

**EXHIBIT C**

**FORM OF PRELIMINARY OFFICIAL STATEMENT**

**NEW ISSUE - FULL BOOK-ENTRY  
BOOK-ENTRY ONLY**

See "RATING" herein

*In the opinion of bond counsel, assuming compliance by the City with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2021 Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Series 2021 Bonds.*

\$ \_\_\_\_\_ \*  
**CITY OF PORT ST. LUCIE, FLORIDA  
UTILITY SYSTEM REVENUE BONDS  
SERIES 2021**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover**

The City of Port St. Lucie, Florida (the "City") is issuing its \$ \_\_\_\_\_ \* City of Port St. Lucie, Florida Utility System Revenue Bonds, Series 2021 (the "Series 2021 Bonds"). The Series 2021 Bonds will be issued only as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be available to purchasers only under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive delivery of the Series 2021 Bonds. So long as any purchaser is the Beneficial Owner (as defined herein) of a Series 2021 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of principal of, redemption premium, if any, and interest on such Series 2021 Bond. See "THE SERIES 2021 BONDS - Book-Entry Only System" herein. Interest on the Series 2021 Bonds will be payable semiannually on September 1 and March 1 of each year, commencing September 1, 2021. U.S. Bank National Association, Orlando, Florida will serve as initial Paying Agent and Bond Registrar.

Certain of the Series 2021 Bonds are subject to optional redemption prior to their maturity dates. See "THE SERIES 2021 BONDS — Redemption Provisions" herein.

The Series 2021 Bonds are being issued under the authority of, and in full compliance with, the Constitution and the laws of the State of Florida, including Chapter 166, Florida Statutes, as amended, the Charter of the City, and other provisions of law, and pursuant to Ordinance 94-29 enacted by the City Council (the "City Council") on June 27, 1994, as amended and supplemented from time to time, particularly as amended and supplemented by Ordinance 18-17 enacted by the City Council on April 9, 2018, as the same may be amended and supplemented from time to time, and as particularly amended and supplemented by Ordinance \_\_-\_\_ enacted by the City Council on \_\_\_\_\_, 2021 (collectively, the "Bond Ordinance"). Proceeds from the Series 2021 Bonds, together with other legally available funds, will be used to (i) finance various costs relating to the acquisition, construction and equipping of certain capital improvements to the System (as defined herein), and (ii) pay costs of issuing the Series 2021 Bonds. See "PURPOSE OF THE SERIES 2021 BONDS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2021 Bonds, and the interest thereon, are limited, special obligations of the City payable from and secured solely by a pledge of and lien on the Pledged Revenues (as defined herein) on a parity with the City's \$119,445,000 Utility System Refunding and Improvement Revenue Bonds, Series 2007 (currently Outstanding in the principal amount of \$\_\_\_\_\_ ) (the "Series 2007 Bonds"), the City's \$21,375,000 Utility System Refunding Revenue Bonds, Series 2012 (currently Outstanding in the principal amount of \$\_\_\_\_\_ ) (the "Series 2012 Bonds"), the City's \$29,585,000 Utility System Refunding Revenue Bonds, Series 2014 (currently Outstanding in the amount of \$\_\_\_\_\_ ) (the "Series 2014 Bonds"), the City's \$206,970,000 Utility System Refunding Revenue Bonds, Series 2016 (currently Outstanding in the amount of \$\_\_\_\_\_ ) (the "Series 2016 Bonds") and the City's \$8,305,000 Utility System Refunding Revenue Bonds, Series 2018 (currently outstanding in the amount of \$\_\_\_\_\_ ) (the "Series 2018 Bonds") and any subsequently issued additional bonds (collectively, the "Parity Bonds"). The Series 2021 Bonds, the Parity Bonds and any subsequently issued additional bonds shall be referred to herein as the "Bonds." For a discussion of the security for the Series 2021 Bonds, see "SECURITY FOR THE SERIES 2021 BONDS" herein.

The Series 2021 Bonds are payable from and secured solely by the Pledged Revenues to the extent and in the manner provided in the Bond Ordinance. The Series 2021 Bonds shall not be deemed to constitute a pledge of the faith and credit of the State of Florida (the "State") or of any political subdivision thereof, or the City. Neither the faith and credit of the State or any political subdivision thereof nor the faith and credit of the City are pledged to the payment of the principal of or redemption premium, if any, or interest on the Series 2021 Bonds, and the issuance of the Series 2021 Bonds shall not directly or indirectly or contingently obligate the State, or any political subdivision thereof, or the City to levy ad valorem taxes whatever therefor or to make any appropriation for their payment except from the Pledged Revenues described herein, to the extent and in the manner provided in the Bond Ordinance. The Series 2021 Bonds do not constitute a lien upon any property of or in the City, other than the Pledged Revenues, to the extent and in the manner provided in the Bond Ordinance.

*The Series 2021 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the opinion on certain legal matters relating to their issuance by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed on for the City by James D. Stokes, Esq., Interim City Attorney and Bryant Miller Olive P.A., Miami, Florida, Disclosure Counsel. The Underwriter is being represented by Nelson Mullins Broad and Cassel, Orlando, Florida. PFM Financial Advisors LLC, Orlando, Florida is serving as Financial Advisor to the City with respect to the Series 2021 Bonds. It is expected that settlement for the Series 2021 Bonds will occur through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2021.*

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

**Raymond James**

**PNC Capital Markets LLC**

Dated: \_\_\_\_\_, 2021

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

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

**CITY OF PORT ST. LUCIE, FLORIDA  
UTILITY SYSTEM REVENUE BONDS,  
SERIES 2021**

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

\$ \_\_\_\_\_ \*Serial Series 2021 Bonds

<u>Maturity (September 1)*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial CUSIP Number**</u>
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\$ \_\_\_\_\_ % Term Bonds due September 1, \_\_\_\_; Price \_\_\_\_, Yield \_\_\_\_%, Initial CUSIP No. \_\_\_\_\_ \*\*

\$ \_\_\_\_\_ % Term Bonds due September 1, \_\_\_\_; Price \_\_\_\_, Yield \_\_\_\_%, Initial CUSIP No. \_\_\_\_\_ \*\*

\* Preliminary, subject to change.

\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standards & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the purchasers of the Series 2021 Bonds. Neither the City nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

RED HERRING LANGUAGE:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

**CITY OF PORT ST. LUCIE, FLORIDA**

City Hall  
121 S.W. Port St. Lucie Boulevard  
Port St. Lucie, Florida 34984  
772-871-5157

**MEMBERS OF THE CITY COUNCIL**

Gregory J. Oravec, Mayor  
Shannon M. Martin, Vice Mayor  
Jolien Caraballo, Councilwoman  
Stephanie Morgan, Councilwoman  
David Pickett, Councilman

---

**CITY OFFICIALS**

**City Manager**

Russell D. Blackburn

**Chief Financial Officer**

Jeffery L. Snyder

**City Attorney**

James D. Stokes, Esq.

**City Clerk**

Karen A. Phillips

**Utility Systems Director**

Brad Macek

---

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Orlando, Florida

**CONSULTING ENGINEER**

Holtz Consulting Engineers, Inc.  
Stuart, Florida

**FINANCIAL FEASIBILITY CONSULTANT**

Raftelis Financial Consultants, Inc.  
Maitland, Florida

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those 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 or the Underwriters. This Official Statement neither constitutes an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City, DTC (as to itself and the book-entry only system) and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the City since the date hereof.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibility 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.

Upon issuance, the Series 2021 Bonds will not be registered under the Securities Act of 1933 or any state securities law, will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission (the "SEC") nor any other federal, state, municipal or other governmental entity, other than the City, will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2021 Bonds for sale. The Bond Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exceptions contained in such Act.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement they may be obtained from Karen A. Phillips, City Clerk, 121 S.W. Port St. Lucie Boulevard, Port St. Lucie, Florida 34984, (772) 871-5157, upon prepayment of reproduction costs, postage and handling expenses.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2021 BONDS HAS BEEN FILED WITH THE SEC OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2021 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS "ESTIMATED SOURCES AND USES OF FUNDS" AND "INVESTMENT CONSIDERATIONS." THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.



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**OFFICIAL STATEMENT  
OF  
CITY OF PORT ST. LUCIE, FLORIDA**

§ \_\_\_\_\_ \*  
**Utility System Revenue Bonds  
Series 2021**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, inside cover page and the Appendices hereto, is to furnish certain information with respect to the issuance by the City of Port St. Lucie, Florida (the "City"), of its Utility System Revenue Bonds, Series 2021 being issued in the aggregate principal amount of \$ \_\_\_\_\_ \* (the "Series 2021 Bonds"). The Series 2021 Bonds are being issued under the authority of, and in full compliance with, the Constitution and the laws of the State of Florida, including Chapter 166, Florida Statutes, as amended, the Charter of the City, and other provisions of law, and pursuant to Ordinance 94-29 enacted by the City Council (the "City Council") on June 27, 1994, as amended and supplemented from time to time, particularly as amended and supplemented by Ordinance 18-17 enacted by the City Council on April 9, 2018, as the same may be amended and supplemented from time to time, and as particularly amended and supplemented by Ordinance \_\_-\_\_ enacted by the City Council on \_\_\_\_\_, 2021 (collectively, the "Bond Ordinance").

Capitalized terms used but not defined in this Official Statement shall have the same meaning ascribed in the Bond Ordinance unless the context would clearly indicate otherwise. The applicable definitions are contained in the composite of the Bond Ordinance attached as APPENDIX C hereto. The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Series 2021 Bonds, the security for the payment of the Series 2021 Bonds, and the rights and obligations of Registered Owners thereof. In particular, certain provisions of the Bond Ordinance are summarized herein, but these summaries are qualified by the complete provisions of the Bond Ordinance, and reference is made to the Bond Ordinance for additional provisions not summarized herein. Copies of such documents may be obtained from Karen A. Phillips, City Clerk, 121 S.W. Port St. Lucie Boulevard, Port St. Lucie, Florida 34984, (772) 871-5157, upon prepayment of reproduction costs, postage and handling expenses.

The assumptions, estimates, projections and matters of opinion contained in this Official Statement, whether or not so expressly stated, are set forth as such and not as matters of fact, and no representation is made that any of the assumptions or matters of opinion herein are valid or that any projections or estimates contained herein will be realized. Neither this Official Statement nor any other statement which may have been made verbally or in writing in connection with the Series 2021 Bonds, other than the Bond Ordinance, is to be construed as a contract with the Registered Owners of the Series 2021 Bonds.

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\*Preliminary, subject to change.

## PURPOSE OF THE SERIES 2021 BONDS

### General

The Series 2021 Bonds are being issued to provide funds, together with other legally available funds, to (i) finance various costs relating to the acquisition, construction and equipping of certain capital improvements to the System (as defined herein) (See “–The 2021 Project” below), and (ii) pay costs of issuing the Series 2021 Bonds.

### The 2021 Project

The 2021 Project is defined to include certain capital improvements to the System, including but not limited to, the following capital improvements, as more particularly described in the plans and specifications on file with the City, as the same may be amended and supplemented from time to time:

- four new western reverse osmosis Floridan wells for the Jacksonville Electric Authority (“JEA”) Water Treatment Plant;
- new western raw water main to connect the new wells to the JEA Water Treatment Plant;
- Relocation of water utility lines in connection with the Floresta Drive roadway improvements;
- a new deep injection well for the Prineville Water Treatment Facility;
- various upgrades to the Westport Wastewater Treatment Plant to meet new nutrient reduction requirements;
- extension of reuse water line one mile southwest of C24 canal to the Glades wastewater booster pumping station; and
- various upgrades to the Northport booster pump main to increase the capacity of wastewater flows to the Glades Wastewater Treatment Plant.

[Remainder of page intentionally left blank]

## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds associated with the issuance of the Series 2021 Bonds:

### Sources of Funds

Par Amount	
Plus/Less Net Original Issue Premium/Discount	_____
 Total Estimated Sources of Funds	 =====

### Use of Funds

Deposit to Construction Fund	
Underwriter's Discount <sup>(1)</sup>	
Costs of Issuance <sup>(2)</sup>	_____
 Total Estimated Uses of Funds	 =====

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<sup>(1)</sup> Includes Underwriters' counsel fees.

<sup>(2)</sup> Includes financial advisory fees, legal fees, rating agency fees, printing costs and other miscellaneous costs of issuance.

[Remainder of page intentionally left blank]

## THE SERIES 2021 BONDS

### General

The Series 2021 Bonds will be dated as of their date of delivery, will be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2021 Bonds will be payable semiannually on September 1 and March 1 of each year (each an "Interest Payment Date"), commencing on September 1, 2021. Principal of and interest on the Series 2021 Bonds will be payable in the manner described under "Book-Entry Only System" herein. The Series 2021 Bonds will be subject to redemption as described under "Redemption Provisions" herein.

The Series 2021 Bonds will bear a Certificate of Authentication to be manually executed by U.S. Bank National Association, Orlando, Florida (the "Paying Agent" and "Bond Registrar"), and no Series 2021 Bond will be valid or obligatory for any purpose unless the Certificate of Authentication thereon has been duly executed by the Bond Registrar.

### Redemption Provisions

Optional Redemption. The Series 2021 Bonds maturing on or prior to September 1, \_\_\_\_ are not subject to optional redemption prior to maturity. The Series 2021 Bonds maturing on or after September 1, \_\_\_\_ shall be subject to redemption prior to their respective maturities, at the option of the City, on or after March 1, \_\_\_\_\_, as a whole or in part at any time, and if in part, by maturities to be selected by the City and by lot within a maturity if less than a full maturity, at a redemption price (plus accrued interest to the date fixed for redemption) equal to the principal amount thereof, without premium.

Mandatory Redemption. The Series 2021 Bonds maturing on September 1, \_\_\_\_ are subject to mandatory redemption prior to their maturity in part by lot, at a redemption price of par plus accrued interest to the respective dates of redemption, but without premium, on the following dates and in the following principal amounts, from amortization installments required to be paid on such dates and in such amounts:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

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\*Final Maturity

Notice of Redemption. Not more than sixty (60) days or less than thirty (30) days prior to the Redemption Date, notice of such redemption (i) shall be filed with the Bond Registrar, and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2021 Bonds to be redeemed at their addresses as they appear on the registration books hereinafter provided for. Notice of Redemption of Bonds, other than by operation of the Bond Amortization Account and other than pursuant to the application of advanced refunding bond proceeds, shall be provided as set forth in the Bond Ordinance only from and to the extent that funds sufficient to pay the redemption price and accrued interest thereon are on deposit in the funds and accounts held by the Paying Agent and available for such purpose on the date the notice of redemption is mailed. Interest shall cease to accrue on any Bonds duly called for prior redemption on the Redemption Date, if payment thereof has been duly

provided. Failure of any Registered Owner to receive notice properly provided shall not affect the validity of any such proceedings for redemption or the cessation of the accrual of interest on any Bonds called for redemption from and after the Redemption Date.

Each further notice of redemption given under the Bond Ordinance shall contain the information required above for an official notice of redemption plus: (i) the date of original execution and delivery of the Bonds of such Series; (ii) the rate of interest borne by each Bond being redeemed; (iii) the maturity date and CUSIP number of each Bond being redeemed; and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed.

### **Negotiability and Registration**

*So long as the Series 2021 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to transfer and exchange of Series 2021 Bonds do not apply to the Series 2021 Bonds to the extent of a conflict with the DTC book-entry system.*

The Series 2021 Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Laws of the State of Florida, and each successive Registered Owner, in accepting any of said Series 2021 Bonds shall be conclusively deemed to have agreed that the Series 2021 Bonds shall be and have all of the qualities and incidents of such negotiable instruments.

There shall be a Bond Registrar, who may also be the paying agent for the Series 2021 Bonds, which shall be a bank or trust company located within or without the State of Florida. The Bond Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Series 2021 Bonds. The City and the Bond Registrar may treat the Registered Owner of any Series 2021 Bond as the absolute owner thereof for all purposes, whether or not such Series 2021 Bond shall be overdue and shall not be bound by any notice to the contrary.

All Series 2021 Bonds presented for transfer, exchange, redemption or payment (if so required by the City or the Bond Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the City or the Bond Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

The Bond Registrar may charge the Registered Owner a sum sufficient to reimburse it for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the initial delivery of the Series 2021 Bonds. The Bond Registrar or the City may also require payment from the Registered Owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Series 2021 Bonds shall be delivered.

The City and the Bond Registrar shall not be required (a) to issue, transfer or exchange any Series 2021 Bonds during a period beginning at the opening of business on the 15th day next preceding either any Interest Payment Date or any date of selection of Series 2021 Bonds or parts thereof to be redeemed and ending at the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given, or (b) to transfer or exchange any Series 2021 Bonds selected, called or being called for redemption in whole or in part.



New Series 2021 Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Series 2021 Bonds surrendered, shall be secured by the Bond Ordinance, and shall be entitled to all of the security and benefits thereof to the same extent as the Series 2021 Bonds surrendered.

The City may elect to use a book-entry or immobilization system for issuance and registration of the Bonds of any Series, and the details of any such system shall be as fixed by subsequent resolution of the City Council adopted prior to the time of issuance of such Bonds.

Whenever any Series 2021 Bond shall be delivered to the Bond Registrar for cancellation upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Series 2021 Bond shall be cancelled and destroyed by the Bond Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the City.

### **Book-Entry Only System**

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE. THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2021 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2021 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2021 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2021 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2021 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2021 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2021 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2021 BONDS, AND OTHER RELATED TRANSACTIONS

BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2021 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021 Bond certificate will be issued for each maturity of the Series 2021 Bonds as set forth in the inside cover of this Official Statement, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over

3.5 million issues of U.S. and non-U.S. equity 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"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021 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 Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC 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 of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 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, the Series 2021 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2021 Bond certificates will be printed and delivered to DTC.

## **SECURITY FOR THE SERIES 2021 BONDS**

### **General**

The Series 2021 Bonds are limited obligations of the City, payable solely from and secured by a lien upon and pledge of the Pledged Revenues on a parity with the City's \$119,445,000 Utility System Refunding and Improvement Revenue Bonds, Series 2007 (currently Outstanding in the principal amount of \$\_\_\_\_\_) (the "Series 2007 Bonds"), the City's \$21,375,000 Utility System Refunding Revenue Bonds, Series 2012 (currently Outstanding in the principal amount of \$\_\_\_\_\_) (the "Series 2012 Bonds"), the City's \$29,585,000 Utility System Refunding Revenue Bonds, Series 2014 (currently Outstanding in the amount of \$\_\_\_\_\_) (the "Series 2014 Bonds"), the City's \$206,970,000 Utility

System Refunding Revenue Bonds, Series 2016 (currently Outstanding in the amount of \$\_\_\_\_\_) (the "Series 2016 Bonds") and the City's \$8,305,000 Utility System Refunding Revenue Bonds, Series 2018 (currently outstanding in the amount of \$\_\_\_\_\_) (the "Series 2018 Bonds") and any subsequently issued Additional Parity Bonds (collectively, the "Parity Bonds").

"Pledged Revenues" as defined in the Bond Ordinance, shall include (i) the Net Revenues (as defined herein) to be derived from the ownership or operation of the System, and (ii) Capital Facilities Charges and the investment earnings thereon to the extent of the Capital Facilities Charges Debt Service Component. To the extent specified in subsequent proceedings of the City, "Pledged Revenues" may include for any Series of Bonds, (i) Ad Valorem Taxes, (ii) Special Assessments, (iii) Capital Facilities Charges and certain investment earnings thereon, or (iv) any combination of the foregoing. Capital Facilities Charges and investment earnings thereon, to the extent of the Capital Facilities Charges Debt Service Component are pledged as Pledged Revenues for the Series 2021 Bonds, as described herein. See "Capital Facilities Charges" herein. Except as described below with respect to Capital Facilities Charges and investment earnings thereon, none of the foregoing additional sources of revenue have been pledged as "Pledged Revenues" for the Outstanding Parity Bonds or the Series 2021 Bonds.

Net Revenues. The Net Revenues derived by the City from the operation of the wastewater and water system (collectively referred to as the "System") consist of the Gross Revenues of the System, remaining after deducting only Operating Expenses of the System.

The "Gross Revenues" of the System consist of all fees, rentals or other charges or other income (including Guaranteed Revenue Fees and Investment Income with respect to all funds and accounts created or authorized by the Bond Ordinance, except the Project Fund and the Rebate Fund, to the extent that such income is required to be deposited into the Revenue Fund, and excluding (i) Capital Facilities Charges, (ii) Special Assessments, (iii) Ad Valorem Taxes and (iv) insurance and condemnation proceeds, and investment earnings on any of the foregoing), received by the City in connection with the System, or accruing to the City or to any other board or agency of the City in control of the management and operation of the System, all as calculated in accordance with generally accepted accounting practices for governmentally owned and operated utility systems such as the System.

The City has covenanted in the Bond Ordinance to levy rates, fees and charges for the services and facilities of the System, which are the basis for the operating revenues component of the Gross Revenues. These rates, fees and charges include, but are not necessarily limited to, certain base facility charges, volumetric use charges, meter installation charges, guaranteed revenue charges, and accrued guaranteed revenue charges. See "COVENANTS REGARDING RATES AND ADDITIONAL DEBT" and "RATES, FEES AND CHARGES" for information regarding rates, fees and charges.

The "Operating Expenses" of the System means the current expenses, paid or accrued, of operation, maintenance and repair of the System and its Facilities and includes, without limitation, (i) insurance premiums, (ii) charges for the accumulation of appropriate reserves not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting practices for governmentally-owned and operated utility systems such as the System, and (iii) the cost of product and services purchased by the City for resale to customers of the System in lieu of the production of such product and services by the City directly. Under the Bond Ordinance, Operating Expenses do not include any allowance for depreciation or other non-cash expenses except to the extent expressly provided in the Bond Ordinance and do not include any payments pursuant to the condemnation award in connection with the acquisition of the System. In determining Operating

Expenses, there is not taken into account: (a) any gain or loss resulting from either the extinguishment or refinancing of any Series of Bonds or other long-term indebtedness, (b) loss from the sale, exchange or other disposition of capital assets not made in the ordinary course of business, and (c) any capital expenditures for renewal, replacement, expansion or acquisition of capital assets (including any deposits or reserves therefor).

Capital Facilities Charges. The Capital Facilities Charges collected include any fees or charges which are related to acquiring, constructing, equipping or expanding capacity and facilities of the System, including, but not limited to, excess capacity not related to facilities of the System used by current consumers, if any, existing at the time of acquisition of the System, and which are levied or collected by the City on or from any governmental body, utility company, real estate developer, or other Person, for the purpose of reserving capacity in the System, connecting to the System, or paying or reimbursing any capital cost relating to such acquisition, construction, expansion or equipping of excess and unused capacity of the System or any expansion thereof, including Connection Charges but excluding: (1) amounts received from the sale of water, (2) amounts received for the treatment, acceptance or disposal of wastewater, (3) grinder system connection charges, (4) meter installation fees, (5) Guaranteed Revenue Fees, and (6) other revenues constituting operating revenues (as any of the foregoing items are defined under the Uniform Extension Policy of the City with respect to the System); in each case to the extent the same are lawfully available for the acquisition and construction of Expansion Facilities and for the payment of Capital Facilities Charges Debt Service Components. See "RATES, FEES AND CHARGES-Capital Facilities Charges" herein.

"Capital Facilities Charges Debt Service Component" means, as of any particular date of calculation, for any Series of Bonds additionally secured by Capital Facilities Charges, an amount of such Capital Facilities Charges determined by (1) multiplying the Aggregate Debt Service Requirements for such Series by the applicable Expansion Percentage, and (2) subtracting from the product so obtained all amounts previously transferred from the Capital Facilities Charges Fund to the applicable Sinking Fund including the account of the Bond Amortization Account therein pursuant to the provisions of the Bond Ordinance.

"Expansion Facilities" include additions, extensions and improvements to the System, together with all lands or interests therein, including plants, buildings, machinery, pipes, mains, fixtures, equipment, franchises, rights to water, wastewater or gas service and all property, real or personal, tangible or intangible, heretofore or hereafter constructed or acquired in order to meet the increased demand upon the System, whether actual or anticipated, created by new users connecting to the System.

"Expansion Percentage" shall mean, with respect to any Series of Bonds, the fraction equal to that portion of the total aggregate Debt Service Requirements for such Series that is attributable to Expansion Facilities, if any, as set forth in the Project Certificate relating to such Series or relating to the Series of Bonds to be refunded by such Series.

The extent to which Capital Facilities Charges may be used to pay Debt Service Requirements for any Series of Bonds under the Bond Ordinance depends upon the Expansion Percentage with respect to such Series of Bonds. It has been determined by the City that the Expansion Percentage with respect to the Series 2021 Bonds is 42.02%.

The receipt of Capital Facilities Charges by the City is dependent on new development within the area served by the System. Although such area has seen growth, no assurance can be given that new

development will occur or continue or that the City will ever receive the maximum amount of Capital Facilities Charges permitted to be applied to pay debt service on the Series 2021 Bonds.

Ad Valorem Taxes. The Bond Ordinance further provides that the payment of the principal of, premium, if any, and interest on any Series or installment of Bonds may additionally be secured by a pledge of ad valorem taxes levied and collected within any area of the City to the extent such taxes shall have been approved in the manner required by the Constitution and laws of the State of Florida (the "State"). If such taxes shall be approved and the pledge thereof to pay any Series or installment of Bonds provided for by ordinance of the City Council, the City covenants to levy and collect, in each Bond Year while any of such Bonds are Outstanding, Ad Valorem Taxes, up to any limit provided in the proceedings authorizing the levy of such taxes, or without limit, if so provided, sufficient together with the other Pledged Revenues, to pay the Debt Service Requirement on the particular Series or installment of Bonds to which such taxes are pledged, for such Bond Year. Such taxes shall be assessed, levied, and collected in the same manner and at the same time as other City taxes are assessed, levied and collected. Such taxes shall, upon receipt, be deposited into the Sinking Fund (or appropriate subaccount therein) and used only to pay the Debt Service Requirement on the particular Series or installment of Bonds to which such taxes are pledged. Ad Valorem Taxes are not pledged as Pledged Revenues for the Series 2021 Bonds nor any Parity Bonds.

Special Assessments. The payment of the principal of, premium, if any, and interest on any Series or installment of Bonds may additionally be secured by a pledge of and lien upon Special Assessments levied and collected within any area of the City within which the levy of such assessments shall have been approved in the manner required by the Constitution and laws of the State. If such Special Assessments shall be approved and the pledge thereof to pay any Series or installment of Bonds provided for by ordinance of the City Council, the City covenants to levy and collect such Special Assessments and to deposit such Special Assessments into the Sinking Fund (or appropriate subaccount therein) for use only to pay the Annual Special Assessment Debt Service Requirements on the particular Series or installment of Bonds to which such Special Assessments are pledged. Special Assessments are not pledged as Pledged Revenues for the Series 2021 Bonds nor any Parity Bonds.

Investment Earnings. The City shall invest the moneys on deposit in the funds and accounts established pursuant to the Bond Ordinance in accordance with the Bond Ordinance and the investment policy of the City in Authorized Investments, which is the basis for the investment earnings component of the Gross Revenues. See "SECURITY FOR THE SERIES 2021 BONDS-Application of Moneys under the Bond Ordinance" and "Investment of Moneys" herein for information regarding investments.

### **Application of Moneys under the Bond Ordinance**

Creation of Funds and Accounts. The Bond Ordinance creates a number of funds and accounts into which moneys will be deposited for various purposes, including: the Utility System Revenue Fund (the "Revenue Fund") together with the "Operating Reserve Account" and the "Contingency Account" therein; the Utility System Revenue Bonds Sinking Fund (the "Sinking Fund") together with the "Bond Amortization Account" (together with any subaccounts therein), the "Reserve Account" and the "Redemption Account" therein; the Utility System Renewal and Replacement Fund (the "Renewal and Replacement Fund"), the Utility System Capital Facilities Charges Fund (the "Capital Facilities Charges Fund") together with the "Water System Capital Facilities Charges Account", in which there shall be a "Water System Capital Facilities Charges Current Subaccount" (the "Water CFC Current Subaccount" and "Water System Capital Facilities Charges Stabilization Subaccount" (the "Water CFC Stabilization

Subaccount"), and the "Sewer System Capital Facilities Charges Account", in which there shall be a "Sewer System Capital Facilities Charges Current Subaccount" (the "Sewer CFC Current Subaccount") and a "Sewer System Capital Facilities Charges Stabilization Subaccount" (the "Sewer System CFC Stabilization Subaccount"), therein; and the Utility System Subordinate Bonds Debt Service Fund (the "Subordinate Bonds Debt Service Fund") together with the "Interest Rate Swap Account" therein; and the Utility Bonds Rate Stabilization Fund (the "Rate Stabilization Fund"); provided that separate Sinking Fund and separate accounts and subaccounts in any of the foregoing may be established and maintained for different Series or installment of Bonds.

The designation and establishment of the various funds and accounts in and by the Bond Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds or accounts, as such terms are commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of Pledged Revenues for certain purposes and to establish certain priorities for application of such Pledged Revenues as provided in the Bond Ordinance. Cash and investments required to be accounted for in each of the funds and accounts established by the Bond Ordinance may be deposited in a single bank account, provided that accounting records, prepared in accordance with generally accepted accounting practices for governmentally owned and operated utility systems such as the System are maintained to reflect control or restricted allocation of the moneys therein for the various purposes of such funds and accounts. The Sinking Fund (including the Bond Amortization Accounts, the Reserve Account and the Redemption Account therein) shall be at all times held as trust funds for the benefit of the Registered Owners and the Credit Facility Issuer by a trustee or paying agent, which shall have combined capital, surplus and undivided profits of at least \$50 million, unless otherwise approved by the Credit Facility Issuer.

The foregoing provisions notwithstanding, the funds and accounts created and established pursuant to the Bond Ordinance shall constitute trust funds for the purposes provided in the Bond Ordinance and shall be maintained on the books of the City as separate and distinct from all other funds and accounts of the City, in the manner provided in the Bond Ordinance.

All moneys in such funds and accounts shall be continuously secured in the same manner as deposits of City funds are required to be secured by the laws of the State; provided that any investments of moneys in such funds and accounts shall be only in Authorized Investments as provided in the Bond Ordinance.

Separate accounts may be maintained for different Series or installments of Bonds and identified by the appropriate designation, and deposits into the accounts for each such Series or installment of Bonds shall be on a parity with the deposits, if any, into the corresponding accounts for each other Series of Bonds (or, in the case of a deficiency, shall be on a pro rata basis computed with regard to the aggregate principal amount of Bonds of each Series then Outstanding and unpaid) unless specified otherwise; further provided that moneys on deposit in the accounts established for a particular Series of Bonds may be specified not to be available to be used for payments required to be made from the corresponding accounts for any other Series of Bonds.

Application of Gross Revenues. Under the terms of the Bond Ordinance, all Gross Revenues must be deposited into the Revenue Fund upon receipt. Moneys on deposit in the Revenue Fund must be applied on or before the 10th day of each month, subject to credits for deposits as provided for in the Bond Ordinance, only in the following manner and order of priority; provided, that with respect to any payment period for any Series of Bonds that is other than annual or semi-annual, the required deposits

shall be such as to provide for equal monthly deposits of all amounts required to meet the annual Debt Service Requirement of such Series:

(1) Moneys in the Revenue Fund must first be used to pay Operating Expenses then due and to maintain the Operating Reserve Account in the Revenue Fund, to be used for payment of Operating Expenses (in amounts not to exceed the greater of one-twelfth (1/12th) of the Operating Expenses for the next preceding Fiscal Year or one-twelfth (1/12th) of the budgeted Operating Expenses for the current Fiscal Year).

(2) Moneys in the Revenue Fund shall next be used for deposit into the Sinking Fund in the following priority:

- (a) in such sums as are necessary to pay one-sixth (1/6th) (or such other portion, which may be all) of the interest coming due on the Bonds on the next semiannual (or such other period, which may be weekly, monthly, quarterly, or such other period as may be specified in the proceedings authorizing such Bonds) Interest Payment Date (or Dates, if a shorter period than monthly);
- (b) in such sums as are necessary to pay one-twelfth (1/12th) of the principal maturing on Current Interest Paying Serial Bonds on the next annual Principal Maturity Date;
- (c) on a parity with the payments provided in subparagraph (b) above, in such sums as are necessary to pay one-twelfth (1/12th) of the Amortization Installment for Term Bonds which shall become due and payable in the current Bond Year; and
- (d) on a parity with the payments provided in subparagraphs (b) and (c) above, in such sums as are necessary to pay one-twelfth (1/12) of the Compounded Amount of any Compounding Interest Bonds maturing in such Bond Year.

Moneys on deposit in the Sinking Fund shall be used only to pay principal of and interest on Bonds as provided in the Bond Ordinance and in the proceedings authorizing the sale and issuance of such Bonds.

(3) Moneys shall next be used to maintain on deposit in the Reserve Account in the Sinking Fund in an amount equal to the Reserve Account Requirement; provided that this requirement shall not apply to the extent that a Reserve Account Credit Facility has been furnished to satisfy all or a portion of the Reserve Account Requirement for any Series or installment of Bonds, but in such event moneys shall next be used to pay to the Reserve Account Credit Facility Issuer any Reserve Account Credit Facility Costs then due and payable.

(4) Moneys shall next be used to cure any deficiency for prior deposits into the Sinking Fund and Reserve Account.

(5) Moneys shall next be deposited into the Renewal and Replacement Fund in an amount equal to the sum of:

- (a) one-twelfth of five percent (1/12th of 5%) of the Gross Revenues of the System for the preceding Fiscal Year;



- (b) one-twelfth (1/12th) of any unrestored withdrawal therefrom made to prevent a default in the payment of the principal and interest on the Bonds; and
- (c) one-thirty-sixth (1/36th) of any unrestored withdrawal therefrom made to cure any deficiency in the Revenue Fund to pay Operating Expenses as provided in the Bond Ordinance;

provided, however, that no further deposits (other than from Net Proceeds of Insurance or Condemnation) will be required to be made into the Renewal and Replacement Fund so long as there is on deposit in such fund the sum of \$1,000,000 unless such deposits are required pursuant to the advice of the Independent Consultant.

(6) Moneys shall next be used for deposits in the following order of priority into the following accounts in the Subordinate Obligations Fund:

- (a) first, into the Insurance Agreement Account in the Subordinate Obligations Fund any amounts due under an Insurance Agreement relating to any Bonds;
- (b) next, on a parity:
  - (i) into the Subordinate Bonds Interest Account in the Subordinate Obligations Fund in an amount equal to one-sixth (1/6th) (or such other portion, which may be all) of the interest coming due on Subordinate Bonds on the next Subordinate Bonds semiannual (or such other period, which may be weekly, monthly, quarterly, or such other period as may be specified in the proceedings authorizing such Subordinate Bonds) Interest Payment Date (or Dates, if a shorter period than monthly);
  - (ii) into the Covenant Obligations Account in the Subordinate Obligations Fund in an amount required pursuant to the proceedings authorizing Other Utility System Debt, if any;
  - (iii) into the Swap Periodic Payment Account in the Subordinate Obligations Fund, on the periodic basis provided for in any Interest Rate Swap Agreement, amounts necessary to provide for the making of Periodic Payments under such Interest Rate Swap Agreement;
- (c) next, into the Subordinate Bonds Principal Account in the Subordinate Obligations Fund in an amount equal to one-twelfth (1/12th) of the principal maturing (or amortization installment coming due) on the next Subordinate Bonds Principal Maturity Date;
- (d) next, into the Subordinate Insurance Agreement Account in the Subordinate Obligations Fund, any amounts then due under a Subordinate Insurance Agreement;
- (e) next, into the Swap Termination Payment Account in the Subordinate Obligations Fund any amounts necessary to provide for the making of any other payments not provided for in the Bond Ordinance under any Interest Rate Swap Agreement.

(7) Remaining moneys in the Revenue Fund shall be held in the Revenue Fund to be applied as set forth above; provided that any surplus moneys in the Revenue Fund may be withdrawn and deposited into the Renewal and Replacement Fund at the end of each Fiscal Year, provided that all funds and accounts created under the Bond Ordinance are at required levels. Any moneys remaining in the Revenue Fund after the foregoing applications (including deposits, if any, into the Renewal and Replacement Fund), may be transferred to the Contingency Account at the end of the Fiscal Year or at any time upon the recommendation of the City Manager, provided that if such transfer is other than at the end of a Fiscal Year there shall be filed with the City Clerk a certificate of the Finance Director evidencing that the funds and accounts created under the Bond Ordinance are expected to be at their required levels notwithstanding such transfer to the Contingency Account and may be used for any lawful purpose of the System.

No further deposits are required to be made into the foregoing funds and accounts whenever (i) there is on deposit in the Sinking Fund, including the Reserve Account and the Bond Amortization Account therein, an amount of money and Authorized Investments equal to all principal and interest due on the Bonds to the final maturity thereof, and (ii) all amounts due and owing to any Credit Facility Issuer shall have been paid.

Credit shall be allowed against the required deposit amounts due for the payment of principal of and interest on and Amortization Installment of Bonds to the extent of any other funds on deposit and available for such purpose in the applicable accounts of the Sinking Fund and Bond Amortization Fund, including, to the extent pledged for the payment thereof, amounts of Ad Valorem Taxes, Special Assessments, Capital Facilities Charges, capitalized interest and any investment income transferred into such fund or account and available for such purposes.

#### **Use of Moneys on Deposit in Funds and Accounts**

The Bond Ordinance specifies the manner in which moneys on deposit in the various funds and accounts must be used. The following is a summary of the permitted uses for the moneys in each of the various funds and accounts.

Revenue Fund. Moneys in the Revenue Fund must be applied on or before the 10th day of each month first to pay Operating Expenses and then to make the required deposits into the various funds and accounts established by the Bond Ordinance.

Sinking Fund. The moneys on deposit in the Sinking Fund, including the accounts therein, shall be used only to pay principal and interest on the Bonds as provided in the Bond Ordinance.

Bond Amortization Account. Moneys held for the credit of the Bond Amortization Account shall be applied to the retirement of Term Bonds of each Series or installment of Bonds, to the extent of the Amortization Installment if any, for such Bond Year for the Term Bonds of each such Series or installment then Outstanding, and if the amount available in such Bond Year shall not be sufficient therefor, then in proportion to the Amortization Installment, if any, for such Bond Year for the Term Bonds of each such Series or installment then Outstanding.

Notwithstanding the provisions described in the preceding paragraph, the City may purchase Term Bonds then Outstanding at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such Term Bonds. The City shall pay the interest

accrued on such Term Bonds to the date of delivery thereof from the Interest Account and the purchase price from the Bond Amortization Account, but no such purchase shall be made by the City within the period of 45 days immediately preceding any Interest Payment Date on which Term Bonds are subject to call for redemption, except from moneys in excess of the amounts set aside or deposited for the redemption of Term Bonds.

Reserve Account. The City is required by the terms of the Bond Ordinance to maintain an amount equal to the Reserve Account Requirement in the Reserve Account. The Reserve Account Requirement under the Bond Ordinance is equal to the maximum amount allowed under the provisions of the Internal Revenue Code of 1986, as amended (the "Code") to be funded as a reasonably required reserve from the proceeds of the Bonds or any Series of Additional Parity Bonds; provided, however, the City may establish by subsequent resolution or ordinance adopted or enacted in connection with the authorization of the issuance of a Series of Bonds, a different Reserve Account Requirement with respect to such Series of Bonds pursuant to the Bond Ordinance, which Reserve Account Requirement may be \$0.00.

Moneys in the Reserve Account shall be used only for the purpose of the payment of maturing Amortization Installments or principal of or interest on the Bonds when the other moneys allocated to the Sinking Fund are insufficient therefor, and for no other purpose. Any withdrawals from the Reserve Account shall be restored from the first available moneys after all required current payments have been made into the Sinking Fund and accounts therein.

Upon the issuance of Additional Parity Bonds, additional moneys shall be deposited into the Reserve Account from the proceeds of such Additional Parity Bonds, or from other moneys of the City available therefor, in order to make the Reserve Account Value at the time of issuance thereof equal to the Reserve Account Requirement. The foregoing provision notwithstanding, the City shall be entitled at the time of issuance of the Additional Parity Bonds (a) to deposit each month one-sixtieth (1/60th) of such difference between the Reserve Account Requirement and the Reserve Account Value or (b) to provide a Reserve Account Credit Facility in an amount equal to the difference; provided, that the consent of the Credit Facility Issuer and Reserve Account Credit Facility Issuer with respect to any Bonds Outstanding at the time of issuance of such Additional Parity Bonds shall be required where the required deposit into the Reserve Account is not made in cash or Authorized Investments at the time of issuance of such Additional Parity Bonds.

The Authorized Investments on deposit in the Reserve Account shall be valued annually or more frequently if required by a Credit Facility Issuer as of the last day of the Bond Year at the fair market value exclusive of accrued interest. If and whenever the moneys and Authorized Investments applied and allocated to the Reserve Account (except investment income to be deposited into the Project Fund, the Sinking Fund or the Revenue Fund as hereinafter provided) exceed the Reserve Account Requirement on all then Outstanding Bonds, such excess may be, first, applied to pay any Reserve Account Credit Facility Costs and, then, withdrawn and applied and allocated into the Renewal and Replacement Fund, or if the maximum amount required to be applied and allocated is then on deposit in the Renewal and Replacement Fund, then into the Revenue Fund. Deficiencies in the amount on deposit in the Reserve Account resulting from a decline in market value or a withdrawal therefrom shall be restored no later than twelve months from the date of valuation or withdrawal.

Notwithstanding the immediately preceding paragraph, the City may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to

the payment of such Series of Bonds apart from the pledge provided in the Bond Ordinance. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the subaccount; provided the subsequent resolution or ordinance authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount of the Reserve Account at such level as the City deems appropriate. In the event the City by subsequent resolution or ordinance establishes the Reserve Account Requirement for a particular Series of Bonds to be zero dollars (\$0.00) or it shall determine that such Series are not to be secured in any manner by the Reserve Account or a subaccount, then it shall not be required to establish a separate subaccount; provided, however, such Series of Bonds shall have no lien on or pledge of any moneys on deposit in the Reserve Account. Moneys used to replenish the Reserve Account shall be deposited in the separate subaccounts in the Reserve Account and in the Reserve Account on a pro-rata basis. In the event the City shall maintain a Reserve Account Credit Facility and moneys in any subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Credit Facility.

The City may meet the Reserve Account Requirement for one or more Series of Bonds by the deposit or substitution of a Reserve Account Credit Facility. The following requirements shall be fulfilled in the event the Reserve Account Requirement is fulfilled by a deposit of a Reserve Account Credit Facility in lieu of cash or an exchange of such Facility for cash on deposit in the Reserve Account:

(i) A surety bond or insurance policy issued to the Paying Agent, as agent of the bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Additional Parity Bonds (a "municipal bond insurer") may be deposited in the Reserve Account to meet the Reserve Account Requirement if at the time of deposit, the claims paying ability of the City thereof shall be rated at least "A" by S&P Global Ratings ("S&P") or Moody's Investor Service ("Moody's").

(ii) A surety bond or insurance policy issued to the Paying Agent, as agent of the bondholders, by an entity other than a municipal bond insurer, may be deposited in the Reserve Account to meet the Reserve Account Requirement if the form and substance of such instrument and the issuer thereof shall be approved by all other Reserve Account Credit Facility Issuers and Credit Facility Issuers then insuring Bonds,

(iii) An unconditional irrevocable letter of credit issued to the Paying Agent, as agent of the bondholders, by a bank may be deposited in the Reserve Account to meet the Reserve Account Requirement if the issuer thereof is rated at least "AA" by S&P. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the applicable Series of Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years and the issuer of the letter of credit shall be required to notify the City and the Paying Agent, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. If such notice indicates that the expiration date shall not be extended, the City shall deposit in the Reserve Account an amount sufficient to cause the cash or Authorized Investments on deposit in the Reserve Account, together with any other qualifying Reserve Account Credit Facility, to equal the Reserve Account Requirement on all Outstanding Bonds, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the letter of credit, unless the

Reserve Account Credit Facility is replaced by a Reserve Account Credit Facility meeting the requirements described in any of (i)-(iii) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Bond Ordinance or related agreement shall, in turn, direct the Paying Agent to draw upon such letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Account is fully funded in its required amount.

(iv) The use of any Reserve Account Credit Facility (described in this section (iv)) shall be subject to receipt of an opinion of counsel, addressed to the Paying Agent and each other Reserve Account Credit Facility Issuer and Credit Facility Issuer, acceptable to such parties in form and substance satisfactory to such parties as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditor's rights generally, and, in the event the issuer of such Reserve Account Credit Facility is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to such parties. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel, addressed to the Paying Agent and each Reserve Account Credit Facility Issuer and Credit Facility Issuer, acceptable to such parties in form and substance satisfactory to such parties to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the City (or any other account party under the letter of credit).

The Reserve Account currently has on deposit with respect to the Parity Bonds **[\$5,152,800]** in cash and a Reserve Account Credit Facility consisting of a debt service reserve account surety bond provided by Build America Mutual Assurance Company ("BAM Reserve Policy") in the amount of \$23,000,000 with a termination date of September 1, 2036. Upon issuance of the Series 2021 Bonds, the City expects that the cash on deposit will be released from the Reserve Account based on debt service savings. For more information on Build America Mutual Assurance Company, see [www.buildamerica.com](http://www.buildamerica.com). The BAM Reserve Policy will be sufficient to cover the Reserve Account Requirement for the Parity Bonds immediately after issuance of the Series 2021 Bonds.

The Bond Ordinance provides that, in the event the rating of the claims paying ability of the issuer of a debt service reserve surety bond falls below "A" (the "Threshold") by both S&P and Moody's, the City shall either (i) deposit into the Reserve Account an amount which causes the cash or Authorized Investments on deposit in the Reserve Account, together with other qualifying Reserve Account Credit Facilities, to result in the Reserve Account Value becoming equal to the Reserve Account Requirement on all Outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis, or (ii) replace such instruments with a surety bond meeting the requirements of the Bond Ordinance within six months of such occurrence.

Reserve Account Credit Facility. Each Reserve Account Credit Facility to be on deposit to the credit of the Reserve Account (including the BAM Reserve Policy) provides that upon notice from the Paying Agent to the Reserve Account Credit Facility Issuer to the effect that insufficient amounts are on deposit in the Sinking Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Bonds, the Reserve Account Credit Facility Issuer will promptly deposit with the Paying Agent an amount sufficient to pay the principal of and interest on the Bonds or the available amounts of the Reserve Account Credit Facility, whichever is less. Pursuant to the Bond Ordinance, any cash on deposit in the Reserve Account shall be used (or Authorized Investments

purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Account Credit Facility. If and to the extent that more than one Reserve Account Credit Facility is deposited in the Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Pursuant to the BAM Reserve Policy, the City is required to reimburse the Reserve Account Credit Facility Issuer, within one year of any deposit, the amount of such deposit made by the Reserve Account Credit Facility Issuer with the Paying Agent under the BAM Reserve Policy. Such reimbursement shall be made only after all required deposits to the Sinking Fund have been made.

Under the terms of the BAM Reserve Policy, the City is required to reimburse the Reserve Account Credit Facility Issuer, with interest, until the face amount of the BAM Reserve Policy is reinstated. The Paying Agent holds the BAM Reserve Policy in the Reserve Account.

Renewal and Replacement Fund. The moneys in the Renewal and Replacement Fund shall be used only for the purpose of paying: (x) the cost of necessary repairs, extensions, enlargements or additions to, or the replacement of capital assets of the System, including any Project Costs, and (y) paying Operating Expenses of the System, if (i) there are Operating Expenses then due for payment, and (ii) there is no money in the Revenue Fund lawfully available to pay such Operating Expenses, provided, however, that not more than an aggregate of \$1,000,000 may be withdrawn from the Renewal and Replacement Fund to pay Operating Expenses, and any amounts so withdrawn are required to be restored pursuant to the Bond Ordinance. Such moneys on deposit in the Renewal and Replacement Fund shall also be transferred to the Sinking Fund and used, if necessary, in order to prevent a default in the payment of the principal of and interest on the Bonds following depletion of the Reserve Account. The amount in the Renewal and Replacement Fund is \$\_\_\_\_\_ as of 2020.

Interest Rate Swap Account. The moneys on deposit in the Interest Rate Swap Account of the Subordinate Bonds Debt Service Fund shall be used (1) first, to make Swap Payments in the current Fiscal Year and (2) second, to pay Swap Expenses. **The City does not currently have any Outstanding interest rate swaps nor does the City anticipate entering into any swaps.**

Rate Stabilization Fund. All Swap Receipts shall, upon receipt, be deposited by the City into the Rate Stabilization Fund created pursuant to the provisions of the Bond Ordinance. Moneys on deposit in the Rate Stabilization Fund shall be used (1) for transfer into the Swap Periodic Payment Account in the Subordinate Obligations Fund to make Periodic Payments, (2) for transfer into the Insurance Agreement Account in the Subordinate Obligations Fund to pay amounts due under an Insurance Agreement, (3) for transfer into the Subordinate Insurance Agreement Account in the Subordinate Obligations Fund to pay amounts due under a Subordinate Insurance Agreement, (4) for transfer to the Swap Termination Payment Account in the Subordinate Obligations Fund to make Termination Payments, (5) for transfer into any other fund or account established in the Bond Ordinance; or (6) for any lawful purpose of the System; provided, that moneys on deposit in the Rate Stabilization Fund shall be used to supplement the other moneys on deposit in the Sinking Fund to the extent necessary to avoid a default in payment of the principal of and interest on the Bonds. **The City does not currently have any Outstanding interest rate swaps nor does the City anticipate entering into any swaps.**

Subordinate Obligations Fund. Moneys on deposit in the Insurance Agreement Account in the Subordinate Obligations Fund shall be used only for the purpose of making payments under the

Insurance Agreement to which such deposit relates. Moneys on deposit in the Subordinate Bonds Interest Account and Subordinate Bonds Principal Accounts within the Subordinate Obligations Fund shall be used only for the purposes of paying, respectively, interest on and principal of Subordinate Bonds as the same become due and payable. Moneys on deposit in the Covenant Obligations Account in the Subordinate Obligations Fund shall be used only for the purpose of paying Covenant Obligations, if any, in accordance with the terms of the proceedings authorizing the issuance of Other Utility System Debt. Moneys on deposit in the Swap Periodic Payments Account in the Subordinate Obligations Fund shall be used only for the purpose of making Periodic Payments under an Interest Rate Swap Agreement. Moneys on deposit in the Subordinate Insurance Agreement Account in the Subordinate Obligations Fund shall be used only for the purpose of making payments under a Subordinate Insurance Agreement. Moneys on deposit in the Swap Termination Payment Account in the Subordinate Obligations Fund shall be used for making any payments under an Interest Rate Swap Agreement to the extent not otherwise made from any other account in the Subordinate Obligations Fund. **The City does not currently have any Outstanding Subordinate Bonds.**

Capital Facilities Charges Fund. All Capital Facilities Charges shall immediately upon receipt thereof be deposited into the appropriate Stabilization Subaccounts in the Capital Facilities Charges Fund and shall be used only for the purpose of paying the cost of acquiring or constructing Expansion Facilities or Capital Facilities Charges Debt Service Components, if applicable. In the discretion of the City, amounts on deposit in each of the Stabilization Subaccounts may be transferred into the corresponding Current Accounts in any Fiscal Year in an amount not to exceed the Annual Capital Facilities Charges Debt Service Requirement.

Contingency Account. Moneys on deposit in the Contingency Account may be withdrawn and applied for any lawful purpose of the System upon the recommendation of the City Manager with the approval of the City. Moneys on deposit in the Contingency Account may be invested in Authorized Investments, and the income from such investment shall be deposited in the Revenue Fund.

Redemption Account. Moneys shall be deposited into the Redemption Account as provided for in the Bond Ordinance and in subsequent resolutions of the City Council with respect to any Series of Bonds and shall be applied only to the redemption of Bonds as provided in such resolutions. Pending such application, any moneys on deposit in the Redemption Account shall be invested in Authorized Investments as provided for in the Bond Ordinance.

### **Investment of Moneys**

All moneys on deposit in the funds and accounts created pursuant to the Bond Ordinance may be invested and reinvested; provided, however, that such investments shall mature not later than the respective dates when such moneys will be required for the purposes of such funds and accounts; and provided that at no time shall any moneys constituting gross proceeds of Series 2021 Bonds be used in any manner to cause or result in a Prohibited Payment under applicable regulations pertaining to, or in any other fashion as would constitute failure of compliance with Section 148 of the Code. Amounts, if any, held in the Sinking Fund representing capitalized interest shall be invested only in Federal Securities during any period in which a Reserve Account Credit Facility shall be in effect. In the case of the Reserve Account, investments shall mature not later than five (5) years from their date, and such investment earnings may be retained in such account to the extent necessary to maintain the Reserve Account Requirement therein, or may be transferred to the Project Fund or the Sinking Fund if necessary or desirable in connection with any Series of Bonds as determined by resolution of the City at or prior to

the issuance of such Series. Investment earnings related to any Ad Valorem Taxes, Special Assessments or Capital Facilities Charges shall be held and applied for the same purposes to which such funds are restricted by the terms of the Bond Ordinance or any resolution adopted in connection with the issuance of any applicable Series. Except as otherwise provided in the Bond Ordinance with respect to any particular funds, and except to the extent necessary to be deposited into the Rebate Fund in accordance with any tax compliance certificate delivered in connection with the issuance of any applicable Series of Bonds, all income from investments shall upon receipt be deposited into the Revenue Fund.

### **Pooling of Money in Funds and Accounts**

Cash and Authorized Investments required to be accounted for in each of the funds and accounts established by the Bond Ordinance may be deposited in a single bank account, provided that accounting records, prepared in accordance with generally accepted accounting principles as applied to governmental entities are maintained to reflect control or restricted allocation of the moneys therein for the various purposes of such funds and accounts.

### **COVENANTS REGARDING RATES AND ADDITIONAL DEBT**

In order to maintain Gross Revenues at the necessary level to pay Operating Expenses and make the required deposits into the Sinking Fund and to make the other required deposits under the Bond Ordinance, the City has covenanted in the Bond Ordinance to maintain rates at certain levels and to restrict its ability to issue additional debt payable from and secured by the Pledged Revenues.

#### **Rate Covenant**

The City will fix, establish and maintain such rates and collect such fees, rentals, or other charges for the services and facilities of the System, and will revise the same from time to time whenever necessary, so as to provide Net Revenues in each Fiscal Year equal to either:

- (a) the sum of: (i) one hundred percent (100%) of the Debt Service Requirement on the Bonds for such Fiscal Year, (ii) any amounts of Reserve Account Credit Facility Costs payable in such Fiscal Year, (iii) any required deposits into (A) the Reserve Account (less any portion thereof to be deposited from proceeds of Bonds), and (B) the Renewal and Replacement Fund, in such Fiscal Year, (iv) one hundred five percent (105%) of the scheduled payments of principal and interest or other scheduled payments on Subordinate Obligations in such Fiscal Year, and (v) to the extent not taken into account in calculating the interest due on any Bonds or Subordinate Bonds in such Fiscal Year and together with transfers from the Rate Stabilization Fund to the Swap Periodic Payment Account in the Subordinate Obligations Fund, one hundred five percent (105%) of Periodic Payments becoming due and payable in such Fiscal Year;

or

- (b) together with (i) amounts deposited into the Current Subaccounts in the Water CFC Account and the Sewer CFC Account in the Capital Facilities Charges Fund, (ii) Investment Income (to the extent not otherwise included in Net Revenues) to be collected in such Fiscal Year, and (iii) transfers into the Sinking Fund from the Rate Stabilization Fund made in such Fiscal Year, one hundred ten percent (110%) of the Debt Service Requirement on the Bonds, provided that, the Pledged Revenues available after



making the deposits required under the Bond Ordinance shall at least equal one hundred five percent (105%) of (x) the scheduled payments of principal and interest or other scheduled payments on Subordinate Obligations in such Fiscal Year, and (y) together with transfers from the Rate Stabilization Fund to the Swap Periodic Payment Account in the Subordinate Obligations Fund, Periodic Payments in such Fiscal Year to the extent not taken into account in calculating the interest due on any Bonds or Subordinate Bonds such Fiscal Year.

### **Additional Parity Bonds**

Issuance of Additional Debt Payable out of Pledged Revenues. The City will not issue any other obligations, except Additional Parity Bonds hereafter issued under the conditions and in the manner provided in the Bond Ordinance, payable from the Pledged Revenues nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to the Bond Ordinance and the interest thereon, upon any of the Pledged Revenues. Any other obligations issued by the City, in addition to the Bonds authorized by the Bond Ordinance or Additional Parity Bonds described below, shall contain an express statement that such obligations are junior, inferior, and subordinate in all respects to the Bonds issued pursuant to the Bond Ordinance and any such Additional Parity Bonds as to lien on and source and security for payment from the Pledged Revenues, and in all other respects.

The City will not issue any other obligations, except Additional Parity Bonds hereafter issued under the conditions and in the manner provided in the Bond Ordinance, payable from the Pledged Revenues nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of an Insurance Agreement upon any of the Pledged Revenues. Any other obligations issued by the City, in addition to the Bonds authorized by the Bond Ordinance or Additional Parity Bonds described below, shall contain an express statement that such obligations are junior, inferior, and subordinate in all respects to the City's obligations under an Insurance Agreement and any such Additional Parity Bonds as to lien on and source and security for payment from the Pledged Revenues, and in all other respects.

Issuance of Additional Parity Bonds. No Additional Parity Bonds shall be issued after the issuance of any Bonds pursuant to the Bond Ordinance, except upon the following terms and conditions:

(1) Additional Parity Bonds payable from the Pledged Revenues may be issued by the City only for the purposes of financing the construction and acquisition of additions, extensions and improvements to the System including Project Costs or for refunding Outstanding Bonds.

(2) Additional Parity Bonds payable from the Pledged Revenues may be issued by the City for the purposes of financing the construction and acquisition of additions, extensions and improvements to the System including Project Costs only if the following requirements have been met:

(a) The sum of (i) the Adjusted Net Revenues, (ii) the Adjusted Capital Facilities Charges deposited into the Current Subaccounts in the Water Capital Facilities Charges Account and the Sewer Capital Facilities Charges Account, (iii) all Investment Income (to the extent not otherwise included in Adjusted Net Revenues), and (iv) transfers from the Rate Stabilization Fund into the Sinking Fund for either (A) twelve of the eighteen months or (B) the complete Fiscal Year immediately preceding the month in which the

Additional Parity Bonds are issued (as evidenced by the certificate of an Independent Consultant or Independent Certified Public Accountant) shall have at least equaled one hundred ten percent (110%) of the Maximum Debt Service Requirement on all Bonds to be Outstanding as of the date of such issuance.

- (b) All of the payments into the respective funds and accounts provided for in the Bond Ordinance, shall have been made in full to the date of issuance of said Additional Parity Bonds, and the City shall not be in default in performing any of the covenants, agreements and terms of the Bond Ordinance.
- (c) The ordinance or resolution authorizing the issuance of the Additional Parity Bonds recites that all of the covenants contained in the Bond Ordinance will be applicable to such Additional Parity Bonds.

(3) Completion Bonds may be issued without any financial tests, provided that (a) such Completion Bonds may be issued only in a principal amount not greater than fifteen percent (15%) of the principal amount of Bonds initially issued to fund the applicable capital Project, or (b) may be issued without regard to the fifteen percent (15%) limitation upon (i) the approval of the Credit Facility Issuer and (ii) delivery to the City of a certificate of an Independent Consultant stating that the proceeds of such Completion Bonds will be sufficient to complete the acquisition, construction and installation of such Project substantially in accordance with the plans and specifications therefor in effect at the time of issuance of the Bonds originally issued for such Project.

(4) Additional Parity Bonds payable from the Pledged Revenues may be issued by the City for refunding purposes without regard to the requirements described in paragraph (2) above, provided that (a) the Maximum Debt Service Requirement is not increased, and (b) the final maturity of the Bonds is not extended, as a result of such refunding. **The Series 2021 Bonds are Additional Parity Bonds issued for refunding purposes in accordance with the Bond Ordinance.**

(5) Additional Parity Bonds may be issued in the form of Variable Rate Bonds only upon the prior written consent of the Credit Facility Issuer.

(6) For purposes of (2) above, the terms "Adjusted Net Revenues" and "Adjusted Capital Facilities Charges" shall mean the Net Revenues and the Capital Facilities Charges, respectively, giving effect to the following adjustments (provided each such adjustment shall be certified by an Independent Consultant or Independent Certified Public Accountant in a certificate or report which shall set forth the assumptions upon which it is based and shall state that such assumptions, in the opinion of the Independent Consultant or Independent Certified Public Accountant, form a reasonable basis for the conclusions expressed therein).

- (a) If the City, prior to the issuance of the proposed Series of Bonds, as applicable (the "Applicable Bonds"), shall have enacted an increase in the rates, fees, rentals or other charges for the services of the System effective not later than the beginning of the next Fiscal Year, then Net Revenues and Capital Facilities Charges shall be adjusted to include the additional Net Revenues and Capital Facilities Charges which would have been received in the applicable period if such increased rates, fees, rentals or other charges had been in effect during all of such period.

- (b) If the number of connections as of the first day of the month preceding the month in which the proposed Applicable Bonds are to be issued exceeds the average number of such connections during the most recent full Fiscal Year of the City, then the Net Revenues and Capital Facilities Charges shall be adjusted to include the Net Revenues and Capital Facilities Charges which would have been received in the applicable period if those additional connections had (i) connected to the System on the first day of such period (and paid the applicable Capital Facilities Charge on such date) and (ii) been connected to the System during all of such period.
- (c) If the City shall acquire by the issuance of the Applicable Bonds any privately or publicly owned existing water system, sewer system or combined utility system, the cost of which shall be paid from all or part of the proceeds of the issuance of the proposed Applicable Bonds, then the Net Revenues and Capital Facilities Charges in the applicable period shall be increased by adding to the Net Revenues and Capital Facilities Charges for the applicable period the additional Net Revenues and Capital Facilities Charges (to the extent such amounts were not already reflected in such Net Revenues or Capital Facilities Charges) which, on the basis of operating data pertaining to the acquired system for such applicable periods, would have been derived from such existing water system, sewer system or combined utility as if such existing water system, sewer system, or combined utility system had been operated by the City as a part of the System during the applicable period.
- (d) If the City shall have entered into a contract, which contract shall be for a duration of not less than ten (10) years with any public body whereby the City shall have agreed to furnish services for the collection, treatment or disposal of sewage or agreed to furnish services in connection with any water system then the Net Revenues and Capital Facilities Charges during the applicable period shall be increased (to the extent such amounts were not reflected in such Net Revenues and Capital Facilities Charges) by the average annual amount which the Independent Consultant estimates will be paid during the three (3) Fiscal Years immediately following the issuance of the Applicable Bonds for the furnishing of the services by the City, after deducting from such payment the estimated additional Operating Expenses attributable in such Fiscal Year to such services.
- (e) The Net Revenues and Capital Facilities Charges shall be increased (to the extent the following amounts are not otherwise reflected in Net Revenues and Capital Facilities Charges) by seventy-five percent (75%) of the amount of additional Net Revenues and Capital Facilities Charges which would have been received in the applicable period from any existing occupied structures which are projected by the Independent Consultant to be connected to the System within the thirty-six (36) months following the issuance of the Applicable Bonds.
- (f) Net Revenues and Capital Facilities Charges shall reflect any adjustments necessary for any period in the opinion of an Independent Consultant or Independent Certified Public Accountant to reflect government ownership of the System or any Facilities constituting a part thereof.

- (g) The amount of Capital Facilities Charges deposited into the Current Subaccount within the Water Capital Facilities Charges Account and the Sewer Capital Facilities Charges Account during the applicable period may be adjusted to reflect the increase in the Annual Capital Facilities Charges Debt Service Component resulting from the issuance of the Applicable Bonds.

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## DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements for the Series 2021 Bonds and the Parity Bonds.

Bond Year Ending <u>September 1</u>	<u>Series 2021 Bonds</u>			Parity Bonds <u>Debt Service</u>	Total <u>Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		

TOTAL

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## HISTORICAL RESULTS OF OPERATIONS

The following chart sets forth the historical operations for the System for Fiscal Years ending September 30, 2016 through and including 2020.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenues					
Charges for Services	\$82,861,093	\$77,109,074	\$72,767,625	\$74,648,584	\$71,447,324
Guaranteed Revenue Fees	1,722,387	800,037	227,848	128,347	137,440
Interest Income	1,742,698	2,294,602	584,378	711,999	456,251
Miscellaneous Revenues	<u>          --</u>	<u>          --</u>	<u>  111,124</u>	<u>  137,346</u>	<u>   85,911</u>
Total Operating Revenues	\$84,756,178	\$80,203,713	\$73,690,975	\$75,626,276	\$72,126,926
Operating Expenses <sup>(1)</sup>	<u>\$37,227,766</u>	<u>\$35,312,761</u>	<u>\$36,932,174</u>	<u>\$32,841,068</u>	<u>\$30,306,559</u>
Net Operating Revenues	\$82,861,093	\$77,109,074	\$35,946,575	\$41,944,862	\$41,226,676
Net Revenues	\$49,098,412	\$44,890,952	\$36,758,801	\$42,785,208	\$41,820,367
Current Subaccounts <sup>(2)</sup>	\$33,726,641	\$23,658,217	\$17,461,648	\$10,513,349	\$6,093,873
Debt Service Requirement	\$26,614,463	\$26,614,588	\$26,699,394	\$26,698,544	\$31,199,200
Coverage Tests					
Test 1a <sup>(3)</sup>	1.84x	1.69x	1.38x	1.60x	1.34x
Test 1b <sup>(4)</sup>	3.11x	2.58x	2.03x	2.00x	1.54x

<sup>(1)</sup> Depreciation and amortization not included.

<sup>(2)</sup> Current Subaccounts are the Water System Capital Facilities Charges Account and the Sewer System Capital Facilities Charges Account, including any subaccounts therein, of the Capital Facilities Charges Fund established under the Bond Ordinance. Pursuant to the Bond Ordinance, the City may transfer such amount of Capital Facilities Charges as it determines, in its discretion, to the Current Subaccounts, so long as the amount transferred does not exceed in any Fiscal Year, the annual Capital Facilities Charges Debt Service Requirement.

<sup>(3)</sup> Minimum Coverage is 1.00 (Net Revenues/Debt Service).

<sup>(4)</sup> Minimum Coverage is 1.10 ((Net Revenues + Subaccounts)/ Debt Service).

Source: City of Port St. Lucie Finance Department.

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## THE SYSTEM

The following is intended to only provide a summary description of the System.

### History

In October of 1994, the City purchased from St. Lucie County (the "County") a water system (the "Water System") and a wastewater system (the "Wastewater System") then owned by the County, pursuant to the terms and conditions of a Transfer Agreement dated as of June 28, 1994 (the "Transfer Agreement"). The Water System and the Wastewater System are collectively referred to as the "System." The County previously had acquired the System from General Development Utilities, Inc. ("GDU") by means of a quick-take condemnation.

### Service Area

The current service area of the System (the "Service Area") is comprised of approximately 125 square miles, including most of the area within City limits and some unincorporated areas of the County, but excluding that portion of the City which is provided service by the St. Lucie West Services District's utility system and the Reserve Utility (Go Team Industrial Park). The Service Area is bordered on the east by the Indian River, on the north by Midway Road, on the west by Range Line Road, and to the south by the County's southern boundary. The area south of State Road 70 and west of Range Line Road is considered to be a future utility service planning area as it is recognized that the City is best suited to provide utility services should future development occur in this currently largely undeveloped area.

The City completed a major annexation in 2004 extending the municipal boundary to the west, coinciding with the previously established western boundary of the Service Area at Range Line Road. In August 2013, the City-owned McCarty Ranch Preserve was annexed into the City's corporate limits. Annexation of the large parcel located just west of Range Line Road added nearly 3,100 more acres to the City.

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## Ten Largest Customers

The ten largest customers of the System for the twelve-month period ending September 30, 2020 were as follows:

### Ten Largest Utility Customers by Billings

<u>Customer</u>	<u>Account Type</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Percentage</u>
Tropicana Products, Inc.	Industrial	\$855,423	\$14,942	\$870,365	1.1%
Wynne Building Corp.	Residential	309,753	523,123	832,876	1.0
Allied New Technologies	Industrial	689,922	--	689,922	0.9
School Board of St. Lucie County	Institutional	223,181	376,678	599,859	0.8
Holiday Village at Sandpiper	Residential	171,890	283,311	455,201	0.6
FL Department of Corrections	Institutional	454,687	--	454,687	0.6
Sanctuary at Winter Lakes	Residential	146,687	231,818	378,505	0.5
Creative Choice Homes	Residential	142,786	233,681	376,467	0.5
KMJ Apartments LLC	Residential	114,211	200,703	314,914	0.4
Vista St. Lucie	Residential	86,533	153,441	239,974	0.3

Source: City of Port St. Lucie Utilities.

## Management and Administration

The City's Utility Systems Department consists of 275 full-time equivalent employees. The Utility Systems Department is comprised of ten operating divisions: Administrative/Systems Support, Utility Engineering, Instrumentation and Controls, Laboratory and Compliance, Utility Information/Mapping, Warehouse and Procurement, Wastewater Treatment Facilities, Water Distribution and Wastewater Collection, Water Treatment Facilities, and the Customer Service/Billing Division.

Jesus A. Merejo is the City's Utility Systems Director. He is responsible for the day to day management of the System and reports directly to the City Manager. Mr. Merejo joined the utility in 1990 as a wastewater plant operator trainee while it was owned by the County. By the time the City acquired the System in 1994, he had advanced to Chief Wastewater Plant Operator. He has since held the positions of Wastewater Facilities Superintendent, Assistant Operations Manager and Assistant Utility Systems Director. Prior to joining the City, he worked for St. Lucie County Utilities. He has overseen the construction of Utility Service Areas Nos. 3-9, the Prineville and JEA Water Treatment Plant expansions, construction of the Rangeline Water Storage Facility, the Northport Wastewater Treatment Plant and Southport Wastewater Treatment Plant decommissioning, the 2.0 mgd Westport Wastewater Treatment Plant expansion, the 6.0 mgd original construction and later 6.0 mgd expansion of the Glades Wastewater Treatment Plant, multiple deep injection wells and construction of the Northport, Southport and Glades Master Wastewater Booster Pump Stations. Mr. Merejo was instrumental in the 3,100-acre McCarty Ranch Preserve and 1,944-acre McCarty Ranch Extension property acquisitions that together will be home to a future cyclic surface water treatment, storage, and recovery system intended to ensure the City's ability to meet future potable water demands. He received a Bachelor of Arts degree in Organizational Management from Warner Southern College.



## The Water System

General. The Water System consists of the following major facilities:

- Two (2) water treatment plants ("WTP") known as the Prineville WTP and the James E. Anderson ("JEA") WTP.
- Four (4) repump facilities; Midport Repump Station, Southport Repump Station, Westport Repump Station and the Rangeline Road Repump Station.
- Forty-eight (48) raw water supply wells withdrawing from both the Floridan and surficial aquifers.
- Ten (10) storage reservoirs, 26.1 million gallons ("mg") of storage.
- Twenty-six (26) miles of raw water transmission mains.
- One-thousand two-hundred forty-six (1,246) miles of water transmission and distribution mains.
- Five (5) interconnections with three adjacent public Utility Systems.

For the period ending February 2021, the Water System provided potable water service to an average of approximately 80,586 metered connections ranging in size from 5/8-inch to 8-inch.

Raw Water Supply. The water supply is withdrawn from the Floridan aquifer which is approximately 1,350 feet below the land surface (the "Floridan Aquifer") and the semi-confined portion of the surficial aquifer which is approximately 40 to 115 feet below the land surface (the "Surficial Aquifer"). The City owns and operates the Prineville surficial aquifer wellfield and the Prineville and the JEA Floridan aquifer wellfields.

The water use permit, issued by the South Florida Water Management District (the "SFWMD") and expiring in 2028, allows for an annual average withdrawal capacity from the combined aquifers of 51.38 mgd. That is equal to a total annual average potable water production of 43.0 mgd.

The Prineville surficial aquifer wellfield consists of 30 wells with a total capacity of 8.0 mgd, which serve the Prineville WTP lime softening facilities. The Prineville Floridan aquifer wellfield consists of 6 wells serving the reverse osmosis ("RO") facilities. The seven (7) Floridan wells currently in service for the Prineville WTP have a total capacity of 11.15 mgd.

The JEA Floridan Aquifer wellfield consists of 12 wells serving the JEA RO WTP. The twelve additional Floridan wells support the JEA WTP permitted treatment capacity of 22.5 mgd. The Floridan Aquifer wells serving the City's WTPs are typically 1,350 feet and each has a typical production capacity of 1,750 gallons per minute ("GPM").

Potable Water Treatment Plants. The Water System currently has two water treatment plant sites ("WTP"), the Prineville WTP and the JEA WTP. Located in the central portion of the City, the Prineville Reverse Osmosis Train has a permitted capacity of 11.15 mgd and the Prineville WTP Softening Train currently has a permitted capacity of 8.00 mgd for a combined capacity of 19.15 mgd at the Prineville site. The JEA WTP was placed into service in February 2006 and has a current permitted capacity of 22.5 mgd.

The Florida Department of Environmental Protection ("FDEP") utilizes guidelines based upon the maximum hydraulic capacities of wells, treatment units and filters that can be expected to result in acceptable treated water quality and on the capacities of pumps that move the water through the plant

and to the distribution system. To ensure consistent operation, the FDEP generally requires that the rated capacity of a plant be determined at that rate which a plant can operate with one or more of the key components, such as wells, filters, or high service pumps, out of operation.

The Prineville WTP and the James E. Anderson WTP are expected to serve the System's demands for water through the year 2030. The proposed construction of the new Rangeline WTP at the Rangeline Water Storage Reservoir ("Rangeline WTP") will provide water service beyond 2030.

Concentrate Disposal. Concentrate, a byproduct of the reverse osmosis process used at the Prineville WTP and at the JEA WTP, is disposed of in a deep injection well located at each of the respective facilities.

Back-up System Interconnects. Consistent with the SFWMD's policy, the Water System interconnects to the St. Lucie West Services District's water system, Fort Pierce Utilities Authority's ("FPUA") water system and the Martin County water system, through metered interconnections. Separate Interlocal agreements exist with each of the interconnected utilities; however, none of the agreements provide permanent long-term water supply capacity, they only address emergency and/or water shortage capacity.

Water Storage. The Water System currently has fifteen water storage tanks having a combined capacity of 27.6 million gallons (mg). All storage tanks are above-ground and are made of prestressed concrete and provide sufficient storage capacity for the current needs of the System.

Transmission and Distribution Facilities. The Water System has approximately 26 miles of raw water transmission piping that currently conveys the raw water from production wells to the Prineville WTP and the JEA WTP. Approximately 1,206 miles of pipe are in the Water System for transmission and distribution ranging in size from 1.5 to 36 inches. The pipe materials predominately include a combination of polyvinyl chloride and ductile iron pipe. The water distribution includes an inventory of 12,767 valves and 5,499 fire hydrants.

Pumping Stations. The potable water pumping system, apart from pumping facilities located at the WTP's, consists of four stations: the Midport Repump Station, the Westport Repump Station, the Southport Repump Facility, and the Rangeline Road Repump Facility. All the pumping stations are interconnected with fiber optic cable, which allows the stations to be remotely operated by treatment plant operators and monitored at the Utility Systems Department's administrative and management office.

## **The Wastewater System**

General. The Wastewater System is comprised of a collection, transmission, treatment and effluent disposal system, including:

- Two (2) wastewater treatment facilities ("WWTF") known as the Westport WWTF and Glades WWTF with a combined permitted capacity of 18 MGD.
- Effluent disposal totaling 18.00 mgd.
- Apparently, one-thousand ninety-seven (1,097) miles of wastewater collection and transmission mains.

- Three (3) wastewater booster pump stations: Glades Wastewater Booster Pump Station, Northport Wastewater Booster Pump Station, and Southport Wastewater Booster Pump Station.
- Reclaim/reuse water design capacity of 10.8 mgd.

For the period ending February 2021, the Wastewater System provided wastewater service to an average of 62,773 accounts. A portion of the Wastewater System's collection and transmission facilities contain the "Suburbanair" system, generally known as the Septic Tank Effluent Pump (STEP) system. The STEP system utilizes a septic tank at each house, but instead of discharging effluent to a drain field, a motor and pump within the tank are used to transport the septic tank effluent out into a collection main. The collection main is a small-diameter polypropylene or PVC pipe operating at low pressure. There are approximately 4,500 residential STEP systems in operation within the Wastewater System.

In addition to the STEP system, another collection method in use within the Wastewater System is grinder pump stations. The grinder pump stations, located at residences, pump effluent into a low-pressure collection main. This main is a small-diameter PVC pipe operating at low pressure. As of February 28, 2021, are approximately 35,398 residential grinder pumps in operation.

In other areas of the collection system, there are approximately 23,000 gravity connections. The wastewater is then collected at lift stations and pumped into force mains, which convey the wastewater to the appropriate WWTF for treatment.

The two current WWTFs are commonly known as the Westport WWTF and the Glades WWTF. The Glades WWTF was placed into service on January 8, 2007 and an expansion of the Westport WWTF was completed in 2011. The two WWTFs currently have a combined permitted treatment capacity of 18.00 mgd and both plants utilize the Modified Ludzak-Ettinger activated sludge configuration. Effluent disposal consists of three deep injection wells and four reclaimed/reuse water spray irrigation sites.

The Northport WWTF, was decommissioned on January 8, 2007 and its flows were transferred to the Glades WWTF through the Northport Wastewater Booster Pumping Station that is located on the site of the former Northport WWTF. The Southport WWTF was decommissioned in March 2011 and all flows from its former service area are pumped to the Westport WWTF through the Southport Wastewater Booster Pumping Station that was constructed on the site of the former Southport WWTF.

Westport WWTF. The Westport WWTF has an FDEP permitted capacity of 6.0 mgd. The Westport WWTF serves the Westport and Southport service areas, and portions of unincorporated St. Lucie County. The Southport service area became part of the Westport service area when the Southport WWTP was decommissioned in 2011. Additional filtration and high-level disinfection components provide up to approximately 2.7 mgd of irrigation quality effluent for disposal by spray irrigation at the Ballantrae Golf & Yacht Club and adjoining Ballantrae residential areas, Veranda Gardens and at golf courses known as The Tesoro Club and The Floridian.

Glades WWTF. The Glades WWTF, placed into service in 2007, has an FDEP permitted capacity of 12.0 mgd. The plant's access drive intersects Glades Cut-off Road; thus, the facility is identified as the "Glades Plant". The Glades Plant serves primarily the Northport and annexed western service areas. Glades WWTF includes a headwork's structure for pretreatment and odor control, four 3.0 mgd aeration basins, four 3.0 mgd clarifiers, two return waste sludge pumping station, chlorine contact basin, an emergency power generator with motor control center. The Glades WWTF also has the capacity to

produce 12.0 mgd of reclaimed water. The flows to the Glades WWTF include those diverted from the Northport WWTF when it was decommissioned in 2007. Glades WWTF flows also include those from subdivisions such as Tradition; Southern Groves, Verano, Copper Creek, and other area of the northern and western portions of the City's Utility Service Area.

Effluent Disposal. There are three methods of effluent disposal used at the WWTFs. Wastewater effluent disposal is achieved through deep well injection, beneficial use as reuse water irrigation, and percolation ponds. Effluent disposal via deep injection wells includes four deep injection wells ("DIW") (located at the Westport WWTF, Southport WWTF, Glades Wastewater WWTF and the JEA WTP). The Westport WWTF and the Glades WWTF are designed to produce irrigation-quality reuse water although currently only the Westport WWTF actively serves reuse water customers.

Collection Facilities. The Wastewater System's collection and transmission facilities consist of approximately 157 miles of gravity sewer and approximately 720 combined miles of low-pressure grinder system and STEP collection system mains ranging in size from 2" to 8" in diameter. The force main network consists of approximately 335 lift stations, 258 commercial wastewater grinder stations and approximately 219 miles of transmission facilities ranging in diameter from 2" to 24". There are more than 6,200 manholes and more than 8,700 valves located throughout the Wastewater System.

Deep Injection Wells. The DIW located at the Westport WWTF provides the capability for the disposal of approximately 12.0-mgd of wastewater effluent at the Westport WWTF site. The DIW at the Glades WWTF is capable to dispose of approximately 12.0 mgd of wastewater effluent. The DIW at the former Southport WWTF site consisting of one 12-inch diameter Class I DIW can be used for emergency disposal of secondary treated wastewater effluent. The maximum permitted injection rate for this DIW is 3.63 mgd at a maximum pressure of 100 psi.

Irrigation-Water Reuse. Westport WWTF is currently providing irrigation quality effluent to the Floridian Golf & Yacht Club, the Santa Lucia River Golf Club, Tesoro Club, and Veranda Gardens East, Veranda Gardens West, and Veranda Preserve. The Westport WWTF and former Southport WWTF site are interconnected with a 24- inch main that provides for the transfer of reclaimed water from Westport WWTF back to the Southport area.

## **Permitting**

The United States Environmental Protection Agency ("EPA") and the FDEP promulgate various regulations governing operation of the System. Regulations deal primarily with the quality of effluent discharged from the WWTFs, the disposal of sludge generated by the Wastewater System, the discharge of pollutants into the groundwater and the nature of waste material discharged into the collection facilities. Associated with the regulations are various monitoring and reporting requirements. In addition, EPA and FDEP have also promulgated regulations regarding grant moneys that may be received in the future for the planning, design and construction of various projects. The grant-related regulations touch upon a wide variety of matters, including planning, methodologies, design criteria, construction activities, and the operation, maintenance and financing of facilities.

The System, in the opinion of the City, is properly permitted and does not have a history of excessive permit violations. The System is not facing any EPA or FDEP mandated schedules for elimination of discharges, or any sewage related administrative orders or consent decrees.

In addition to regulation of sewage treatment facilities, EPA and FDEP regulate the quality of the System's potable water. The System is currently in compliance with all applicable regulations relating to water quality.

The regulation of consumptive uses of water resources in the City is the responsibility of the SFWMD. The SFWMD issues water use permits ("WUPs") based on the population served and the ability of the water source to provide the quantity and quality of water needed. WUPs are generally issued for a 20-year period. Permits may be modified at any time by the SFWMD, if conditions so warrant. Modifications can be based on a demonstrated need for increased water use.

The SFWMD WUP authorizes the City's withdrawal of a maximum daily amount of 61.503 mgd and an average annual allocation of 51.381 mgd from a combination of the Floridan Aquifer and the Surficial Aquifer. This permit was issued on July 10, 2008 and expires on July 10, 2028.

The wastewater operating permits' status is as follows:

<u>Permit</u>	<u>Permit Number</u>	<u>Effective Date</u>	<u>Expires</u>
Glades WWTF Operating Permit	FLA326321	4/02/2019	4/01/2024
Westport WWTF Operating Permit	FLA139653	9/18/2020	9/17/2025
JEA WTP Class I Injection Well System Operating Permit	188679-008-UO/II	5/05/2017	5/04/2022
Glades WWTF Class I Injection Well System IW-1 Operating Permit	347645-001-UO/1X	3/30/2017	3/29/2022
Westport WWTP Injection Well IW-1& MW-1 Operating Permit	189145-006-UO	11/29/2012	11/28/2017*
Southport WWTF Class I Injection Well System IW-1 Operating Permit	318859-002-UO/1M	2/22/2019	2/22/2024
Glades WWTF Stormwater Discharge Multi-Sector Generic Permit	FLR05G776-003	8/20/2018	8/19/2023
Westport WWTF Stormwater Discharge Multi-Sector Generic Permit	FLR05G777	9/24/2018	9/13/2023

\* Renewal application submitted to FDEP in Sept. 2017, awaiting FDEP to issue renewed permit. FDEP has been accumulating data concerning potential upward migration in Injection Well #1. FDEP has stated that have reached determination and are currently in the process of writing the conditions of the new permit. Then conditions of the new permit will take effect on July 8, 2025.

**Water-Use Restrictions**

The City has had water-use restrictions in effect since April 2007 in response to a declaration issued by SFWMD. The City's water-use restrictions have been modified from time to time since but remain in place today. Currently the City allows automated watering to occur within two timeframes with odd and even addresses being allowed specific water days; however, no watering is allowed between the hours of 10:00 AM – 4:00 PM. Low volume watering for stressed plants is allowed for 10-minutes at any time. The City's water-use restrictions include all SFWMD's residential/community and commercial/recreation water-use restrictions. SFWMD's water-use restrictions are aimed at protecting surface waters and the Surficial Aquifer. More than eighty percent (80%) of the City's water comes from its deep Floridan wells which serve its reverse osmosis treatment plants and these wells are not subject to the effects of shallow ground water drought conditions.

**Environmental Matters**

General. Operations of the System are subject to regulation by certain federal, State and local authorities. However, federal and State standards and procedures that currently regulate and control operations of the System may change from time to time because of continuing legislative, regulatory and judicial action. Therefore, there is no assurance that the potable water production and/or wastewater

treatment facilities of the System in operation, under construction or contemplated will always remain subject to the regulations currently in effect.

An inability to comply with the various governmental regulations, standards or deadlines could result in reduced operating levels or complete shutdown of potable water production, and/or wastewater treatment facilities not in compliance. Therefore, compliance with governmental regulations, standards or deadlines could substantially increase capital and operating costs of the System.

The City is subject to regulation as to solid waste, water and air quality by the EPA and the FDEP under Federal and State laws and regulations. The System currently is in compliance with all regulatory requirements of EPA and FDEP and all permits required to operate the System are in order for all units which are on line.

Wellfield Protection Ordinance. In response to concerns regarding ground water pollution, the City enacted a wellfield protection ordinance to regulate activities near existing and planned water supply wells. The Utility Systems Department is charged by the City with the responsibility for administering and enforcing the ordinance. This ordinance and FDEP regulations combine to provide wellfield protection.

### **SAD/USA Program**

The City undertook a special assessment program (the "SAD/USA Program") to acquire and construct certain potable water transmission and distribution facilities and sewer collection and transmission facilities throughout the Service Area of the System. The SAD/USA Program, which consisted of eight different phases over a period of approximately ten years from the date of commencement of construction, was completed in 2008. Potable water service is now available to one hundred percent of the platted area of the City, and wastewater collection service is available to more than ninety-five percent of the City.

Homes in existence prior to potable water and wastewater becoming available through the SAD/USA Program are exempt from mandatory connection requirements and can continue being served by private wells and/or septic systems until such systems fail. However, under the SAD/USA Program, all new construction is required to connect to the System at the time of construction. The SAD/USA Program, among other things, reduces potential groundwater and surface water pollution, reduces stormwater runoff and flooding, and allows the continued development of land within the City (which, in turn, is expected to result in further economic development and a diversification of the City's tax base).

The improvements constructed pursuant to the SAD/USA Program were financed by the City through the issuance of special assessment bonds primarily payable from and secured by special assessments imposed by the City on the particular lots specially benefited by these improvements and a covenant of the City to deposit into the Subordinate Bonds Debt Service Fund created and established pursuant to the Bond Ordinance, an amount sufficient to pay debt service on the special assessment bonds, if the special assessments pledged thereto are insufficient for such purpose. The special assessment bonds listed below are subordinate to the Outstanding Parity Bonds and the Series 2021 Bonds.

The City has issued the following special assessment bonds, which are not on a parity with the Series 2021 Bonds, to acquire and construct certain potable water transmission and distribution facilities, and sewer collection and transmission facilities.

	<u>Original Principal Amount</u>	<u>Currently Outstanding as of September 30, 2020</u>
Special Assessment District Bonds, Series 2005B (Utility Service Area 9-Water and Wastewater Expansion Project)	\$4,765,000	\$425,000

### **CAPITAL IMPROVEMENT PROGRAM**

Certain improvements to the Water System and the Wastewater System are necessary to meet operating standards and the additional capacity demands that will be imposed on these systems as a result of an increased customer base. Capital improvements have been underway since the City acquired the System in 1994.

#### **Existing Capital Improvement Program**

In connection with its acquisition of the System, the City developed a capital improvement program for the System. The City’s proposed capital improvement program which has been updated periodically based on demand for services from new customers (collectively, the “Existing Capital Improvement Program”), with the entire program financed through the issuance of bonds and from net operating revenues of the System. The City will continue to closely monitor projections and customer growth and will make timely updates to its Existing Capital Improvement Program to reflect necessary changes and modifications to assure System demands are met.

#### Water Quality Project Area 4 Project:

This 300-acre cell is one of 7 that is intended to capture “wasted water” from the C-23 Canal prior to discharging to the St. Lucie River heading the Indian River Lagoon. Overall, all 7 cells will hold back 9 billion gallons of fresh water from polluting the pristine estuary and help prevent algal blooms. Areas 1, 2 & 3 are complete and operational. Area 4 is designed and going out to bid. Completion is estimated to be at February 2022.

#### Westport force main to Glades Booster Pump Station:

This nine-mile project is currently out to bid, and its intent is to divert raw sewage from the Westport Wastewater Treatment Facility (WPWWTF) to the Glades Wastewater Treatment Facility. This project will enable the WWTF to remain at 6.0 million gallons per day as well as keep WPWWTF in compliance with the FDEP mandated High Level Disinfection requirement. This project is going out to bid for design and completion is estimated at July of 2025.

#### Northport Booster Pump Force Main to Glades Upgrades Phase 2:

Phase 2 is part of a 6-phase project that runs a force main from US1 on the east side of the City west to the Glades Wastewater Treatment Facility on the west side of the City. The purpose is to accommodate new development growth, as well as provide an alternative route for sewage east of the St.

Lucie River. Phase 1 was completed last year. This phase is under design with completion anticipated this year.

Floresta Phase 2:

The Utility lines need to be relocated due to the City's road expansion project. This project is nearing completion.

Naranja Low Pressure Main Phases 1 & 2:

This project will alleviate General Development era force mains that dump into gravity systems, which surcharge during rain events and cause sewer spills. This project is currently under design and will be completed this year.

All of the above projects are identified in the Utility Systems Department's master plan and will be funded from the System's operating fund and other utility funds.

**Future Capital Improvement Program**

The demand for services from new customers and the need to continually upgrade, improve and expand the System's facilities requires that the System continue with its planned capital improvement program. Such future potential capital projects are hereinafter referred to as the "Future Capital Improvement Program." The City currently expects to pay for these improvements from revenues of the System, including, without limitation, Capital Facilities Charges, and through the issuance of Additional Parity Bonds under the Bond Ordinance.

Two Western Floridan Wells for JEA Ro Plant:

The City Utility Systems Department (USD) will be designing and constructing four new Western Reverse Osmosis Floridan Wells. The USD is seeking bond funding to aid in the construction of two of these four wells. The additional wells are required due to change in ground water conditions to stay in compliance with FDEP, SFWMD and maintain current capacity.

Western Raw Water Main Phase 2:

A new Western raw water main is required to support the new wells. The proposed Western raw water main will connect the four wells to the James E. Anderson (JEA) water plant in order to maintain permitted capacity at the JEA water plant.

Floresta Phase 3:

Currently, phase one of the project between Southbend Boulevard to Elkcam Waterway is under construction. Phases two and three will continue the roadway improvements from the Elkcam Waterway to Crosstown Parkway (Phase 2), and then from Crosstown Parkway to Prima Vista Boulevard (Phase 3). Funding is specifically being requested to cover the utility line relocations for the Phase three portion only. The utility lines that must be relocated are vital to our system and are needed to maintain our potable water availability/capacity.



Prineville Deep Injection Well #2:

A backup DIW is required to dispose of this concentrate in the event the current injection well becomes problematic or requires maintenance. Not having a means to dispose of concentrate will severely limit the amount of potable water that may be produced at the Prineville facility and would thereby reduce our capacity to produce potable drinking water. The estimate cost for the design and construction of a secondary DIW is \$10,000,000. The USD is seeking \$3,000,000 in funding towards this project.

Upgrade Westport WWTP:

Adopted changes to the BMAP, mandated nutrient reduction requirements that cannot currently be achieved by means of existing infrastructure at the Westport facility. This unfunded mandate thereby requires numerous upgrades to the facility. The total estimated project is \$10,500,000, of which \$3,000,000 in bond funding is being sought.

Tradition Reuse Line Extension:

This project currently under design, would extend an existing line one-mile SW of the C24 canal to the Glades Wastewater Booster Pumping Station. This line will allow additional future customers to acquire reuse quality water in the Western Grove area and the ability to expand in areas surrounding Tradition.

Northport Booster Pump Force Main to Glades Upgrades Phases 3 thru 6:

The Northport Booster Pump Force Main upgrades will be completed in six phases. The upgrades and upsizing of force mains will increase the capacity of wastewater flows to our Glades Wastewater Treatment Plant. The upgrades are needed to accommodate new development and future growth in our Eastern/Central portion of the City. These improvements will also provide a secondary benefit of the ability to divert wastewater flows away from our Southport Booster Pumping Station if needed.

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Set forth below is a chart summarizing the System’s five-year renewal and replacement capital improvement program projects.

**Renewal and Replacement Capital Improvement Summary**  
**Fiscal Years Ending September 30,**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Sources</b>					
R&R Fund	\$10,127,518	\$10,205,518	\$11,149,518	\$10,760,018	\$9,921,018
Other (SAD I&II)	0	0	0	0	0
<b>Total</b>	<b>\$10,127,518</b>	<b>\$10,205,518</b>	<b>\$11,149,518</b>	<b>\$10,760,018</b>	<b>\$9,921,018</b>
<b>Uses</b>					
<u>Water Renewal and Replacement</u>					
Mapping and Facilities	\$1,358,000	\$1,469,000	\$1,565,000	\$1,144,000	\$1,324,000
Cross Connection	141,000	151,000	151,000	151,000	151,000
JEA RO WTP	1,380,000	1,150,000	1,910,000	1,960,000	1,460,000
McCarty Ranch <sup>(1)</sup>	220,000	420,000	270,000	320,000	100,000
Distribution	1,135,000	1,100,000	1,135,000	1,135,000	1,135,000
<b>Total Water Renewal and Replacement</b>	<b>\$4,234,000</b>	<b>\$4,290,000</b>	<b>\$5,031,000</b>	<b>\$4,710,000</b>	<b>\$4,170,000</b>
<u>Sewer Renewal and Replacement</u>					
I&I	\$280,000	\$260,000	\$280,000	\$280,000	\$280,000
Lift Stations and Collections	4,011,000	4,505,000	4,565,000	4,565,000	4,565,000
Westport WWTP	977,500	589,000	380,000	352,000	144,000
Glades WWTP	594,000	530,500	862,500	822,000	731,000
Interfund Tsf to general fund	31,018	31,018	31,018	31,018	31,018
<b>Total Sewer Renewal and Replacement</b>	<b>\$5,893,518</b>	<b>\$5,915,518</b>	<b>\$6,118,518</b>	<b>\$6,050,018</b>	<b>\$5,751,018</b>
<b>Total</b>	<b>\$10,127,518</b>	<b>\$10,205,518</b>	<b>\$11,149,518</b>	<b>\$10,760,018</b>	<b>\$9,921,018</b>

Source: City of Port St. Lucie, Florida Finance Department.

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Set forth below is a chart summarizing the System’s five-year capital expansion capital improvement program projects.

**Capital Expansion Capital Improvement Summary**  
**Fiscal Years Ending September 30,**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Sources</b>					
Capital Expansion Fund	\$9,409,926	\$39,870,269	\$40,335,158	\$27,524,600	\$29,163,100
Other (SAD 3&4)	\$12,000,000	0	0	0	0
<b>Total</b>	<b>\$21,409,926</b>	<b>\$39,870,269</b>	<b>\$40,335,158</b>	<b>\$27,524,600</b>	<b>\$29,163,100</b>
<b>Uses</b>					
Water capacity:					
Water storage impoundments	\$13,346,000	\$16,099,240	\$21,021,858	\$11,263,000	\$21,720,000
Sewer Capacity:					
Westport WWTP expansion	\$0	\$0	\$10,500,000	\$0	\$0
Wastewater collection	8,063,926	23,771,029	8,813,300	16,261,600	7,443,100
<b>Total</b>	<b>\$8,063,926</b>	<b>\$23,771,029</b>	<b>\$19,313,300</b>	<b>\$16,261,600</b>	<b>\$7,443,100</b>

Source: City of Port St. Lucie, Florida Finance Department.

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## RATES, FEES AND CHARGES

### Current Rates, Fees and Charges

The structure of the current rates, fees and charges for the usage of the products and services of the System is prescribed by Ordinance 94-44 enacted by the City on September 26, 1994, as the same has subsequently been amended from time to time (as subsequently amended, the "Rate Ordinance"). Pursuant to the Rate Ordinance, on each October 1, the rates, fees and charges may be increased to reflect certain inflationary adjustments. The City's rate consultant has recommended rate adjustments to existing rates to water over the next five years.

The current rates, fees and charges set by the Rate Ordinance are set forth below.

#### Current User Rates and Charges<sup>(1)</sup>

<u>Residential Single Family</u>	<u>Water</u>	<u>Wastewater<sup>(2)(3)</sup></u>
Billing Charge for all customer classes: \$2.88 per month.		
Base Facility Charge		
<u>Meter Size</u>		
5/8" x 3/4"	\$9.77	\$16.88
1.0"	21.90	39.64
1.5"	42.11	77.59
2.0"	66.35	123.11
Gallonage Rate (Per 1,000 Gallons)		
Block 1 (0-5,000 gallons)	\$4.58	\$7.91
Block 2 (5,001 - 12,000 gallons)	5.97	N/A
Block 3 (Above 12,000 gallons)	7.35	N/A
<b>Residential Multi-Family (per Dwelling Unit)</b>		
Base Facility Charge:	\$5.75	\$14.28
Gallonage Charge (Per 1,000 Gallons)		
Block 1 (0 - 3,600 gallons)	\$4.58	\$7.91
Block 2 (3,601 - 8,500 gallons)	5.97	N/A
Block 3 (Above 8,500 gallons)	7.35	N/A
<b>Commercial</b>		
Base Facility Charge (per Contract		
Equivalent Residential Connection):		
	\$8.08	\$15.18
Gallonage Charge (Per 1,000 Gallons)		
Block 1 (0-5,000 gallons)	\$4.58	\$7.91
Block 2 (5,001 - 12,000 gallons)	5.97	N/A
Block 3 (Above 12,000 gallons)	6.35	N/A

<sup>(1)</sup> Water and wastewater surcharge of 6% to be applied pro rata to all classes of water and wastewater customers.

<sup>(2)</sup> Monthly wastewater billable gallonage capped at 8,000 for Single Family and 6,000 for Multi-Family.

<sup>(3)</sup> Wastewater only customers receive a flat rate of \$66.04 for Single Family, \$65.14 per Multi-Family unit, and \$18.58 base facility charge times ERC for Non-Residential Unit.

Source: City of Port St. Lucie Utility Systems Department

**Historical Collection of Accounts**

The City's historical collection rates for customer accounts of the System for the last five Fiscal Years are set forth below.

Fiscal Year				
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
98.04%	98.34%	98.36%	98.54%	98.53%

Source: City of Port St. Lucie Utility Systems Department.

**Rate Comparison**

Set forth below is a comparison of monthly water and wastewater charges, in effect for Fiscal Year ending September 30, 2017, by similar systems in geographic areas surrounding the City and other former GDU systems, based upon the delivery of 5,000 gallons of water per month through a standard 5/8" x 3/4" meter, including corresponding wastewater service. The rates shown below are exclusive of local taxes, franchise fees, surcharges for outside city service, if any, or other rate adjustments.

**Water and Wastewater User Rate Comparison with Neighboring/Comparable Utilities  
Fiscal Year Ending September 30, 2020**

Typical Residential Single-Family Service  
Monthly Bills Based on Usage of 5,000 Gallons

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
City of Port St. Lucie	\$30.96	\$54.72	\$85.68
<b><u>Other Utilities</u></b>			
City of North Port Utilities	\$40.77	\$57.50	\$98.27
City of Cape Coral	36.82	66.27	103.09
City of Palm Bay	33.11	49.13	82.24
Ft. Pierce Utilities Authority	32.60	44.01	76.61
Indian River County	20.12	29.90	50.02
Martin County Utilities	24.50	34.25	58.75
St. Lucie County Utilities	38.71	60.87	99.58
City of Stuart	31.51	41.92	73.43
St. Lucie West Utilities	32.77	38.59	71.36
Average other Utilities	32.76	47.56	80.32

\* Bill comparisons identified in the City's 2019 Rate Study.  
Source: City of Port St. Lucie, Florida Finance Department.

**Capital Facilities Charges**

The City has adopted Capital Facilities Charges for water and wastewater, each of which consists of a plant capacity component. The Capital Facilities Charges are established for the purpose of reimbursing the equitable share of the capital costs relating to constructing, expanding, or equipping of

excess capacity necessary to serve new users of the System. The obligation of payment of such charges by a new customer (or developer) arises prior to development or construction. The Capital Facilities Charges are applied per Equivalent Residential Connection ("ERC") and are calculated based on the ERC factors as detailed in the Rate Ordinance. The ERC factors vary depending on the type of customer and are determined based on the estimated demand the proposed customer or development will place upon the transmission and treatment facilities. The table below provides a summary of the existing water and wastewater Capital Facilities Charges. Existing residential dwellings within the SAD/USA areas are permitted to pay the Capital Facilities Charge in equal installments over a 10-year period. Existing commercial customers in the SAD/USA areas are permitted to pay Capital Facilities Charges in equal installments over a one-year period. All other connections to the System are required to make payment in full upon connection prior to.

**Capital Facilities Charges**

	Charge Per ERC
Water:	
Facility Charge	\$1,423.00
Line Charge	\$734.00
Wastewater:	
Facility Charge	\$2,177.00
Line Charge	\$366.00

Source: City of Port St. Lucie Utility Systems Department.

The following table provides a summary of the cash collections of the Capital Facilities Charges for years 2016 through 2020 as well as the amount used to pay debt service.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Installment Payments	\$2,005,947	\$2,041,722			
Full Payments	<u>5,130,618</u>	<u>6,142,941</u>			
Total Payments Collected	\$7,136,565	\$8,184,663			
Used for Debt Service	\$1,500,000	0			0

Source: City of Port St. Lucie Utility Systems Department.

The Rate Ordinance requires that guaranteed revenue fees, equal to the annual base facility charges, be collected in advance for each ERC reserved pursuant to each developer agreement.

## Rate Regulation

The City as a governmental entity is self-regulating to the extent that it determines its own rates, fees and charges and prescribes its own rules regarding the type and quality of service. The actions of the City must be just and reasonable and are always subject to review by a court of competent jurisdiction. Regarding matters of service, the City is regulated by such State agencies as the FDEP and the SFWMD and by such federal agencies as the EPA. See "THE SYSTEM – Permitting" also for additional information on agencies which regulate the System.

## City Codes and the Uniform Extension Policy

Pursuant to Chapters 60-65, and 67 of the City's Code of Ordinances, the City has enacted ordinances providing for connection charges, meter installation fees and rate schedules, as well as other water and wastewater user rules and regulations. A Uniform Extension Policy setting forth the service and financial relationship between developers, property owners, and consumers of the System and the City as owner-operator of the System is included in Chapter 63 of the Code of Ordinances. Among other things, the Uniform Extension Policy provides for engineering requirements, rules and regulations, and matters of policy designed to inform the developer and/or commercial property owner of its rights and responsibilities regarding utility service.

### RECOMMENDED RATE INCREASES

On August 28, 2019, the Feasibility Consultant delivered a Water and Wastewater Rate and Long-Term Financial Overview (the "Overview") to the City for a forecast period ending with the fiscal year ending September 30, 2028. According to the Overview, the CIP equaled approximately \$135 million for the ten year period from the fiscal year ending September 30, 2019 through and including 2028. In the Overview, the Feasibility Consultant recommended annual rate increases per year for the fiscal years ending September 30, 2020 through and including 2028. The rate increases recommended for the fiscal years ending September 30, 2022 through and including 2028 have not been approved by the City Council. The recommended rate increases outlined in the Overview include the following:

Fiscal Year	Adjustment		Typical 5,000-Gal Bill
	Water	Wastewater	
2020 <sup>(1)</sup>	1.50%	1.50%	\$85.68
2021 <sup>(2)</sup>	1.50	1.50	86.99
2022	1.50	1.50	88.36
2023	1.50	1.50	89.78
2024	1.50	0.50	90.64
2025	1.50	0.50	91.50
2026	1.50	0.50	92.38
2027	1.50	0.50	93.26
2028	1.50	0.50	94.14

<sup>(1)</sup> These rate increases were approved by the City and implemented on October 1, 2019.

<sup>(2)</sup> These recommended rate increases were not approved by the City as a result of the impacts of COVID-19. See "INVESTMENT CONSIDERATIONS" herein for more information.

A ten-year forward-looking revenue sufficiency analysis was prepared by the Feasibility Consultant utilizing customer data, existing rates, fiscal requirements and CIP funding along with directing \$4.5 million to \$6.0 million of Customer Facilities Charges, reserve funds annually to pay a portion of debt service. The results identified that this option does not provide sufficient revenue to address projected requirements beyond fiscal year ending September 30, 2021, which would require material rate increases before the fiscal year ending September 30, 2024 and possibly significantly greater levels of long-term debt for CIP funding.

The Overview findings were clear that rate adjustments are necessary not only to address the inflationary impact on operation and maintenance, but to also provide for increasing renewal and replacement, capital improvements and maintaining adequate reserve fund balances. Additionally, the Overview identified that: i) there were high levels of new connections during the last several years; ii) operation and maintenance expense has not increased in proportion to customer growth primarily due to sound management practices; iii) annual debt service is relatively stable; iv) the City identified the need for significant increases in renewal and replacement; v) the City also identified CIP requirements to address expansion capacity and major facility renewal and replacement; and vi) existing reserve fund balances together with surpluses from anticipated rate adjustments should be adequate to allow for strategic CIP funding options.

There can be no assurance that the City Council will accept such recommendation for additional rate increases; but in all events, the City must continue to comply with its rate covenant in the Resolution. See "COVENANTS REGARDING RATES AND ADDITIONAL DEBT—Rate Covenant" herein. Also, according to the Overview, it was assumed that no Additional Bonds or Subordinated Indebtedness would be issued during the forecast period, except the Series 2021 Bonds, and all capital expenditures were assumed to be financed with existing cash balances and expected future revenues from the System, assuming the above rate increases are adopted by the City Council. See "PROJECTED OPERATING RESULTS" below for the Feasibility Consultant's projected Gross Revenues and Operating Expenses and debt service coverage ratios for the Forecast Period.

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**PROJECTED OPERATING RESULTS**

Projected operating results for the System are presented for the Forecast Period, and as shown in the table below are taken from information presented in the Financial Forecast ("Financial Forecast") attached hereto as APPENDIX G. Such projections were prepared in accordance with the flow of funds prescribed by the Resolution and the assumptions and considerations used in the projections as described below.

**City of Port St. Lucie  
Projected Operating Results  
Fiscal Year Ending September 30,**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
User Rate Revenue <sup>(1)</sup>	\$83,083,500	\$87,719,600	\$92,507,100	\$96,808,200	\$101,198,900
Other Revenue <sup>(2)</sup>	17,965,850	15,845,900	16,348,100	14,375,800	14,839,600
Total Gross Revenues	\$101,049,350	\$103,565,500	\$108,855,200	\$111,184,000	\$116,038,500
Less: Operating Expenses	44,603,000	48,406,200	51,655,400	54,651,900	56,863,800
Net Revenue	\$56,446,350	\$55,159,300	\$57,199,800	\$56,532,100	\$59,174,700
Capital Facilities Charges for Debt Service	6,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Net Revenues Plus Capital Facilities Charges	\$62,446,350	\$65,159,300	\$67,199,800	\$66,532,100	\$69,174,700
Less: Debt Service <sup>(3)</sup>	26,803,300	29,625,250	29,627,400	29,628,300	29,622,800
Balance	\$35,643,050	\$35,534,050	\$37,572,400	\$36,903,800	\$39,551,900
Less: Other Rate Requirements	11,154,500	10,694,700	11,267,300	11,804,000	12,366,700
Net Surplus (Deficit)	\$24,488,550	\$24,839,350	\$26,305,100	\$25,099,800	\$27,185,200

<sup>(1)</sup> Rate adjustments assumed:

	<u>FY 2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
Water	0.00%	1.50%	1.50%	1.50%	1.50%
Wastewater	0.00%	1.50%	1.50%	1.50%	1.50%

The rate adjustments described above for the fiscal years ending September 30, 2022 through and including 2025 have not been approved by the City Council and there can be no guarantee that such rate adjustments will be approved by the City Council.

<sup>(2)</sup> Includes Connection Charges and all interest income.

<sup>(3)</sup> Includes the Series 2021 Bonds, as provided by City's Financial Advisor. The City does not anticipate the issuance of Additional Parity Bonds during the Forecast Period.

Source: Financial Forecast attached hereto as APPENDIX G.

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**City of Port St. Lucie  
Debt Service Coverage  
Fiscal Year Ending September 30,**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net Revenue <sup>(1)</sup>	\$56,446,350	\$55,159,300	\$57,199,800	\$56,532,100	\$59,174,700
Current Subaccounts <sup>(2)</sup>	2,962,700	2,962,800	2,962,300	2,962,500	2,962,300
Debt Service	26,803,300	29,625,250	29,627,400	29,628,300	29,622,800
<b>Debt Service Coverage</b>					
<b>Part A - Net Revenue Only</b>					
Net Revenue <sup>(1)</sup>	56,446,350	55,159,300	57,199,800	56,532,100	59,174,700
Debt Service	26,803,300	29,625,250	29,627,400	29,628,300	29,622,800
Required	1.00x	1.00x	1.00x	1.00x	1.00x
Projected	2.11x	1.86x	1.93x	1.91x	2.00x
<b>Part B- Net Revenue and Current Subaccounts</b>					
Net Revenue <sup>(1)</sup>	\$56,446,350	\$55,159,300	\$57,199,800	\$56,532,100	\$59,174,700
Current Subaccounts <sup>(1)</sup>	2,962,700	2,962,800	2,962,300	2,962,500	2,962,300
Total	\$59,409,050	\$58,122,100	\$60,162,100	\$59,494,600	\$62,137,000
Debt Service	26,803,300	29,625,250	29,627,400	29,628,300	29,622,800
Required	1.10x	1.10x	1.10x	1.10x	1.10x
Projected	2.22x	1.96x	2.03x	2.01x	2.10x

<sup>(1)</sup> Rate adjustments assumed:

	<u>FY 2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>
Water	0.00%	1.50%	1.50%	1.50%	1.50%
Wastewater	0.00%	1.50%	1.50%	1.50%	1.50%

The rate adjustments described above for the fiscal years ending September 30, 2022 through and including 2025 have not been approved by the City Council and there can be no guarantee that such rate adjustments will be approved by the City Council.

<sup>(2)</sup> Rate Consultant's assumption of transferring only a portion of available Capital Facilities Charges into the Current Subaccounts to demonstrate coverage.

Source: Financial Forecast attached hereto as APPENDIX G.

**CONCLUSIONS OF THE CONSULTING ENGINEERS**

The following conclusions were made based on the considerations, assumptions, study results, and analyses summarized in APPENDIX F attached hereto. It should be noted that these conclusions are based on such report as a whole and are judgments based exclusively on the presented information, and such report should be read in its entirety.

1. The City's management and the Utility System administrative and operations staff are capable of the operation, maintenance and expansion of the Utility System.

2. The City's Utility System is designed and operates within the requirements of applicable FDEP, SFWMD, and EPA permits.

3. The City, through an agreement with the County, has a Service Area which presently has a significant number of available existing unconnected properties and represents a significant number of potential customers to the System.

## CONCLUSIONS OF THE FEASIBILITY CONSULTANT

Based upon the principal considerations and assumptions and the results of studies and analyses as summarized in their forecast attached hereto as APPENDIX G, which should be read in its entirety and in conjunction with the following, the Feasibility Consultant is of the opinion that:

1. The forecasts of the Gross Revenues and Operating Expenses for fiscal years ending September 30, 2021 through 2025 are shown in the Financial Forecast. The results suggest that Gross Revenues, based on the proposed rate adjustments, will be sufficient to meet the expenditure requirements of the System and Net Revenues exceed the rate covenant requirements, as shown in the Financial Forecast.

## INVESTMENT CONSIDERATIONS

The purchase of the Series 2021 Bonds involves a degree of risk, as is the case with all investments. Factors that could affect the City's ability to perform its obligations under the Bond Ordinance, including the timely payment of principal of and interest on the Series 2021 Bonds, include, but are not limited to, the following:

1. There is no assurance that permits for operation of major components of the System will be renewed or can be renewed. To renew permits improvements to the System may have to be made requiring expenditures from the Renewal and Replacement Fund or the issuance of Additional Parity Bonds or Subordinate Bonds. Further, there is no assurance that the requirements for renewal of the permits will remain the same prior to the time that renewal is mandatory; a change in requirements could require additional expenditures for improvements or difficulty in otherwise meeting the new requirements.

2. The future financial condition of the System could be adversely affected by, among other things, legislation, environmental and other regulatory actions, changes in demand for services, demographic changes and litigation. Some of the possible changes in the future may include, but not be limited to, the following:

- (a) The System's wastewater treatment and potable water production facilities are subject to regulation and control by numerous federal, state and local governmental agencies. Such regulations could potentially increase operating expenses. The City cannot predict future policies such agencies may adopt. Future changes could result in the City having to discontinue operations at certain facilities or to make significant capital expenditures and could generate substantial litigation;
- (b) The City's capital improvement construction costs projections are based in part on preliminary design estimates for work for which construction bids have not yet been received. Unforeseen events could result in increases in construction costs and delays in completion of construction. Increased costs could have an adverse effect on the City's ability to complete construction within the projected costs, and delays in completion could adversely affect the City's ability to generate sufficient Net Revenues to meet its obligations under the Bond Ordinance; and
- (c) The possible Investment Earnings and accumulation of certain fund balances that have been estimated are based on assumed earnings rates. While these assumptions are

believed to be reasonable, there is no assurance that such rates will be available in the future nor is there any assurance that the potential accumulations shown will actually be realized.

3. Estimates of revenues and expenses contained in this Official Statement, including Appendix G and the realization of such estimates, are subject to, among other things, future economic and other conditions which are unpredictable and which may adversely affect such revenues and expenses, and in turn, the payment of the Series 2021 Bonds.

4. The State of Florida is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on communities including the County. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change, generally discussed below), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the County, including the System. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service, and escalated recovery costs.

**[Insert City specific information here]**

5. The outbreak of the highly contagious COVID-19 pandemic in the United States in March 2020 has generally had a negative financial impact on local, state and national economies around the country, including significantly increased unemployment in certain sectors including especially travel, hospitality and restaurants.

COVID-19, a respiratory virus was first reported in China and thereafter spread around the world, including the United States, is considered a Public Health Emergency of International Concern by the World Health Organization. This led to quarantine and other "social distancing" measures throughout the United States. These measures included recommendations and warnings to limit non-essential travel and promote telecommuting. As a result of the spread of COVID-19, the Governor of Florida declared a state of emergency on March 9, 2020. Additionally, the Governor executed various other executive orders which, among other things, (i) closed bars and restaurants to dine-in customers, (ii) suspended vacation rentals and (iii) issued a mandatory "safer at home" order for the entire State effective April 3, 2020 through April 30, 2020. On April 29, 2020, the Governor announced the first phase of reopening businesses which began on May 4, 2020 and allowed for certain businesses to open at 25% capacity. On May 15, 2020, the Governor announced an expanded phase one opening and on June 3, 2020, the Governor announced most of the State would enter phase two of reopening effective June 5, 2020. On September 25, 2020, the Governor announced the State would enter phase three of reopening effective immediately which effectively lifted all COVID-19 restrictions on restaurants and other businesses. In December, 2020, COVID-19 vaccines were approved and began to be administered under emergency use authorizations. The County began scheduling individuals for the first dose of a two dose series of COVID-19 vaccine the week of January 25, 2021.

While many of the effects of COVID-19 may be temporary, it has altered the behavior of businesses and people in a manner resulting in negative impacts on global and local economies. The continued existence or spread of COVID-19, and measures taken to prevent or reduce it, have adversely impacted state, national and global economic activities and, accordingly, could adversely impact financial condition, performance and credit ratings.

**[Insert City specific impacts here]**

6. The City, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cyber security threats including but not limited to, hacking, viruses, malware and other attacks on computers, other sensitive digital systems, and networks. There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. **[Insert City specific mitigation strategies here.]**

Prospective purchasers of the Series 2021 Bonds should review carefully the provisions of the Bond Ordinance and the information concerning the BAM Reserve Policy, each of which are included in, or as appendices, to this Official Statement.

### THE CITY

The City is a municipal corporation incorporated in 1961. It is a residential community located in the southern part of the County. The City encompasses approximately 120.4 square miles of the 572 square miles of the County. The City is located one hundred miles north of the City of Miami, 50 miles north of the City of West Palm Beach and about 65 miles south of the City of Melbourne. The City is served by three major north-south Florida highways: Interstate 95, the Florida Turnpike, and U.S. Highway 1. The permanent population of the City is estimated by the US Census Bureau at 185,843 people as of April 1, 2018.

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

The City operates under a Mayor/Council/Manager form of government. The City Council, comprised of the Mayor and four Council members, is the primary governing body of the City. All City Council Members and the Mayor are elected to a four year term.

<u>Name</u>	<u>Title</u>	<u>End of Current Term</u>
Gregory J. Oravec	Mayor	November 2022
Shannon Martin	Vice Mayor	November 2022
Stephanie Morgan	Councilwoman	November 2022
David Pickett	Councilman	November 2024
Jolien Caraballo	Councilwoman	November 2024

### City Management

The City Manager is appointed by majority vote of all members of the City Council. The City Manager is the chief administrative officer of the City and is responsible to the City Council for the administration of all City affairs placed in his charge by or under the City Charter.

*Russell D. Blackburn* became City Manager on November 21, 2016. Mr. Blackburn has served several leadership capacities in city and local government for most of his career. Immediately prior to joining the City, Mr. Blackburn served as the city manager of the City of Gainesville, Florida for over 10 years. He also served as the county administrator for Martin County, Florida for 8 years. Mr. Blackburn

has had leadership roles on many different boards and in various governmental organizations. He earned his Bachelor of Arts degree from Valdosta State University and his Masters of Public Administration from Georgia Southern University.

Legal services are provided to the City by the Office of the City Attorney. The City Attorney is appointed by the City Council. The mission of the Office of the City Attorney is to protect and preserve the legal, ethical and financial integrity of the City through its City Council and representative officials by providing quality legal services through zealous advocacy, innovative legal solutions, uncompromised integrity and professional diligence. The City Attorney, supported by a staff of Assistant City Attorneys, Staff Attorneys, administrative personnel, and specialized outside counsel, as necessary, represents the City Council and all other departments, divisions, boards and offices in all legal matters affecting the City.

*James D. Stokes* was appointed as the City Attorney on April 22, 2019, bringing over 24 years of experience serving as a local government attorney to the City. Prior to that, he served as Interim City Attorney. Mr. Stokes is Board Certified as a Specialist by The Florida Bar in the area of City, County & Local Government Law, as well as Labor & Employment Law. In addition to working as the chief legal advisor to four different cities in Central and South Florida, he has served as outside legal counsel to over 45 different local government entities throughout California and Florida. Prior to becoming a lawyer, Mr. Stokes enjoyed a 12 year career as a sworn law enforcement officer in Southern California. Mr. Stokes holds a Bachelor of Science in Business Management from the University of Redlands and a Juris Doctorate from Southwestern University School of Law in Los Angeles.

### **Financial Services**

The City's Chief Financial Officer is responsible for the fiscal affairs, financial management and related systems for the City. The City maintains sophisticated systems for the effective management of its debt, investments, pensions, and related reporting thereon.

*Jeffery L. Snyder* is the Chief Financial Officer for the City. Prior to this appointment with the City, Mr. Snyder was Chief Financial Officer for the City of Delray Beach, Florida; Finance Director for the City of Venice, Florida; Director of Fiscal Operations and Chief Accountant for the City of Lubbock, Texas; the Accounting Manager for Spokane County, Washington; and an Audit Manager for the Washington State Auditor's Office. Mr. Snyder has more than 30 years of experience in municipal corporation finance, budgeting, and accounting. He is a licensed Certified Public Accountant. Mr. Snyder holds a Master's in Business Administration from Western Washington University, and a Bachelor of Science with emphasis in accounting from University of Montana.

For more information on the City and the County, see "APPENDIX A - General Information Regarding the City of Port St. Lucie and St. Lucie County, Florida."

### **Financial Reserve Policy**

On March 27, 2017, the City Council approved Resolution 17-R23 which adopted the City's Financial Reserve Policy (the "Financial Reserve Policy"). Such Financial Reserve Policy sets undesignated reserves for the General Fund at 20%, all other operating funds at 17% and the Building Department Special Revenue Fund at 50%. Such reserves will provide for unanticipated expenditures, increase in costs or revenue shortfalls and help the City protect against reducing levels of service. If there are excess

funds in the undesignated reserves, the proposed budget can be adjusted to use the identified excess funds for one-time non-recurring expenditures. Any withdrawals shall be replenished within the next five Fiscal Years.

### LEGALITY FOR INVESTMENT

The Series 2021 Bonds constitute legal investments in the State for state, county, municipal and all other public funds and for banks, savings banks, insurance companies, executors, administrators, trustees and all other fiduciaries, and also constitute securities eligible as collateral security for all state, county, municipal and other public funds.

### PENSION PLANS

The City has three defined contribution pension plans and one defined-benefit pension plan: general employees retirement plan, police officers retirement 401A plan, employees retirement 401A plan and municipal police officers' retirement trust fund.

General Employees' Retirement System. The general employees' retirement system, sponsored and administered by the City, is a defined contribution plan available to all employees of the City hired prior to October 1, 1991. The City is the sole contributor to the general employees' retirement system. The plan requires City contributions of 11.4% of employee compensation. The funds are invested in life insurance, annuity contracts and a variable rate investment plan. The City pays the plan administrative fee; however, the contract maintenance fee is deducted from the individual contracts where applicable. Total pension contributions for the Fiscal Year ended September 30, 2020 were \$\_\_\_\_\_. There were no outstanding liabilities for this plan as of September 30, 2020.

Police Officers' Retirement Plan 401A. The police officers' retirement plan 401A is sponsored and administered by the International City Manager's Association as a defined contribution plan available to eligible employees after three months of service. Contributions to this plan are at the rate of 10.5% for those members who are not directing the City contribution to the Municipal Police Officers' Retirement Trust Fund ("MPORT"). Pension contributions for the Fiscal Year ended September 30, 2020 were \$\_\_\_\_\_. There were no outstanding liabilities for this plan as of September 30, 2020.

Employees' Retirement Plan 401A. The employees' retirement plan 401A is sponsored and administered by the International City Manager's Association as a defined contribution plan available to all employees after three months of service. The plan allows City contributions of 10.5% of employee compensation. The participant has a choice of multiple investment options within the fund with each account bearing the cost of the annual maintenance charge, if applicable. Pension contributions for the Fiscal Year ended September 30, 2020 were \$\_\_\_\_\_. There were no outstanding liabilities for this plan as of September 30, 2020.

Municipal Police Officers' Retirement Trust Fund. The MPORT plan, which is a single-employer defined benefit public employee's retirement system, was established under the provisions of Chapter 185, Florida Statutes, and is accounted for in the Municipal Police Officers' Retirement Trust Fund. The plan is managed and administered by the five-member retirement board, which includes two City Council appointees, two members of the department elected by the membership, and a fifth member elected by the other four and appointed by the City Council. Plan members contribute 9.0% of pensionable wages and the City contributes the actuarially required amount, which was 37.57% of

pensionable wages for Fiscal Year 2020. At September 30, 2020, the total pension liability was \$149,135,518 with a net position of \$127,225,325, resulting in a net pension liability of \$21,910,193.

The City accounts for all four plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds with economic resources measurement focus and the accrual basis of accounting. Plan member contributions, employer contributions, and contributions from other entities, including rollovers by participants from other plans, are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due in accordance with terms of the plans. Plan assets are valued at fair value for financial statement purposes, as reported by the custodial agents. The defined contribution plans do not issue stand-alone financial reports and are not included in any other retirement system's financial report.

For more information regarding the City's Pension Plans, see the Audited Financial Statements for the City's Fiscal Year ended September 30, 2020 in APPENDIX B attached hereto.

### **OTHER POST-EMPLOYMENT BENEFIT PLANS**

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The City recognizes the costs associated with providing these benefits as claims are paid. The actuarial valuation for the Fiscal Year ended September 30, 2020, the date of the most recent actuarial valuation available, of those costs totaled approximately \$34,079,169 with a net OPEB obligation of \$11,426,579.

Section 112.0801, Florida Statutes, requires all public employers to allow their retirees to participate in the same health group plan or self-insurance plan offered to their active employees. There are currently 1,179 City retirees, spouses and other dependents participating in the health insurance plan. There are a total of 975 active participants in the plan of which 80 are not yet eligible to receive benefits.

The Other Post Employment Benefit plan is a single-employer benefit plan administered by the City. Retirees are charged the same rate by the City as active employees. Premiums charged by the City are a blended rate based on the experience of younger active employees and older retired employees. Since retirees actually have higher costs yet pay the same rate as younger active employees, the City actually subsidizes the cost of the retirees' health insurance coverage. The funding of the plan is from the various funds in the City that incur payroll related expenses such as the general fund, road & bridge fund, and utility system fund as being the primary obligors. These funds have expended money in the past to liquidate the other post-employment benefit plans net benefit obligation.

For more information regarding the City's Post-Employment Benefit Plans, see the Audited Financial Statements for the City's Fiscal Year ended September 30, 2020 in APPENDIX B attached hereto.

### **FINANCIAL STATEMENTS**

The Audited Financial Statements for the Fiscal Year ended September 30, 2020, appended hereto as APPENDIX B, have been audited by Carr, Riggs & Ingram, LLC, independent certified public accountants, as set forth in its report dated March 31, 2021, which report is also appended hereto. Such financial statements, including the auditor's report, have been included in the Official Statement as public documents and consent from the auditor was not requested. The auditor has not performed any service related to, and therefore is not associated with, the preparation of this Official Statement.



## LITIGATION

[There is no pending or, to the knowledge of the City, any threatened litigation against the City which in any way questions or affects the validity of the Series 2021 Bonds, or any proceedings or transactions relating to their issuance, sale or delivery, or the enactment of the Bond Ordinance, or which may materially adversely affect the imposition, collection and pledge of the revenues pledged for the payment of the Series 2021 Bonds.

While the City is a party to various legal proceedings that normally occur in governmental operations and are incidental to the conduct of municipal affairs, including but not limited to various tort and contract suits, suits and proceedings alleging violations of individual rights, and matters involving claims relating to land development, property damage, employee liability and workers' compensation, based on past experience, the City does not believe such matters will adversely affect the City's ability to pay principal of and interest on the Series 2021 Bonds when due.]

## TAX MATTERS

### General

The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2021 Bonds in order that interest on the Series 2021 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2021 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2021 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2021 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Bond Resolution with respect to the Series 2021 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2021 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2021 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2021 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2021 Bonds. Prospective purchasers of Series 2021 Bonds should be aware that the ownership of Series 2021 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2021 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on Series 2021 Bonds; (iii) the inclusion of interest on Series 2021 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on Series 2021 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on Series 2021 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the

purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2021 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2021 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 DESCRIBED ABOVE. PROSPECTIVE SERIES 2021 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the Series 2021 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2021 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2021 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2021 Bonds and proceeds from the sale of Series 2021 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2021 Bonds. This withholding generally applies if the owner of Series 2021 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2021 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **Other Tax Matters**

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 Series 2021 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 Series 2021 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 Series 2021 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2021 Bonds.

Prospective purchasers of the Series 2021 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2021 Bonds in their particular state or local jurisdiction and

regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

### **Tax Treatment of Original Issue Discount**

Under the Code, the difference between the maturity amount of the Series 2021 Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_, through and including \_\_\_\_\_ 1, \_\_\_\_ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

### **Tax Treatment of Bond Premium**

The difference between the principal amount of the Series 2021 Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_, through and including \_\_\_\_\_ 1, \_\_\_\_ (collectively, 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 underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, 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 of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. 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 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. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

## **LEGAL MATTERS**

Certain legal matters incident to the validity of the Series 2021 Bonds are subject to the legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, whose fees and expenses for legal services

as Bond Counsel will be paid by the City from a portion of the proceeds of the Series 2021 Bonds. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2021 Bonds, will be delivered at the time of original delivery.

The proposed text of Bond Counsel's current legal opinion is set forth as APPENDIX D. The 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 the opinion by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expressed any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Certain legal matters incident to the issuance of the Series 2020 Bonds will be passed upon for the City by James D. Stokes, Esq., City Attorney and Bryant Miller Olive P.A., Miami, Florida, Disclosure Counsel. The Underwriters are being represented by Nelson Mullins Broad and Cassel, Orlando, Florida.

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

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "Commission"). Pursuant to administrative rulemaking, the Commission 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, note or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest since December 31, 1975 that would be considered material by a reasonable investor in the Series 2021 Bonds.

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2021 Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

### **ECONOMIC DEVELOPMENT PROJECTS**

Between the years 2006 and 2010, the prior City Council and administration embarked on several economic development projects within the City and issued debt obligations on behalf of such projects. In addition to revenues supporting the projects, the City covenanted to budget and appropriate non-ad valorem revenues in the event of a shortfall of the primary revenues securing the debt. In addition to the other debt supported by the City's non-ad valorem revenues, the described projects below are expected to be supported by the City's non-ad valorem revenues. The Series 2021 Bonds are not secured by non-ad valorem revenues.

"Tradition" is a large-scale, master planned community encompassing approximately 8,200 acres located within the boundaries of the City. A special assessment district was created to finance the

construction of roadway, potable water, wastewater and stormwater improvements, within or for the benefit of properties within the special assessment district. Although subsequently refunded in 2016, in 2007 the City issued \$155,840,000 of bonds secured by and payable from special assessments and further secured by a covenant of the City to budget and appropriate Non-Ad Valorem Revenues, in the event that special assessment revenues were not sufficient to pay debt service. The master developer of Tradition disclosed its intent to divest its assets and to not pay taxes or assessments on any unsold parcels (approximately 1,247 acres) for tax year 2017 and in the future and offered to transfer such parcels to the City. On March 29, 2018, the City Council conceptually approved the transfer of the 1,247 acres from the master developer to the City and directed the City Manager to conduct due diligence on the property and negotiate the documents to finalize the transfer. On or about June 28, 2018, the Port St. Lucie Governmental Finance Corporation (the "PSLGFC"), a not-for-profit corporation controlled by the City, entered into a Transfer Agreement with Tradition Land Company, LLC, the master developer, for the transfer of 1,223.35 acres. In late spring 2020, the PSLGFC closed a Purchase and Sale Agreement with AHS Residential, Inc., for the development of a 372-unit multi-family apartment rental community. The project is expected to be completed in 2022.

The Vaccine Gene and Therapy Institute ("VGTI") was a biotech institute located in the City as a result of incentives provided by the State and the City. In 2010, the State provided a grant of \$60,000,000 to VGTI and the City backed the \$64,035,000 Research Facilities Revenue Bonds, Series 2010 (Oregon Health and Science University Vaccine and Gene Therapy Institute Florida Corp. Project) (the "VGTI Bonds") where the City pledged to replenish the debt service reserve account in the event that VGTI failed to make the regularly scheduled debt service payments. In May 2015, VGTI failed to make the regularly scheduled debt service payment of \$2,618,106. In August 2015, the VGTI Bonds trustee notified the City of the obligation to replenish the debt service reserve account. VGTI ceased operations on October 1, 2015. Since the City is obligated to replenish the debt service reserve account, the City must fund all future debt service payments. The City has made all required payments to date. The City obtained ownership of VGTI on August 11, 2017 pursuant to a transfer agreement among the City, VGTI and the trustee for the VGTI Bonds. The City has actively marketed the Research Facility for sale, lease or other use and received its first reasonable offer to purchase the Research Facility from RER Ventures LLC. RER Ventures LLC withdrew the offer to purchase in November 2018. The City has received an offer to lease the Research Facility from Cleveland Clinic Florida (the "the Research Facility Lessee"). As of November 2019, the City and the Research Facility Lessee entered into a lease agreement with an option to purchase the Research Facility. The lease of the Research Facility by the City will generate new job opportunities in the City.

#### **FINANCIAL ADVISOR**

PFM Financial Advisors LLC, Orlando, Florida serves as Financial Advisor to the City. The Financial Advisor assisted the City in the preparation of this Official Statement and in other matters relating to the planning, structure and issuance of the Series 2021 Bonds, and provided other advice. However, the Financial Advisor has not been engaged and is not obligated to undertake and has not undertaken to make, independent verification of the accuracy, completeness, or fairness of the information contained in this Official Statement.

#### **RATINGS**

S&P and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "\_\_\_" (\_\_\_ outlook) and "\_\_\_" (\_\_\_ outlook), respectively, to the Series 2021 Bonds. Such ratings reflect only the view of such organization at

the time such rating was issued. An explanation of the significance of such ratings can be received from the respective rating agencies. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. A downward change in or withdrawal of the rating may have an adverse effect on the market price of the Series 2021 Bonds.

## UNDERWRITING

The Series 2021 Bonds are being purchased by Raymond James & Associates, Inc. (the "Senior Managing Underwriter"), in its capacity as agent and representative of the group of underwriters described in this paragraph, acting on behalf of itself and PNC Capital Markets LLC, at a purchase price of \$\_\_\_\_\_ (representing the par amount of \$\_\_\_\_\_ plus/less [net] original issue premium/discount of \$\_\_\_\_\_ and less Underwriters' discount of \$\_\_\_\_\_). The Underwriters' obligations are subject to certain conditions precedent described in the Bond Purchase Agreement with the City, and they will be obligated to purchase all of the Series 2021 Bonds if any Series 2021 Bonds are purchased. The Series 2021 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2021 Bonds into investment trusts) at prices lower than such public offering prices set forth on the inside cover page, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City, for which they have received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association has banking and financial relationships with the City.

## CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Series 2021 Bondholders to provide certain financial information and operating data relating to the City and the Series 2021 Bonds in each year, and

to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the Securities and Exchange Commission (the "SEC") to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule"). Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated material events, when and if they occur, with the Repository either itself or through its dissemination agent. Currently, the City's dissemination agent is Digital Assurance Certification, L.L.C.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City prior to the issuance of the Series 2021 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule. With respect to the Series 2021 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.

**[While not considered by the City to be a material failure to comply, at various times during the past five years, the City has inadvertently failed to file notices of events regarding the ratings changes of the insurers of their respective indebtedness. Notices have since been filed indicating the current ratings of the bond insurers which insure their currently outstanding indebtedness. All such failures have been cured as of the date hereof. The City fully anticipates satisfying all future obligations required pursuant to the Rule.]**

#### EXPERTS AND CONSULTANTS

The references herein to Holtz Consulting Engineers, Inc., Stuart, Florida, as Consulting Engineer, and Raftelis Financial Consultants, Inc., Maitland, Florida, as Financial Feasibility Consultant, have been approved by said firms. The Consulting Engineer's Report of the Consulting Engineer and Financial Forecast of the Financial Feasibility Consultant have been included as APPENDIX F and APPENDIX G, respectively, attached to this Official Statement. References to and excerpts herein from the Consulting Engineer's Report and the Financial Feasibility Report do not purport to be an adequate summary of such reports or complete in all respects. The Consulting Engineer's Report and the Financial Forecast are integral parts of this Official Statement and should be read in their entirety for complete information with respect to the subjects discussed therein.

#### CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2021 Bonds. Payment of the fees of Bond Counsel, Disclosure Counsel, the Financial Advisor and an underwriting discount to the Underwriter, including the fees of its counsel, are each contingent upon the issuance of the Series 2021 Bonds.

#### ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by

reference to each such document for full and complete statements of all matters of fact relating to the Series 2021 Bonds, the security for the payment of the Series 2021 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the City from the date hereof.

#### **FORWARD-LOOKING STATEMENTS**

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

#### **MISCELLANEOUS**

The references, excerpts and summaries of all documents, resolutions and ordinances referenced herein do not purport to be complete statements of the provisions of such documents, resolutions and ordinances, and reference is directed to all such documents, resolutions and ordinances for full and complete statements of all matters of fact relating to the Series 2021 Bonds, the security for and the repayment of the Series 2021 Bonds and the rights and obligations of the Bondholders thereof.

[Remainder of page intentionally left blank]



**AUTHORIZATION OF OFFICIAL STATEMENT**

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2021 Bonds, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2021 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the City.

**CITY OF PORT ST. LUCIE, FLORIDA**

By: \_\_\_\_\_  
Name: Gregory J. Oravec  
Title: Mayor

By: \_\_\_\_\_  
Name: Karen A. Phillips  
Title: City Clerk

By: \_\_\_\_\_  
Name: Jeffery L. Snyder  
Title: Chief Financial Officer

**APPENDIX A**

**GENERAL INFORMATION PERTAINING TO  
THE CITY OF PORT ST. LUCIE AND ST. LUCIE COUNTY, FLORIDA**

## APPENDIX A

### GENERAL INFORMATION REGARDING THE CITY OF PORT ST. LUCIE AND ST. LUCIE COUNTY, FLORIDA

THE FOLLOWING INFORMATION CONCERNING THE CITY OF PORT ST. LUCIE, FLORIDA AND ST. LUCIE COUNTY, FLORIDA, IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THE SERIES 2021 BONDS ARE PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE OFFERING STATEMENT TO WHICH THIS INFORMATION IS APPENDED, AND ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE CITY, THE COUNTY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF IS REQUIRED TO LEVY ANY TAX FOR PAYMENT OF THE SERIES 2021 BONDS.

#### LOCATION

The City of Port St. Lucie (the "City") is a residential community in the southern part of St. Lucie County, Florida (the "County"), and was incorporated in 1961. The City currently occupies 120 square miles. The City of Port St. Lucie is strategically located 100 miles north of the City of Miami, 50 miles north of the City of West Palm Beach and 120 miles south of the City of Orlando. The City is served by three major north south Florida highways: Interstate 95, the Florida Turnpike and U.S. Highway No. 1, and is located near a seaport, an international airport and has railway access.

Below is a table which shows the relative number of square miles of each incorporated municipality within the County and of the unincorporated area of the County:

<u>Land Area</u>	<u>Square Miles</u>
City of Port St. Lucie	120.4
City of Fort Pierce	29.0
St. Lucie Village	1.0
Unincorporated Area	421.6
St. Lucie County total	572.0

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Source: Planning and Zoning Department, City of Port St. Lucie.

#### GOVERNMENT

The City operates under a Mayor/Council/Manager form of government. The City Council, comprised of the Mayor and four Council members, is the primary governing body of the City. Pursuant to an amendment to the City's Charter, in November 2002, the Mayor and two City Council Members were elected to a four year term and the remaining City Council Members were elected for a two year term. Thereafter, all City Council Members and the Mayor will be elected to a four year term. The City Manager is the chief administrative officer responsible to the City Council.

## POPULATION

Currently more than 63% of the County's population resides within the City, less than 14% resides within the City of Fort Pierce, 0.2% resides within St. Lucie Village and the balance of the County's population resides in the unincorporated area of the County.

The City's population increased from 50 in 1960, the year before the City's incorporation, to 88,769 in 2000. The City is part of the Martin/St. Lucie Standard Metropolitan Statistical Area (SMSA), which has a population of 483,566. The following table sets forth the population trends in the City, the County and the State from the years 1960 through 2000 and the City's, the County's and the State's population for the years 2009 through 2020. The City's estimated population as of January 5, 2021 was 202,914.

### City of Port St. Lucie and St. Lucie County, Florida Population Trends 1960-2020

<u>Year</u>	<u>City of Port St. Lucie</u>	<u>Average Annual Percentage Increase</u>	<u>St. Lucie County</u>	<u>Average Annual Percentage Increase</u>	<u>State of Florida</u>	<u>Average Annual Percentage Increase</u>
1960	50	-	39,294	-	4,951,560	-
1970	330	56.0	50,837	2.9	6,789,437	3.7
1980	14,690	435.1	87,182	7.2	9,746,959	4.4
1990	55,761	28.0	150,171	7.2	12,937,926	3.3
2000	88,769	5.9	192,695	2.8	15,982,378	1.3
2009	155,251	(1.7)	272,864	(1.3)	18,748,925	0.3
2010	164,603	6.0	277,789	1.8	18,801,310	0.3
2011	166,041	0.9	279,696	0.7	19,057,542	1.4
2012	167,252	0.7	280,355	0.2	19,074,434	0.1
2013	167,914	0.4	281,151	0.3	19,259,543	1.0
2014	169,888	1.2	282,821	0.6	19,507,369	1.3
2015	174,132	2.5	287,749	1.7	19,815,183	1.6
2016	178,091	2.3	292,826	1.8	20,148,654	1.7
2017	181,284	1.8	297,634	1.6	20,484,142	1.7
2018	185,843	2.5	302,432	1.6	20,840,568	1.7
2019	191,903	3.3	309,359	2.3	21,208,589	1.8
2020	202,914	5.7	322,265	4.2	21,596,068	1.8

Source: University of Florida, Bureau of Economic and Business Research

## BUDGET PROCESS

The City follows the procedures set forth in Chapters 166 and 200, Florida Statutes in establishing its budgetary data.

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and means of financing them. Public hearings are then conducted to obtain taxpayer comments on the operating budget.

The budget is legally enacted through the passage of an ordinance by the City Council on or before the thirtieth day of September of the year currently ending. The level of budgetary control is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. Revisions that alter the budget totals of any department require approval of the City Council. Unencumbered appropriations lapse at fiscal year-end.

Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles, except that encumbrances are presented as expenditures.

Formal budget integration is not employed for proprietary, capital project or trust funds because effective budgetary control is achieved by alternate measures.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance for construction and long-term contracts and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Budgeted amounts are as originally adopted, or as amended by the City Council.

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**SOURCES OF REVENUES OF THE CITY**

Set forth below are the City's sources of revenue for the last ten Fiscal Years:

**GENERAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
CITY OF PORT ST. LUCIE, FLORIDA**

Fiscal <u>Year</u>	<u>Taxes</u>	Licenses & <u>Permits</u>	Fines and <u>Forfeitures</u>	Inter- Govern- <u>Mental</u>	Charges for <u>Services</u>	Interest on <u>Investments</u>	<u>Miscellaneous</u>	Human <u>Services</u>	<u>Total</u>
2009	\$ 52,516,922	\$ 11,022,562	1,009,035	\$ 26,608,782	\$ 15,917,455	\$ 2,387,683	\$ 2,971,833	\$ 99,098	\$112,533,370
2012	52,664,169	11,857,491	1,298,268	24,842,507	17,463,400	1,999,832	1,788,598	106,485	112,020,750
2013	52,554,602	12,004,191	2,107,086	23,815,605	33,852,704	722,180	4,793,243	109,691	129,959,302
2014	53,676,014	13,498,879	2,974,283	25,013,772	32,573,400	561,573	2,324,218	100,829	130,722,968
2015	56,092,766	14,866,090	2,400,496	27,552,696	49,109,473	1,136,378	2,890,988	78,460	154,127,347
2016	65,730,532	16,576,124	2,275,03	38,874,481	54,419,081	970,966	4,153,471	61,886	180,786,541
2017	69,728,447	16,634,939	1,401,918	47,107,772	52,598,248	1,546,657	3,044,655	48,870	192,111,506
2018	75,094,507	20,169,455	1,321,259	55,965,001	45,210,292	1,276,096	2,761,931	51,135	201,849,676
2019	80,474,997	20,909,047	1,789,251	58,264,302	40,152,181	4,504,288	6,187,995	-	212,282,061
2020	85,461,617	22,399,903	1,513,050	46,618,703	42,309,965	3,592,288	4,149,716	-	206,045,242

Source: City of Port St. Lucie, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020.

Set forth below are the City's expenditures by function for the last ten Fiscal Years:

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS  
CITY OF PORT ST. LUCIE, FLORIDA**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Economic Environment</u>	<u>Human Services</u>	<u>Culture and Recreation</u>	<u>Capital Outlay<sup>(2)</sup></u>	<u>Debt Service</u>	<u>Total<sup>(1)</sup></u>
2009	\$12,173,872	\$34,743,405	\$2,582,236	\$12,774,026	\$8,989,001	\$1,297,163	\$9,228,267	\$41,935,095	\$46,594,033	\$237,925,250
2012	14,061,451	34,889,571	1,226,884	16,621,657	9,259,342	1,226,221	9,954,625	-	53,827,519	141,067,270
2013	15,988,836	36,101,367	1,406,047	15,641,435	9,528,869	1,149,142	10,676,942	-	52,240,319	142,732,957
2014	9,736,915	41,849,736	422,095	19,736,039	4,692,918	1,298,293	16,186,300	-	59,194,463	153,136,759
2015	10,179,367	43,019,715	17,692,425	28,059,537	5,911,487	1,092,235	15,615,951	-	45,833,411	167,404,128
2016	10,911,222	45,564,571	8,838,042	25,343,943	12,216,119	1,204,125	14,331,630	-	53,691,274	182,100,926
2017	16,130,414	55,709,096	18,358,971	40,514,133	14,689,586	1,497,279	15,537,534	-	37,302,617	199,739,630
2018	13,966,732	54,905,623	18,373,558	57,251,395	9,859,368	1,674,827	21,375,515	-	35,088,264	212,495,282
2019	21,470,489	57,186,085	18,709,214	14,982,974	8,230,255	3,990,343	18,232,071	-	-	-
2020	22,828,572	57,932,782	20,314,510	49,931,569	8,156,385	4,869,705	17,405,183	28,909,236	-	-

<sup>(1)</sup> General governmental expenditures may be paid from sources other than General Fund revenues. Accordingly, the total amount of general governmental expenditures in a given Fiscal Year may exceed the total General Fund revenues for that fiscal year.

<sup>(2)</sup> Starting in Fiscal Year 2012, Capital Outlay expenditures are included in their respective functional categories.

Source: City of Port St. Lucie, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020.

## Ten Largest Taxpayers

The following table shows the ten largest taxpayers located within the City for Fiscal Year ended September 30, 2020.

### 2019 Tax Roll Schedule of Ten Largest Taxpayers City of Port St. Lucie, Florida

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Valuation<sup>(1)</sup></u>	<u>Percentage</u>
Florida Power and Light Co	Utility	\$169,106,770	1.57%
Wal-Mart Sams Club	Retail Merchandising	71,493,353	0.66
KRG Port St. Lucie Landing LLC	Land Development	55,588,708	0.51
St. Lucie West 2016 LLC	Land Development	48,448,000	0.45
HCA	Healthcare	45,762,213	0.42
Benderson Development Co., Inc.	Land Development	41,674,400	0.39
Sandpiper Resort Property, Inc. Sandpiper Inc.	Resort Hotel	38,175,661	0.35
Comcast of FL/GA, LLC	Utility	26,957,047	0.25
Florida Gas Transmission Co., LLC	Utility	25,180,153	0.23
Grande Palms at Tradition LLC	Apartments/Condos	25,076,129	0.23
Total Taxable Assessed Value of 10 Largest Taxpayers		547,462,434	5.07
Total Taxable Assessed Value of Other Taxpayers		10,257,268,974	94.93
Total Taxable Assessed Value of All Taxpayers		<u>\$10,804,731,408</u>	<u>100.00%</u>

<sup>(1)</sup> Includes both real and personal property.

Source: City of Port St. Lucie, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020.

Note: Tax Roll Year is January 1 to December 31. City's Fiscal Year is October 1 to September 30.

## COMMERCE AND INDUSTRY

The City has a stable, diversified service sector base, and is a center for tourism, recreation, and residences. Major economic activities of the City and surrounding areas include construction, transportation, tourism, wholesale and retail trade, truck farming, citrus, cattle and major league sports. The New York Mets baseball team operates a team spring training complex within the City limits. The City has two Professional Golfers' Association of America (PGA) courses, one is PGA Village, a 54-hole public golf course with a state-of-the-art golf school, the PGA Learning Center, and the other is in an 18-hole private golf course, the PGA St. Lucie West Country Club located in the Village of St. Lucie West. In addition, there is the City-owned Saints Golf Course and many other privately owned golf courses in the City.

Although primarily planned and platted for low density single-family residential development, the City has worked to diversify its land uses to create a mix of housing types and to attract new industry. Several master planned communities are located within the municipal boundaries of the City.

- Ballantrae Golf and Yacht Club is a 402-acre planned community along the North Fork of the St. Lucie River that includes a Jack Nicklaus Signature Golf Course and 400 single family and multi-



family dwelling units plus a marina with 67 boat slips, a church, day care center, and planned additional residential dwelling units.

- St. Lucie West is a master planned community of approximately 4,600 acres consisting of single and multi-family housing in addition to commercial and industrial development. It is bordered by Interstate 95 to the west and Florida's Turnpike to the east. The community's baseball stadium, Tradition Field, serves as the spring training headquarters for the New York Mets. There are more than 6,000 homes in St. Lucie West housing nearly 15,000 residents.
- "Tradition" is a large-scale, master planned community encompassing approximately 8,200 acres. Tradition is located in the City's southwest annexation area near major transportation corridors, including Interstate-95 ("I-95"), Tradition Parkway and the Florida Turnpike, with five miles of continuous frontage along I-95, including three interchanges.
- With five miles of frontage along Interstate 95, Southern Grove is a 3,605-acre Development of Regional Impact (DRI) south of Tradition Parkway. It is recognized as the City's jobs corridor. It is approved for 7,388 residential units, 13,187,743 square feet of nonresidential development, 791 hotel rooms, and 300 hospital beds.
- The Tradition Center for Innovation and the Tradition Center for Commerce are both within the master planned community of Tradition. Located within the Southern Grove master planned development, the Tradition Center for Innovation is home to the 100,000 square foot Torrey Pines Institute for Molecular Studies and the Cleveland Clinic Martin Health. Tradition Center for Commerce is approximately 1,250 acres and is approved for a mix of uses including office, retail, industrial, multi-family residential, recreational/entertainment and other beneficial opportunities for citizens.
- Additional proposed developments in the southwest annexation area include a 3,800 acre GL Homes master planned development and a 2,500 acre Ansca Homes master planned development.
- There are several other planned communities within the City including Tesoro, Copper Creek, and Verano.
- Land adjacent to the North Fork of the St. Lucie River is utilized by Club Med Sandpiper Bay Resort. The Resort has the following facilities available: a large hotel, vacation villas, a marina, a golf course and restaurants.

Please see "ECONOMIC DEVELOPMENT PROJECTS" herein.

**Principal Employers  
St. Lucie County, Florida 2019**

<u>Employer</u>	<u>Number of Employees</u>
St. Lucie School Board	5,564
Indian River State College	2338
Lawnwood / HCA Medical	1615
Teleperformance	1600
City of Port St. Lucie	1164
Wal-Mart Retail & Distribution	890
Cleveland Clinic Martin Health System	850
St. Lucie Medical Center	850
St. Lucie County	797
Florida Power & Light Company	772

Source: City of Port St. Lucie, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020.

**Personal Income  
St. Lucie County, Florida  
(2009 – 2020)**

<u>Fiscal Year</u>	<u>Total Personal Income (000's)</u>	<u>% Increase- (Decrease)</u>	<u>Per Capita</u>
2009	\$17,507,000	-	\$40,870
2012	19,202,500	9.68%	44,428
2013	18,870,000	(1.73)	43,188
2014	20,715,000	9.78	46,672
2015	22,105,000	6.71	48,727
2016	23,614,000	6.83	50,134
2017	24,825,600	5.13	51,824
2018	26,140,273	5.29	54,228
2019	27,249,575	4.24	55,691
2020	N/A	N/A	N/A

Source: City of Port St. Lucie, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020.

The unemployment rate for the County is generally higher than the unemployment rate for the State due, in part, to the greater dependence on agricultural and construction employment within the County and seasonal variations related to such employment. The City's unemployment rate is generally lower than the unemployment rate for the County due, in part, to the fact that the City does not heavily rely on the agricultural sector for employment.

**Labor Force  
St. Lucie County, Florida**

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	Unemployment <u>Number</u>	Unemployment <u>Rate</u>
2011	127,910	111,837	16,073	12.6%
2012	128,364	113,893	14,471	11.3
2013	129,041	115,651	13,390	10.4
2014	130,404	119,663	10,741	8.2
2015	131,823	123,346	8,477	6.4
2016	135,657	127,736	7,921	5.8
2017	139,075	131,816	7,259	5.2
2018	142,627	136,218	6,409	4.5
2019	146,578	140,515	6,063	4.1
2020	145,526	134,060	11,466	7.9

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Source: Florida Department of Economic Opportunity, Local Area Unemployment Statistics Program.

**Labor Force  
State of Florida**

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	Unemployment <u>Number</u>	Unemployment <u>Rate</u>
2011	9,260,000	8,334,000	926,000	10.0%
2012	9,336,000	8,529,000	807,000	8.6
2013	9,415,000	8,706,000	709,000	7.5
2014	9,546,000	8,931,000	615,000	6.4
2015	9,640,000	9,107,000	533,000	5.5
2016	9,841,000	9,360,000	481,000	4.9
2017	10,032,000	9,606,000	426,000	4.2
2018	10,166,000	9,798,000	368,000	3.6
2019	10,330,000	9,991,000	339,000	3.3
2020	10,114,000	9,333,000	782,000	7.7

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Source: Florida Department of Economic Opportunity, Local Area Unemployment Statistics Program.

**Construction and Property Value  
Last Ten Years  
City of Port St. Lucie, Florida**

Year	Residential		Commercial	
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>
2010	198	\$15,955,030	322	\$72,674,854
2011	188	20,315,132	245	52,119,534
2012	160	20,568,540	279	96,402,278
2013	430	50,306,661	292	59,575,324
2014	836	103,680,020	276	21,290,019
2015	928	121,984,614	353	42,343,799
2016	1,165	180,388,212	328	163,062,804
2017	1,492	207,284,671	367	57,745,656
2018	2,677	423,544,740	232	101,604,785
2019	2,546	503,001,543	242	172,844,438
2020	3,700	734,799,046	200	51,397,804

Source: City of Port St. Lucie, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2020.

Note: The construction permit data switched from calendar year (January 1 – December 31) to fiscal year (October 1 – September 30) starting with Year 2011 figures.

**Bank Deposits  
Last Ten Fiscal Years  
City of Port Lucie, Florida  
(in thousands)**

<u>Year</u>	<u>Banks</u>	<u>Savings &amp; Loans</u>	<u>Total</u>
2009	\$2,010,141	\$271,845	\$2,281,986
2010	1,938,644	251,496	2,190,140
2011	1,862,139	224,422	2,086,561
2012	2,039,982	111,638	2,151,620
2013	2,162,488	29,362	2,191,850
2014	2,227,213	28,746	2,255,959
2015	2,378,673	30,390	2,409,063
2016	2,549,841	35,297	2,585,138
2017	2,583,496	40,451	2,623,947
2018	2,617,064	49,337	2,666,401
2019			
2020			

Source: [www.FDIC.gov](http://www.FDIC.gov) - Summary of Deposits (SOD) data. Annual data ending June 30<sup>th</sup> – each year.

## **EDUCATIONAL FACILITIES**

The County public school district has seventeen elementary schools, nine elementary/middle combination schools, four middle schools, one middle/high combination school, five senior high schools, two alternative schools, six magnet schools and two virtual schools.

There are eighteen private schools supplementing the public school system. Within the City, there are three institutions of higher education. The list includes two private colleges, Keiser University and Fortis Institute, and one public institution, the St. Lucie West campus of Indian River State College (IRSC). Keiser University focuses on vocational education, and associate, bachelor and graduate degrees for non-traditional students. Fortis University focuses on healthcare education. IRSC is a four-year state college located in Fort Pierce with locations in surrounding counties. It operates the Pruitt Campus in the master planned community of St. Lucie West. Bachelor degrees are offered in applied science, biology, education, nursing, and digital media as well as associate degrees.

## **AGRICULTURE**

The County is the 4<sup>th</sup> largest aquaculture economy in the State and the 5<sup>th</sup> largest fruit-producing county in the State. According to the 2017 census, the County has a total area of approximately 572 square miles. Approximately sixty-two percent (62%) of the County's land is classified as agriculture. According to the U.S. Department of Commerce's 2017 Census of Agriculture, as of 2017 there were 415 counted farms in the County, encompassing approximately 225,971 acres. The market value of all agricultural products (i.e., crops and livestock) produced in the County amounted to \$139.6 million in sales.

## **TOURISM AND RECREATION**

A combination of favorable climate and available recreational assets such as 21 miles of beaches, tennis courts, golf courses, world class fishing, and a thriving arts and culture scene has made tourism an important industry in the County. Within the County, there are 57 hotels, motels, RV parks, and campgrounds with approximately 4,800 total units. The County also has over 319 licensed dining establishments with an estimated seating capacity in excess of 27,000. The County has one inlet, located at its northeast corner and is connected to the federally-maintained Intracoastal Waterway. City residents have easy access to the Atlantic Ocean by way of the North Fork of the St. Lucie River through its protected, tree-lined waterway meandering through the City. Besides boating and fishing, the City maintains 151 acres of developed Community Parks, 102 acres of developed neighborhood parks and maintains an additional 659 acres of open space parks, natural resource based parks/preserves and a botanical gardens. Community parks have lighted facilities for organized athletic programs. The City also owns and operates the Saints Golf Course, an 18-hole championship golf course. The Port St. Lucie MIDFLORIDA Event Center is a unique, state-of-the-art 100,000 square foot facility, featuring two grand ballrooms, an outdoor amphitheater, festival grounds, recreation wing and outdoor Martin Health System Village Square and Stage. The Civic Center welcomes many for concerts, events, festivals and fitness and recreational opportunities.

## **TRANSPORTATION FACILITIES**

Highways: Within its 120.4 square miles of area, the City provides approximately 911 miles of paved roads. The transportation network makes up approximately 7,000 acres which is 9% of the City's land area. The City has excellent access to three major north-south Florida highways. Both Interstate I-95

and the Florida Turnpike have interchanges in the City. U.S. Route 1 is the primary local highway with most of the area's commercial development along this corridor. The City has easy access to two principle east-west highways. State Road 76 connects Stuart to southwest Florida and State Road 70 provides connections to other Florida West Coast areas.

Bus and Taxi Service: The Treasure Coast Connector is the St. Lucie County public transportation system with bus service on 8 fixed routes throughout St. Lucie County. Greyhound Bus Lines has a terminal located in Port ST. Lucie near the I-95 and the Florida Turnpike interchanges, offering daily scheduled service for nationwide thru-line and charter service. **[The City has three taxi services and seven motor services to Palm Beach International Airport.]**

Rail Transportation: Freight service to the Port St. Lucie region is provided by the Florida East Coast Railroad which operates from Jacksonville to Miami. Passenger railway service is located in nearby West Palm Beach.

Sea Port: The Port of Fort Pierce, ten miles north of the City, is a deep water port accommodating ships of up to six hundred feet. Cargo traffic consists primarily of citrus, vegetables, and fertilizer. There is 64,000 square feet of dry storage and an additional 8,000 square feet of refrigerated storage in dock warehouses which are owned and operated by Indian River Terminal Company.

Airports: The St. Lucie County International Airport is located in nearby Fort Pierce and presently has three runways. In addition, the facility provides fuel, repair, hanger and U.S. customs and immigration services. Palm Beach International Airport (45 miles away from the City) is the closest major commercial traffic airport, servicing most U.S. airlines.

## **POLICE AND FIRE PROTECTION**

The City's Police Department consists of approximately 238 authorized full-time sworn officers, 11 animal control personnel and 59 full-time civilian personnel, for a total of 308 full-time employees. [The Department's budget for Fiscal Year 2018-2019 is \$45.7 million, as compared to \$44.8 million for Fiscal Year 2017-2018-page 72]. It is estimated that the Department handled 129,596 calls for service in 2018 and of those calls 218 involved violent crimes (i.e. homicide, rape, robbery, aggravated assault). In 2018, 1,851 property offenses, which include burglary, theft, auto theft, were received by the Department. There were 2 reported homicides in 2018, 2 reported homicides in 2017, 1 reported homicide in 2016, 2 reported homicides in 2015, 6 reported homicides in 2014, and 2 reported homicides in 2013.

There are a number of programs offered to residents: a close patrol plan of homes belonging to seasonal residents, an infant car seat loan program, an active neighborhood crime watch program, Police Athletic League, Domestic Violence Security Program, Victim Assistance/Advocate and Reverse 911 System. As part of the local justice system, there are programs (such as the Juvenile Restorative Justice Initiative (which includes teen court, peer review, and a Juvenile Counselor) available for youth offenders, Police Explorers, Volunteer Program, Sexual Offender Monitoring, and School Resource Officers.

Fire services for the City are provided by the St. Lucie County Fire District (the "Fire District"), a county-wide entity providing fire/rescue services to all incorporated and unincorporated areas of the County. The Fire District has seventeen stations located throughout the County with eight stations within the city limits of the City.

## EMPLOYEE RELATIONS

The City currently maintains 1,100 full-time equivalent allocated positions, as authorized by the City Council. Under the Constitution of the State, employees have the right to join together for the purposes of collective bargaining. The City has six (6) active unions, including the International Association of Police Officers (IUPA) with one unit representing the Police Officers, one unit representing the Police Sergeants, and one unit representing the Police Lieutenants. The Federation of Public Employees (FOPE) represents general employees, the Government Supervisors Association of Florida, Local 100 (OPEIU/Supv.) represents supervisors, and The Government Supervisors Association of Florida, Local 100 (OPEIU/Prof.) represents professional workers. Strikes by municipal employees, under any conditions, are prohibited by the Florida Constitution. The City maintains a Civil Service Appeals Board. Employees may be removed for cause.

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2020 OF THE CITY OF PORT ST. LUCIE, FLORIDA**

Set forth in this Appendix B are excerpts of the City's Comprehensive Annual Financial Report, including the audited Financial Statements of the City for the Fiscal Year ended September 30, 2020. These financial statements are included in this Official Statement as a public document.

THE CONSENT OF CARR, RIGGS & INGRAM, LLC WAS NOT REQUESTED. CARR, RIGGS & INGRAM, LLC WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE SERIES 2021 BONDS.



**APPENDIX C**

**COMPOSITE OF THE BOND ORDINANCE**

**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**APPENDIX F**

**CONSULTING ENGINEER'S REPORT**

**APPENDIX G**

**FINANCIAL FORECAST**