as of September 30, 2022, Measurement Date	\$109,787,870	\$68,728,004	\$41,059,866

**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, 2021, Measurement Date	\$53,451,276	\$41,545,013	\$11,906,263
Changes for the year:			
Service cost	219,654	-	219,654
Interest	3,529,421	-	3,529,421
Differences between expected and actual experience	616,756	-	616,756
Changes of assumption	638,628	-	638,628
Other (addition to share plan accounts)	296,075	-	296,075
Contributions – Employer and State	-	4,206,344	(4,206,344)
Contributions – Employee	-	62,459	(62,459)
Net investment income	-	(5,781,568)	5,781,568
Benefit payments	(4,293,080)	(4,293,080)	-
Administrative expenses	-	(106,763)	106,763
Net changes	1,007,454	(5,912,608)	6,920,062
Balances, as of September 30, 2022, Measurement Date	\$54,458,730	\$35,632,405	\$18,826,325

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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, 2021, Measurement Date	\$65,984,902	\$58,949,730	\$7,035,172
Changes for the year:			
Service cost	88,985	-	88,985
Interest	4,419,682	-	4,419,682
Differences between expected and actual			
Experience	140,211	-	140,211
Changes in assumptions	769,244	-	769,244
Other (addition to share plan accounts)	316,920	316,920	-
Contributions – Employer and State	-	3,649,567	(3,649,567)
Contributions – Employee	-	17,436	(17,436)
Net investment income	-	(9,166,175)	9,166,175
Benefit payments	(4,357,970)	(4,357,970)	-
Administrative expenses	-	(88,312)	88,312
Net changes	1,377,072	(9,628,534)	11,005,606
Balances, as of September 30, 2022, Measurement Date	\$67,361,974	\$49,321,196	\$18,040,778

### 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	471
Inactive plan members entitled to but not yet receiving benefits	97
Active plan members	288
Total plan members	856

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, 2020, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability	\$2,151,968
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$2,151,968</u>
Funded ratio	0.0%
Covered payroll	\$19,192,059
UAAL as a percentage of covered payroll	10.20%]

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**PRINCIPAL EMPLOYERS  
CITY OF LAKE WORTH BEACH, FLORIDA  
FISCAL YEAR 2023**

Employer	Number of Employees
Palm Beach State College	2,393
Musa Holdings Inc	700
City of Lake Worth Beach	358
Bomar Trimming	350
Eastern Metal Supply	207
Sunrise Detox	206
Care Health Services Inc	200
Fountains Country Club	180
Alivi	175
Finnish American Rest Home	100

Source: City of Lake Worth Beach, Florida.

**Principal Taxpayers**

The following table lists the ten principal taxpayers within the City, the 2023 taxable valuation and the percent of total assessed valuation for such taxpayers.

**PRINCIPAL TAXPAYERS**

Rank	Top Ten Principal Taxpayers	Taxable Value
1.	1017 Lake Ave LLC	\$42,017,021
2.	1601 Dixie LLC	40,137,269
3.	SL Boutwell Business Center II LLC	36,020,197
4.	Oakwood Townhomes LP	28,663,232
5.	CubeSmart LP	25,236,248
6.	Case Power & Equipment	18,262,587
7.	Lake Worth AFL RE LLC	16,941,776
8.	Stag Industrial Holdings LLC	16,427,619
9.	Palm Beach Mobile Home Park, LLC	14,327,488
10.	Florida Public Utilities	13,206,113

Source: City of Lake Worth.

**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
2014	\$6,561,373	\$5,694,788	86.79%	\$374,692	\$6,069,480	92.50%
2015	6,668,511	6,277,985	94.14	132,548	6,410,533	96.13
2016	7,225,095	6,951,573	96.21	5,404	6,956,977	96.29
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
2020	13,179,530	12,737,088	96.64	-	12,737,088	96.64
2021	14,359,890	13,888,771	96.72	-	13,888,771	96.72
2022	15,440,103	14,910,711	96.57	-	14,910,711	96.57
2023	17,185,722	16,718,289	97.28	-	16,718,289	97.28

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

**ASSESSED VALUE TAXABLE PROPERTY  
LAST TEN FISCAL YEARS (in thousands)  
CITY OF LAKE WORTH BEACH, FLORIDA**

Fiscal Year	Residential Property	Commercial Property	Railroad Property	Total Net Assessed Value	Total Direct Tax Rate
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
2020	2,119,926	48,866	7,413	2,176,205	10.06
2021	2,279,223	50,961	7,512	2,337,696	10.06
2022	2,704,149	58,266	7,963	2,770,378	10.06
2023	3,127,783	80,749	8,706	3,217,238	9.87

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	
Governmental Unit:	Debt Outstanding	Percentage	Amount
<b>Overlapping:</b>			
Palm Beach County	\$16,370,000	1.08%	\$176,708
Palm Beach School Board	<u>6,240,000</u>	1.08%	<u>67,358</u>
	<b>Subtotal</b>		<u>\$244,066</u>
<b>Direct Debt:</b>			
City of Lake Worth Beach	<u>\$49,488,642</u>	100%	<u>\$49,488,642</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$49,732,708</u>

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

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

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## APPENDIX C

### FORM OF BOND COUNSEL OPINION

*Upon delivery of the Series 2025 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to the Series 2025 Bonds in substantially the following form:*

\_\_\_\_\_, 2025

City Commission of the  
City of Lake Worth Beach, Florida  
Lake Worth Beach, Florida

Commissioner Members:

We have examined a record of proceedings relating to the issuance of \$\_\_\_\_\_ City of Lake Worth Beach, Florida Consolidated Utility Revenue Bonds, Series 2025 (the "2025 Bonds"). The 2025 Bonds are issued under the authority of the Laws of the State of Florida, including Chapter 166, Part II of Florida Statutes, the City Charter, the Constitution of the State of Florida, and other applicable provisions of law, and pursuant to Resolution No. 45-2020, adopted by the City Commission of the City of Lake Worth Beach, Florida (the "City") on October 6, 2020, as amended and supplemented from time to time, and particularly as supplemented by Resolution No. \_\_\_\_-2025, adopted \_\_\_\_\_, 2025 (collectively, the "Resolution").

The 2025 Bonds are dated and shall bear interest from the date hereof, except as otherwise provided in the Resolution. The 2025 Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Resolution and set forth in the Official Statement executed in connection with the sale of the 2025 Bonds (the "Official Statement"). Interest on the 2025 Bonds shall be payable on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1, commencing on \_\_\_\_\_ 1, 2025. The 2025 Bonds are subject to redemption prior to maturity in accordance with the Resolution and as set forth in the final Official Statement.

The 2025 Bonds are issued for the principal purpose of providing funds which will be sufficient to (i) provide financing the acquisition, construction and equipping of capital improvements to the City's consolidated electric, water and sewer utility system (the "System"), and (ii) pay costs of issuance relating to the 2025 Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Resolution, and in the certified proceedings relating thereto and to the issuance of the 2025 Bonds and other certifications of public officials furnished to us in connection therewith, without undertaking to verify the same by independent investigation. Furthermore, we

have assumed continuing compliance with the covenants and agreements contained in the Resolution. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the 2025 Bonds, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The City is a duly created and validly existing municipal corporation and public body corporate and politic of the State of Florida.

2. The City has the right and power under the Constitution and laws of the State of Florida to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the City, is in full force and effect in accordance with its terms and is valid and binding upon the City and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Funds (as such term is defined in the Resolution), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The City is duly authorized and entitled to issue the 2025 Bonds and the 2025 Bonds have been duly and validly authorized and issued by the City in accordance with the Constitution and laws of the State of Florida and the Resolution. The 2025 Bonds constitute valid and binding obligations of the City as provided in the Resolution and are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws pursuant to which they are issued. The 2025 Bonds do not constitute a general indebtedness of the City or the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are solely payable from the Pledged Funds in the manner and to the extent provided in the Resolution. No holder of the 2025 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the City or the State of Florida or any political subdivision, agency or department thereof to pay the 2025 Bonds.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the 2025 Bonds is excluded from gross income for federal income tax purposes, except that such exclusion shall not apply to interest on the 2025 Bonds for any period which such 2025 Bonds are held by a person who is a "substantial user" of the project or a "related person" within the meaning of Section 147(a) of the Code. Interest on the 2025 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 2025 Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply



with certain of such requirements could cause the interest on the 2025 Bonds to be so included in gross income retroactive to the date of issuance of the 2025 Bonds. The City has covenanted in the Resolution to comply with all such requirements. Ownership of the 2025 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the 2025 Bonds.

It should be noted that, except as may expressly be set forth in an opinion delivered by us to the underwriters and the City (on which opinion only they may rely) for the 2025 Bonds on the date hereof, we have not been engaged or undertaken to review (1) the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2025 Bonds and we express no opinion relating thereto, or (2) the compliance with any federal or state law with regard to the sale or distribution of the 2025 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the 2025 Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the 2025 Bonds and, in our opinion, the form of the 2025 Bonds is regular and proper.

Respectfully submitted,

**APPENDIX D**

**AUDITED GENERAL FINANCIAL STATEMENTS OF THE CITY FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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## **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 2025 (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. \_\_\_\_-2025, adopted by the City Commission of the City of Lake Worth Beach, Florida on \_\_\_\_\_, 2025 (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, 2024 with respect to the report for the 2023-2024 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 \_\_\_\_\_, 2025 (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 Certification L.L.C.

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 \_\_\_\_\_, 2025

(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 2025

Date of Issuance: \_\_\_\_\_, 2025

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 \_\_\_\_\_, 2025. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_\_.

Dated:

CITY OF LAKE WORTH BEACH, FLORIDA

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

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

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

**APPENDIX F**  
**FINANCIAL FEASIBILITY REPORT AND SUPPLEMENT**

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**APPENDIX G**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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**EXHIBIT C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## **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 2025 (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. \_\_\_\_-2025, adopted by the City Commission of the City of Lake Worth Beach, Florida on April 29, 2025 (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, 2025 with respect to the report for the 2024-2025 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 \_\_\_\_\_, 2025 (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 Certification L.L.C.

**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 \_\_\_\_\_, 2025

(SEAL)

CITY OF LAKE WORTH BEACH,  
FLORIDA

By: \_\_\_\_\_  
Betty Resch, Mayor

ATTEST:

By: \_\_\_\_\_  
Melissa Ann Coyne, 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 2025

Date of Issuance: \_\_\_\_\_, 2025

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 \_\_\_\_\_, 2025. 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**

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## INSURANCE AGREEMENT

**THIS INSURANCE AGREEMENT**, dated \_\_\_\_\_, 2025 (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 No. \_\_\_\_\_ (the "Policy") and its Municipal Bond Debt Service Reserve Insurance Policy No. \_\_\_\_\_ (the "Reserve Policy") with respect to the Issuer's Consolidated Utility Revenue Bonds, Series 2025 (the "Series 2025 Bonds") issued under the Issuer's Resolution No. 45-2020, adopted October 6, 2020 (the "Original Resolution"), as supplemented by its Resolution No. \_\_\_\_\_, adopted April 29, 2025 (collectively with the Original Resolution, the "Resolution") and the Issuer's payment to the Bond Insurer of the insurance premiums for the Policy and the Reserve 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 Series 2025 Bonds or the Paying Agent under the Resolution.

The notice address of \_\_\_\_\_ is: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, Attention: Surveillance, Re: Policy No. \_\_\_\_\_, 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. Defeasance. The investments in any defeasance escrow relating to the Series 2025 Bonds shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by \_\_\_\_\_.

At least (three) 3 Business Days prior to any defeasance with respect to the Series 2025 Bonds, the Issuer shall deliver to \_\_\_\_\_ draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Series 2025 Bonds, and a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to \_\_\_\_\_ and shall be in form and substance satisfactory to \_\_\_\_\_. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion from gross income of the holders of the Series 2025 Bonds of the interest on the Series 2025 Bonds for federal income tax purposes and the prior written consent of \_\_\_\_\_, which consent will not be unreasonably withheld.

(b) The Issuer will not exercise any prior optional redemption of Series 2025 Bonds secured by an escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to \_\_\_\_\_ a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Issuer shall not amend such escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of \_\_\_\_\_. Any escrow agent must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by \_\_\_\_\_ in writing.

3. Paying Agent.

(a) \_\_\_\_\_ shall receive prior written notice of any name change of the paying agent (the "Paying Agent") for the Series 2025 Bonds or the resignation or removal of the Paying Agent.

(b) No removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to \_\_\_\_\_, shall be qualified and appointed.

4. Amendments, Supplements and Consents. \_\_\_\_\_'s prior written consent is required for all amendments and supplements to the Resolution, with the exceptions noted below. The Issuer shall send copies of any such amendments or supplements to \_\_\_\_\_ and the rating agencies which have assigned a rating to the Series 2025 Bonds.

(a) *Consent of \_\_\_\_\_.* Any amendments or supplements to the Resolution shall require the prior written consent of \_\_\_\_\_ with the exception of amendments or supplements:

i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the Resolution or in any supplement thereto, or

ii. To grant or confer upon the holders of the Series 2025 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Series 2025 Bonds, or

iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Resolution other conditions, limitations and restrictions thereafter to be observed, or

iv. To add to the covenants and agreements of the Issuer in the Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power therein reserved to or conferred upon the Issuer, or

v. To issue additional parity debt in accordance with the requirements set forth in the Resolution, or

vi. Otherwise permitted under Section 8.01 of the Resolution.

(b) *Consent of \_\_\_\_\_ in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, any provision of the Resolution that requires the consent of holders of the Series 2025 Bonds shall be subject to the prior written consent of \_\_\_\_\_.

(c) *Insolvency.* Any reorganization or liquidation plan with respect to the Issuer must be acceptable to \_\_\_\_\_. The Paying Agent and each owner of the Series 2025 Bonds shall be deemed to have appointed \_\_\_\_\_ as their agent and attorney-in-fact with respect to the Series 2025 Bonds and agree that \_\_\_\_\_ may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Paying Agent and each owner of the Series 2025 Bonds shall be deemed to have delegated and assigned to \_\_\_\_\_, to the fullest extent permitted by law, the rights of the Paying Agent and each owner of the Series 2025 Bonds with respect to the Series 2025 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(d) *Consent of \_\_\_\_\_ Upon Default.* Anything in the Resolution to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, \_\_\_\_\_ shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2025 Bonds or the Paying Agent for the

benefit of the holders of the Series 2025 Bonds under the Resolution. No default or event of default may be waived without \_\_\_\_\_'s written consent.

(e) \_\_\_\_\_ *as Owner*. Upon the occurrence and continuance of a default or an event of default, \_\_\_\_\_ shall be deemed to be the sole owner of the Series 2025 Bonds for all purposes under the Resolution, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) *Reserved*.

(g) *Grace Period for Payment Defaults*. No grace period shall be permitted for payment defaults on the Series 2025 Bonds. Except as provided in the Resolution, no grace period for a covenant default shall exceed 30 days without the prior written consent of \_\_\_\_\_.

(h) *Special Provisions for Insurer Default*. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) 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 Series 2025 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, "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 for 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).

5. \_\_\_\_\_ as Third Party Beneficiary. \_\_\_\_\_ is recognized as and shall be deemed to be a third party beneficiary of the Resolution and may enforce the provisions of the Resolution as if it were a party thereto.

6. Payment Procedure Under the Policy. In the event that principal and/or interest due on the Series 2025 Bonds shall be paid by \_\_\_\_\_ pursuant to the Policy, the Series 2025 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the Pledged Funds (as defined in the

Resolution) and 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.

In the event that on the second (2<sup>nd</sup>) business day prior to any payment date on the Series 2025 Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Series 2025 Bonds due on such payment date, the Paying Agent shall immediately notify \_\_\_\_\_ or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify \_\_\_\_\_ or its designee.

In addition, if the Paying Agent has notice that any holder of the Series 2025 Bonds has been required to disgorge payments of principal of or interest on the Series 2025 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent shall notify \_\_\_\_\_ or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of \_\_\_\_\_.

The Paying Agent shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2025 Bonds as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Series 2025 Bonds, the Paying Agent shall (i) execute and deliver to \_\_\_\_\_, in form satisfactory to \_\_\_\_\_, an instrument appointing \_\_\_\_\_ as agent and attorney-in-fact for such holders of the Series 2025 Bonds in any legal proceeding related to the payment and assignment to \_\_\_\_\_ of the claims for interest on the Series 2025 Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from \_\_\_\_\_ with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the "\_\_\_\_\_ Policy Payment Account") to be used only to make scheduled payments of principal of and interest on the Series 2025 Bonds, and (iv) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Series 2025 Bonds, the Paying Agent shall (i) execute and deliver to \_\_\_\_\_, in form satisfactory to \_\_\_\_\_, an instrument appointing \_\_\_\_\_ as agent and attorney-in-fact for such holder of the Series 2025 Bonds in any legal proceeding related to the payment of such principal and an assignment to \_\_\_\_\_ of the Series 2025 Bonds surrendered to \_\_\_\_\_, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from \_\_\_\_\_, (iii) segregate all such payments in the \_\_\_\_\_ Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Series 2025 Bonds, and (iv) disburse the same to such holders.

The Paying Agent shall designate any portion of payment of principal on Series 2025 Bonds paid by \_\_\_\_\_, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2025 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue replacement Series 2025 Bonds to \_\_\_\_\_, registered in the name directed by \_\_\_\_\_, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Series 2025 Bonds shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2025 Bonds or the subrogation or assignment rights of \_\_\_\_\_.

Payments with respect to claims for interest on and principal of Series 2025 Bonds disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Series 2025 Bonds, and \_\_\_\_\_ shall become the owner of such unpaid Series 2025 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Resolution shall not be discharged or terminated unless all amounts due or to become due to \_\_\_\_\_ have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent agree for the benefit of \_\_\_\_\_ that:

(a) They recognize that to the extent \_\_\_\_\_ makes payments directly or indirectly (*e.g.*, by paying through the Paying Agent), on account of principal or interest on the Series 2025 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 Resolution and the Series 2025 Bonds; and

(b) They will accordingly pay to \_\_\_\_\_ the amount of such principal and interest, with interest thereon as provided in the Resolution and the Series 2025 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Series 2025 Bonds to holders, and will otherwise treat \_\_\_\_\_ as the owner of such rights to the amount of such principal and interest.

7. Additional Payments. The Issuer agrees unconditionally that it will pay or reimburse \_\_\_\_\_ on demand, solely from Pledged Funds under the Resolution, 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 Resolution ("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.

Notwithstanding anything herein to the contrary, the Issuer agrees to pay to \_\_\_\_\_, solely from Pledged Funds (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, including without limitation post-default application of revenue provisions, the Issuer hereby covenants and agrees that the \_\_\_\_\_ Reimbursement Amounts are payable from and secured by the Pledged Funds on a parity with debt service due on the Series 2025 Bonds.

8. Debt Service Reserve Account. The prior written consent of \_\_\_\_\_ shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the 2020 Subaccount of the Reserve Account established under the Resolution, if any. Amounts on deposit in the 2020 Subaccount of the Reserve Account shall be applied solely to the payment of debt service due on the Series 2025 Bonds.

9. Exercise of Rights by \_\_\_\_\_. The rights granted to \_\_\_\_\_ under the Resolution to request, consent to or direct any action are rights granted to \_\_\_\_\_ in consideration of its issuance of the Policy. Any exercise by \_\_\_\_\_ of such rights is merely an exercise of \_\_\_\_\_'s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Series 2025 Bonds and such action does not evidence any position of \_\_\_\_\_, affirmative or negative, as to whether the consent of the holders of the Series 2025 Bonds or any other person is required in addition to the consent of \_\_\_\_\_.

10. Rights of \_\_\_\_\_ to Make Payment. \_\_\_\_\_ shall be entitled to pay principal or interest on the Series 2025 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy), whether or not \_\_\_\_\_ has received a claim upon the Policy.

11. No Sale of System. So long as the Series 2025 Bonds are outstanding or any amounts are due and payable to \_\_\_\_\_, the Issuer shall not sell, lease, transfer, encumber or otherwise dispose of the System (as defined in the Resolution) or any material portion thereof, except upon obtaining the prior written consent of \_\_\_\_\_.

12. Other Contracts. No contract shall be entered into or any action taken by which the rights of \_\_\_\_\_ or security for or source of payment of the Series 2025 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of \_\_\_\_\_.

13. Other Defaults. If an event of default occurs under any agreement pursuant to which any Obligation of the Issuer has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Series 2025 Bonds or \_\_\_\_\_, as \_\_\_\_\_ may

determine in its sole discretion, then an event of default shall be deemed to have occurred under the Resolution for which \_\_\_\_\_ shall be entitled to exercise all available remedies under the Resolution, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Series 2025 Bonds.

14. 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 5%, and (ii) the then applicable highest rate of interest on the Series 2025 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 Series 2025 Bonds when due.

15. Reserve Policy Provisions. With respect to the Reserve Policy, notwithstanding anything to the contrary set forth in the Resolution, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) The Issuer shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by \_\_\_\_\_. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Bond Insurer at the Late Payment Rate.

(b) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(c) Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.



(d) All cash and investments, if any, in the 2020 Subaccount of the Reserve Account established for the Series 2025 Bonds shall be used to pay debt service on the Series 2025 Bonds before any drawing may be made on the Reserve Policy or any other Reserve Account Insurance Policy (as defined in the Resolution) in lieu of cash. Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Account Insurance Policies securing the Series 2025 Bonds (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the 2020 Subaccount of the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Account Insurance Policies shall be made on a pro-rata basis prior to replenishment of any cash drawn from the 2020 Subaccount of the Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(e) Draws under the Reserve Policy may only be used to make payments on the Series 2025 Bonds.

(f) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Resolution other than remedies which would adversely affect owners of the Series 2025 Bonds.

(g) The Resolution shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The Issuer's obligation to pay such amount shall expressly survive payment in full of the Series 2025 Bonds.

(h) The Paying Agent shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the Resolution and provide notice to the Bond Insurer at least three (3) business days prior to each date upon which interest or principal is due on the Series 2025 Bonds.

(i) The Reserve Policy shall expire on the earlier of the date the Series 2025 Bonds are no longer outstanding and the final maturity date of the Series 2025 Bonds.

(j) Policy Costs due and owing shall be included in debt service requirements for purposes of the Additional Bonds test and the rate covenant under the Resolution.

**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

DRAFT

**EXHIBIT E**

**FORM OF CUSTODY AGREEMENT**

DRAFT

## CUSTODY AGREEMENT

This custody agreement (the “Agreement”) dated as of \_\_\_\_\_, 2025 (the “Effective Date”), is between U.S. BANK TRUST COMPANY, 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 “Consolidated Utility Bonds 2025 Construction Subaccount” and “Consolidated Utility Bonds 2022 Cost of Issuance Subaccount”.

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" company, 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 Company 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 company, 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 company 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 Trust Company, National Association  
ATTN: Global Corporate Trust  
Address: 500 West Cypress Creek Road, Suite 460  
Fort Lauderdale, FL 33309  
Telephone: 954/938-2471

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 Assets, 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 Florida (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, to the extent allowed under Florida law, 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 Florida'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]*

DRAFT

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 TRUST COMPANY, NATIONAL  
ASSOCIATION, as Custodian**

By: \_\_\_\_\_  
Betty Resch, Mayor

By: \_\_\_\_\_  
Robert Hedgecock, Assistant Vice President

ATTEST:

\_\_\_\_\_  
Melissa Ann Coyne, City Clerk

APPROVED AS TO FORM:

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

DRAFT

## SCHEDULE A

### U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION Investment Authorization Form

#### DESCRIPTION AND TERMS

The U.S. Bank Money Market Deposit Account is a U.S. Bank Trust Company, 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>Betty Resch, Mayor</u>	<u>  </u>	<u>561/586-1735</u>
Name	Specimen signature	Telephone No.
<u>Jamie Brown, City Manager</u>	<u>  </u>	<u>561/586-1689</u>
Name	Specimen signature	Telephone No
<u>Yannick Ngendahayo , Finance Director</u>	<u>  </u>	<u>  </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