

**RESOLUTION NO. 14-186**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA, AUTHORIZING THE ISSUANCE AND SALE OF WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2014, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$150,000,000 FOR THE PURPOSE OF, TOGETHER WITH OTHER LEGALLY AVAILABLE FUNDS, (i) REFUNDING ON AN ADVANCE BASIS A PORTION OF THE CITY'S \$100,000,000 ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 2006 AND \$155,000,000 ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 2008, AND (ii) PAYING THE COST OF ISSUANCE OF THE SERIES 2014 BONDS; FIXING THE FORM AND DENOMINATIONS OF SAID SERIES 2014 BONDS AND PROVIDING FOR THE FIXING OF THE PRINCIPAL AMOUNTS, DATES, RATES OF INTEREST, MATURITY DATES AND REDEMPTION PROVISIONS OF SAID SERIES 2014 BONDS AND THE DETERMINATION OF THE BONDS TO BE REFUNDED BY THE CITY MANAGER WITHIN THE PARAMETERS SET FORTH HEREIN; AUTHORIZING THE EXECUTION AND DIRECTING THE AUTHENTICATION AND DELIVERY OF SAID SERIES 2014 BONDS; AUTHORIZING THE PUBLIC SALE BY COMPETITIVE BID OF SUCH SERIES 2014 BONDS; APPROVING THE FORM OF OFFICIAL NOTICE OF BOND SALE; AUTHORIZING THE CITY MANAGER TO AWARD THE SERIES 2014 BONDS WITHIN THE PARAMETERS SET FORTH HEREIN; APPOINTING A PAYING AGENT AND BOND REGISTRAR FOR THE SERIES 2014 BONDS; PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT AND VERIFICATION AGENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND A PAYING AGENT AND BOND REGISTRAR AGREEMENT; AUTHORIZING THE USE OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT TO SAID SERIES 2014 BONDS; APPROVING UNCERTIFICATED, BOOK-ENTRY ONLY**

**REGISTRATION OF SAID SERIES 2014 BONDS WITH THE DEPOSITORY TRUST COMPANY; AUTHORIZING MUNICIPAL BOND INSURANCE FOR SAID SERIES 2014 BONDS, IF IN THE BEST INTERESTS OF THE CITY; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SAID SERIES 2014 BONDS; COVENANTING TO PROVIDE CONTINUING DISCLOSURE IN CONNECTION WITH SUCH SERIES 2014 BONDS IN ACCORDANCE WITH RULE 15c2-12 AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE COMMITMENT; AUTHORIZING OTHER REQUIRED ACTIONS; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, on February 18, 2003, the City Commission (the "City Commission") of the City of Fort Lauderdale, Florida (the "City") adopted Resolution No. 03-29 (the "Bond Resolution"), providing for the issuance of its Water and Sewer Revenue Bonds, including Refunding Bonds, as described therein; and

WHEREAS, the City has determined to issue its Water and Sewer Revenue Refunding Bonds, Series 2014, in the aggregate principal amount of not exceeding \$150,000,000 (the "Series 2014 Bonds"), in order to provide funds, together with other legally available moneys, to (i) refund on an advance basis a portion of the City's outstanding \$100,000,000 original aggregate principal amount of Water and Sewer Revenue Bonds, Series 2006 (the "Series 2006 Bonds") and \$155,000,000 original aggregate principal amount of Water and Sewer Revenue Bonds, Series 2008 (the "Series 2008 Bonds"; with the portion of the Series 2006 Bonds and the Series 2008 Bonds to be advance refunded being hereinafter referred to as the "Refunded Bonds") and (ii) pay the costs of issuance of the Series 2014 Bonds and the refunding of the Refunded Bonds, as described herein; and

WHEREAS, the Bond Resolution provides that certain details of the Series 2014 Bonds issued under the Bond Resolution and certain other matters relating to said Series 2014 Bonds shall be determined in a Series Resolution; and

WHEREAS, the City now desires to (i) provide for the issuance of the Series 2014 Bonds and the fixing of the terms, provisions and other matters relating to the Series 2014 Bonds within the parameters set forth herein, (ii) provide for the refunding and defeasance of the Refunded Bonds, (iii) provide for the public sale by competitive bid of the Series 2014 Bonds and the form of the Official Notice of Bond Sale, (iv) authorize the use and distribution of a Preliminary Official Statement relating to the Series 2014 Bonds and the execution and delivery of an Official Statement (as such terms are defined herein), (v) provide for the execution and delivery of a Paying Agent and Bond Registrar Agreement and an Escrow Deposit Agreement, as described herein and (vi) the taking of such other actions as may be required in connection with

the issuance and delivery of the Series 2014 Bonds and the refunding and defeasance of the Refunded Bonds;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE, FLORIDA:**

**SECTION 1. AUTHORITY FOR THIS RESOLUTION.** This resolution is adopted pursuant to the provisions of the Act and the Bond Resolution. This resolution constitutes a "Series Resolution" with respect to the Series 2014 Bonds, as contemplated by the Bond Resolution.

**SECTION 2. DEFINITIONS.** Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Bond Resolution, unless otherwise provided or unless the context otherwise clearly requires. Any reference in this resolution to the Mayor shall mean either the Mayor or the Vice Mayor of the City. Any reference in this resolution to the City Manager shall mean either the City Manager or an Assistant City Manager designated by the City Manager. For purposes of the Series 2014 Bonds, the terms "Bond Counsel" means Greenberg Traurig, P.A.; "Disclosure Counsel" means Law Offices of Steve E. Bullock, P.A. and; "Financial Advisor" means First Southwest Company.

**SECTION 3. AUTHORIZATION OF THE REFUNDING OF THE REFUNDED BONDS AND THE ISSUANCE OF THE SERIES 2014 BONDS; AUTHORIZATION OF ESCROW DEPOSIT AGREEMENT.**

(a) The refunding of the Refunded Bonds is hereby authorized. Subject and pursuant to the provisions hereof, Series 2014 Bonds to be known as "City of Fort Lauderdale, Florida, Water and Sewer Revenue Refunding Bonds, Series 2014" are hereby authorized to be issued at one time or as needed in one or more series in an aggregate principal amount of not exceeding One Hundred Fifty Million Dollars (\$150,000,000) with the exact aggregate principal amount of said Series 2014 Bonds to be determined by the City Manager prior to the awarding of the Series 2014 Bonds, for the purpose of refunding on an advance basis the Refunded Bonds and paying the costs of issuance of the Series 2014 Bonds and the refunding of the Refunded Bonds. Prior to the issuance of the Series 2014 Bonds, the City Manager is hereby authorized and directed to determine, upon consultation with the Financial Advisor, which maturities of the Series 2006 Bonds and Series 2008 Bonds shall be in the best interest of the City to advance refund. The maturities of the Series 2006 Bonds and Series 2008 Bonds so selected by the City Manager to be advance refunded shall constitute the Refunded Bonds. The Series 2014 Bonds shall not be issued unless the issuance thereof and the refunding of the Refunded Bonds results in a net present value savings of at least five percent (5%).

(b) The form of the Escrow Deposit Agreement shall be substantially in the form approved at this meeting and attached hereto as Exhibit "A". The City hereby approves (i) the execution and delivery of the Escrow Deposit Agreement by the Mayor, and the City Clerk is hereby authorized and directed to attest to the execution of the Escrow Deposit Agreement by the

Mayor and affix the seal of the City thereto, with such variations, omissions and insertions as may be approved by the City Manager, upon consultation with the Financial Advisor and Bond Counsel, (ii) the deposit and pledge of a portion of the proceeds of the Series 2014 Bonds in an amount which, together with interest earnings thereon, and certain other legally available funds of the City, if necessary, shall be sufficient to pay the scheduled principal of and interest on the Refunded Bonds as the same becomes due and payable and to pay the redemption prices of the Refunded Bonds on their redemption dates, as set forth in the Escrow Deposit Agreement, (iii) the investment and reinvestment of a portion of the proceeds from the sale of Series 2014 Bonds in Government Obligations for the purpose of effecting the defeasance of the Refunded Bonds, (iv) the calling for redemption of the Refunded Bonds prior to their dates of maturity as set forth in the Escrow Deposit Agreement, and (v) the disbursement of unneeded principal and interest, if any, from the funds and accounts created and established pursuant to the Escrow Deposit Agreement to the City and the application of those funds for the payment of the principal of or interest on or for the redemption of Series 2014 Bonds. The execution and delivery of the Escrow Deposit Agreement by the Mayor shall be deemed to be conclusive evidence of the City Manager's and the City Commission's approval of any variations, omissions and insertions to the form of Escrow Deposit Agreement attached hereto as Exhibit "A".

**SECTION 4. SALE AND AWARD OF SERIES 2014 BONDS; TERMS; REDEMPTION AND FORM OF SERIES 2014 BONDS.**

(a) The City Manager is hereby authorized and directed to provide for the public sale of the Series 2014 Bonds by competitive bid in the manner provided in Section 218.385, Florida Statutes, at an aggregate purchase price as approved by the City Manager of not less than 98% of the original principal amount of the Series 2014 Bonds (including underwriter's discount, but not including original issue discount or original issue premium) and at a true interest cost rate ("TIC"), as approved by the City Manager, but not to exceed three and one-half percent (3.50%) (the "Maximum TIC"). Without limiting the generality of the foregoing, such public sale may be conducted by an Internet bidding process through Bidcomp/Parity Competitive Bidding System or other similar website. The City Manager is hereby authorized to determine the most advantageous date and time of sale and to publish the Official Notice of Bond Sale, or a summary thereof, in one or more newspapers of general circulation or financial journals published within or without the State of Florida, as he shall deem appropriate, such publication to be not less than ten (10) days prior to the date of sale; and if all bids received are rejected, such Series 2014 Bonds may again be offered for sale. The Official Notice of Bond Sale shall be in substantially the form thereof attached hereto as Exhibit "B", and the Official Bid Form shall be in the form provided by Bidcomp/Parity Competitive Bidding or other internet bidding service, with such deletions, changes, revisions or modifications as may be approved by the City Manager, including, without limitation, such changes as may be required to provide for public sale by competitive bids through an internet bidding process. The City Manager is further authorized to award the Series 2014 Bonds to the bidder(s) naming the lowest TIC (but not in excess of the Maximum TIC) in the Official Bid Form and who otherwise meets and satisfies the terms and conditions of the Official Notice of Bond Sale.

(b) The Series 2014 Bonds are issuable only in fully registered form and shall be in substantially the form thereof provided for in Section 203 of the Bond Resolution, with such appropriate variations, omissions and insertions as may be required therein and approved by the City Manager, upon consultation with the Financial Advisor and Bond Counsel, with the Mayor's and the City Manager's execution of the Series 2014 Bonds being conclusive evidence of the City Manager's and the City Commission's approval of such variations, omissions and insertions. The Series 2014 Bonds shall be issued in denominations of \$5,000 or any multiple thereof. The Series 2014 Bonds shall be dated such date as the City Manager shall determine, and shall bear interest from their dated date as set forth in the Bond Resolution. Interest on the Series 2014 Bonds shall be payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2015. The Series 2014 Bonds shall be numbered consecutively from R-1 and upwards. The Series 2014 Bonds shall mature semiannually on March 1 and September 1, subject to prior redemption, in such years as shall be determined by the City Manager, provided that the final maturity date shall be not later than September 1, 2036. Subject to the foregoing, the aggregate principal amount, maturities, interest rates and other terms of the Series 2014 Bonds and the determination of the successful bidder(s) shall be as approved and determined by the City Manager and set forth in a certificate of the City Manager delivered on or prior to the date of issuance of the Series 2014 Bonds (the "Details Certificate of the City Manager"). The execution and delivery of the Details Certificate of the City Manager shall be conclusive evidence of the City Manager's and the City Commission's approval of the final details and prices of the Series 2014 Bonds and of the Series of Bonds being refunded.

The Series 2014 Bonds shall be initially issued as uncertificated, book-entry only bonds through the book-entry only system maintained by The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2014 Bonds.

(c) Optional Redemption. The Series 2014 Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part at any time, at such times, and at the redemption prices, as approved and determined by the City Manager, as shall be set forth in the Details Certificate of the City Manager; provided, however, that the first optional redemption date shall not be later than ten (10) years after the date of issuance of the Series 2014 Bonds and the redemption price of the Series 2014 Bonds shall not exceed one hundred percent (100%) of the principal amount of the Series 2014 Bonds to be redeemed. The execution and delivery of the Series 2014 Bonds by the Mayor and the City Manager shall be conclusive evidence of the City Manager's and the City Commission's approval of the optional redemption provisions relating to the Series 2014 Bonds.

(d) Mandatory Sinking Fund Redemption. The Series 2014 Bonds consisting of Term Bonds, if any, shall be subject to mandatory redemption prior to maturity to the extent of the Amortization Requirements therefor at the principal amount of such Series 2014 Bonds to be redeemed, plus accrued interest to the date fixed for redemption, but without premium, on each March 1 and September 1 for which there is an Amortization Requirement due on such Series 2014 Bonds. The Amortization Requirements for the Series 2014 Bonds consisting of Term Bonds shall be as approved and determined by the City Manager, as shall be set forth in the

Details Certificate of the City Manager. The execution and delivery of the Series 2014 Bonds by the Mayor and the City Manager shall be conclusive evidence of the City Manger's and the City Commission's approval of the mandatory sinking fund redemption provisions relating to the Series 2014 Bonds.

(e) Cost of Issuance Account. A special account is hereby created and designated "Series 2014 Cost of Issuance Account" in which shall be deposited the amount specified in a certificate of the Finance Director delivered on the date of closing of the Series 2014 Bonds to pay expenses relating to the issuance of the Series 2014 Bonds and the refunding of the Refunded Bonds.

(f) Establishment of Reserve Account Requirement for Series 2014 Bonds. The Reserve Account Requirement for the Series 2014 Bonds (the "2014 Reserve Account Requirement") is hereby established for the Series 2014 Bonds in the amount of zero dollars (\$0.00). The Series 2014 Bonds shall not be secured by the Reserve Account or any subaccount therein.

**SECTION 5. AUTHORIZATION OF EXECUTION, AUTHENTICATION AND DELIVERY OF SERIES 2014 BONDS.** The Mayor and the City Manager are hereby authorized and directed to cause the Series 2014 Bonds to be signed with their manual or facsimile signatures and the City Clerk is hereby authorized and directed to attest to the execution of the Series 2014 Bonds by the Mayor and the City Manager with her manual or facsimile signature and is hereby directed and authorized to cause the official seal of the City or a facsimile thereof to be imprinted on each of the Series 2014 Bonds, and the Series 2014 Bonds shall thereupon be delivered to the Bond Registrar for authentication. The Bond Registrar is hereby authorized and directed to authenticate and deliver the Series 2014 Bonds at one time to or upon the order of the successful bidder(s) upon payment therefor.

**SECTION 6. PRELIMINARY OFFICIAL STATEMENT; OFFICIAL STATEMENT.** The form, terms and provisions of the Official Statement relating to the Series 2014 Bonds shall be substantially as set forth in the Preliminary Official Statement relating to the Series 2014 Bonds in the form approved at this meeting and attached hereto as Exhibit "C". The use and distribution of the Preliminary Official Statement in connection with the sale of the Series 2014 Bonds is hereby approved. The Finance Director is hereby authorized and directed to execute and deliver to the successful bidder(s) in connection with the actual Preliminary Official Statement issued and distributed in connection with the sale of the Series 2014 Bonds a certificate deeming said Preliminary Official Statement "Final" for purposes of subsection (b)(1) of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The Mayor, the City Manager and the Finance Director are hereby authorized and directed to execute and deliver the Official Statement in the name and on behalf of the City, and thereupon to cause said Official Statement to be delivered to the successful bidder(s) within seven business days of the award of the Series 2014 Bonds, with such variations, omissions and insertions as may be approved by the Mayor, City Manager and Finance Director. Said Official Statement, including any such variations, omissions and insertions as approved by the Mayor, City Manager and Finance

Director and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2014 Bonds to the public. Execution by the Mayor, City Manager and Finance Director of the Official Statement shall be deemed to be conclusive evidence of their and the City Commission's approval of any variations, omissions and insertions in the Official Statement.

**SECTION 7. SYSTEM OF UNCERTIFICATED REGISTRATION.** There is hereby established a system of registration with respect to the Series 2014 Bonds as permitted by Chapter 279, Florida Statutes, pursuant to which both certificated and uncertificated registered Series 2014 Bonds are issued. The system shall be as described in the Official Statement. The City reserves the right to amend, discontinue or reinstitute this system from time to time subject to the covenants with the beneficial owners of the Series 2014 Bonds.

Neither the City nor the Paying Agent (as specified in Section 11 hereof) shall be liable for the failure of the depository of the Series 2014 Bonds to perform its obligations as described in the Official Statement, nor for the failure of any participant in the system maintained by the depository to perform any obligation the participant may have or incur to a beneficial owner of any Series 2014 Bonds.

**SECTION 8. MUNICIPAL BOND INSURANCE.** In order to produce the lowest true interest cost possible for the Series 2014 Bonds, the Finance Director is hereby authorized to secure a municipal bond insurance policy with respect to the Series 2014 Bonds, if the City Manager, upon consultation with the Financial Advisor, determines that obtaining such municipal bond insurance policy is in the best interests of the City. The City is hereby authorized to provide for the payment of any premium on such municipal bond insurance policy from the proceeds of the Series 2014 Bonds and enter into such agreements as may be necessary to secure such municipal bond insurance policy, as approved and determined by the City Manager with the City Manager's (or such other official of the City as may be required) execution of any such agreement to be conclusive evidence of the City Manager's and the City Commission's approval thereof.

**SECTION 9. APPLICATION OF BOND PROCEEDS AND OTHER AVAILABLE MONEYS.** The proceeds of the Series 2014 Bonds shall be applied for the purposes described in Section 3(a) hereof and in a manner consistent with the Estimated Sources and Uses of Funds section of the Official Statement. The specific amounts to be deposited in the funds and accounts established by the Bond Resolution shall be set forth in a certificate to be delivered by the Finance Director simultaneously with the delivery of the Series 2014 Bonds.

Since the 2014 Reserve Account Requirement has been established at zero dollars (\$0.00), no proceeds of the Series 2014 Bonds or any other moneys of the City shall be deposited in or to the credit of the Reserve Account in connection with the issuance of the Series 2014 Bonds or at any other time while the Series 2014 Bonds remain outstanding.

**SECTION 10. INTEREST PAYMENT BY WIRE TRANSFER.** If the DTC system of book-entry only registration for the Series 2014 Bonds is discontinued, any registered owner of at least \$1,000,000 in principal amount of the Series 2014 Bonds shall be entitled, upon giving appropriate notice, to receive periodic payments of interest on such registered owner's Series 2014 Bonds by wire transfer to a bank located within the continental United States.

**SECTION 11. APPOINTMENT OF PAYING AGENT AND BOND REGISTRAR; APPOINTMENT OF ESCROW AGENT AND VERIFICATION AGENT; AUTHORIZATION OF PAYING AGENT AND BOND REGISTRAR AGREEMENT.**

(a) The City hereby designates and appoints Regions Bank as the initial paying agent for the Series 2014 Bonds (the "Paying Agent") and the initial Bond Registrar for the Series 2014 Bonds. The City hereby designates and appoints Regions Bank as Escrow Agent for the Refunded Bonds. The City hereby designates and appoints GNP Services, CPA, PA, as Verification Agent in connection with the advance refunding of the Refunded Bonds.

(b) The City hereby approves the execution and delivery of a Paying Agent and Bond Registrar Agreement with the Paying Agent in substantially the form thereof attached hereto as Exhibit "D", with such variations, omissions and insertions therein as may be approved by the City Manager, upon consultation with Bond Counsel. The Paying Agent and Bond Registrar Agreement shall be executed by the Mayor and attested by the City Clerk and the City Clerk shall also affix the official seal of the City thereto. The execution and delivery of the Paying Agent and Bond Registrar Agreement by the Mayor shall be deemed to be conclusive evidence of the City Manager's and the City Commission's approval of any variations, omissions and insertions to the form of the Paying Agent and Bond Registrar Agreement attached hereto as Exhibit "D".

**SECTION 12. CONTINUING DISCLOSURE.** For the benefit of the holders and beneficial owners from time to time of the Series 2014 Bonds, the City agrees, in accordance with and as the only obligated person with respect to the Series 2014 Bonds under the Rule, to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5) of the Rule. In order to describe and specify certain terms of the City's continuing disclosure agreement, including provisions for enforcement, amendment and termination, the Finance Director is hereby authorized and directed to sign and deliver, in the name and on behalf of the City, a Continuing Disclosure Commitment (the "Continuing Disclosure Commitment"), in substantially the form attached hereto as Exhibit "E", with such changes, insertions and omissions and such filling in of blanks therein as may be approved by the Finance Director. The execution of the Continuing Disclosure Commitment, for and on behalf of the City by the Finance Director, shall be deemed conclusive evidence of the Finance Director's and the City Commission's approval of the Continuing Disclosure Commitment. The agreement formed by this paragraph and the Continuing Disclosure Commitment shall be the City's continuing disclosure agreement for purposes of the Rule, and its performance shall be subject to the availability of funds to meet costs the City would be required to incur to perform it.



Notwithstanding any other provisions of this Series Resolution or the Bond Resolution, any failure by the City to comply with any provisions of the Continuing Disclosure Commitment or this Section 12 shall not constitute a default under the Bond Resolution and the remedies therefor shall be solely as provided in the Continuing Disclosure Commitment.

The Finance Director is further authorized and directed to establish, or cause to be established, procedures in order to ensure compliance by the City with the Continuing Disclosure Commitment, including the timely provision of information and notices. Prior to making any filing in accordance with such agreement, the Finance Director shall consult with, as appropriate, the City Attorney, Bond Counsel and/or Disclosure Counsel, as the Finance Director deems appropriate. The Finance Director, acting in the name and on behalf of the City, shall be entitled to rely upon any legal advice provided by the City Attorney, Bond Counsel and/or Disclosure Counsel in determining whether a filing should be made.

The City Commission hereby authorizes and approves the appointment of Digital Assurance Certification, Inc. ("DAC"), as dissemination agent under the Continuing Disclosure Commitment, if the Finance Director determines it is in the best interests of the City to have DAC serve in such capacity, and the City Commission hereby further authorizes and approves the execution and delivery by the Finance Director, in consultation with the City Attorney, Bond Counsel and/or Disclosure Counsel, of any agreement necessary with respect to such appointment.

**SECTION 13. GENERAL AUTHORITY.** The members of the City Commission, the City Manager, the Finance Director, the City Attorney, the City Clerk and the officers, attorneys and other agents or employees of the City are hereby authorized to do all acts and things required of them by this resolution, the Bond Resolution, the Official Statement, the Official Notice of Bond Sale, the Escrow Deposit Agreement or the Continuing Disclosure Commitment or desirable or consistent with the requirements of this resolution, the Bond Resolution, the Official Statement, the Official Notice of Bond Sale, the Escrow Deposit Agreement or the Continuing Disclosure Commitment for the full, punctual and complete performance of all the terms, covenants and agreements contained herein or therein, including, but not limited to obtaining Government Obligations for deposit with the Escrow Agent pursuant to the Escrow Deposit Agreement, and each member, employee, attorney and officer of the City Commission, the City Manager, the Finance Director, the City Clerk and the City Attorney is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and to cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder.

**SECTION 14. HEADINGS FOR CONVENIENCE ONLY.** The headings preceding the texts of the several sections and subsections hereof shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect.

**SECTION 15. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof.

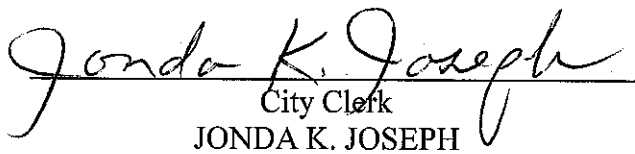
**SECTION 16. EFFECTIVE DATE.** This resolution shall take effect immediately upon its adoption.

ADOPTED this the 4th day of November, 2014.



Mayor  
JOHN P. "JACK" SEILER

ATTEST:



City Clerk  
JONDA K. JOSEPH

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**EXHIBIT "A"**  
**ESCROW DEPOSIT AGREEMENT**

**EXHIBIT "B"**  
**OFFICIAL NOTICE OF BOND SALE**

**EXHIBIT "C"**  
**PRELIMINARY OFFICIAL STATEMENT**

**EXHIBIT "D"**  
**PAYING AGENT AND BOND REGISTRAR AGREEMENT**

**EXHIBIT "E"**  
**CONTINUING DISCLOSURE COMMITMENT**

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**EXHIBIT "A"**  
**ESCROW DEPOSIT AGREEMENT**

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**CITY OF FORT LAUDERDALE, FLORIDA**

**And**

**REGIONS BANK**

**as Escrow Agent**

**ESCROW DEPOSIT AGREEMENT**

**Relating to Defeasance of**

**\$ \_\_\_\_\_ City of Fort Lauderdale, Florida**  
**Water and Sewer Revenue Bonds, Series 2006**  
**and**

**\$ \_\_\_\_\_ City of Fort Lauderdale, Florida**  
**Water and Sewer Revenue Bonds, Series 2008**

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**Dated as of December \_\_, 2014**

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## ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT (the "Agreement") made and entered into as of December \_\_\_\_, 2014 by and between the CITY OF FORT LAUDERDALE, FLORIDA (the "City"), and REGIONS BANK, a banking corporation organized and existing under the laws of Alabama, as escrow agent (the "Escrow Agent").

### W I T N E S S E T H:

**WHEREAS**, the City of Fort Lauderdale, Florida (the "City"), has previously issued its \$100,000,000 aggregate principal amount of Water and Sewer Revenue Bonds, Series 2006, dated October 4, 2006 (the "Series 2006 Bonds"), pursuant to Resolution No. 03-29 adopted by the City Commission of the City (the "City Commission") on February 18, 2003 (the "Bond Resolution") and Resolution No. 06-142 adopted by the City Commission on September 6, 2006 (the "2006 Series Resolution"); and

**WHEREAS**, the City has previously issued its \$155,000,000 aggregate principal amount of Water and Sewer Revenue Bonds, Series 2008, dated March 6, 2008 (the "Series 2008 Bonds"), pursuant to the Bond Resolution and Resolution No. 08-15 adopted by the City Commission on January 15, 2008 (the "2008 Series Resolution"); and

**WHEREAS**, the City desires to refund and defease the portion of the Series 2006 Bonds maturing on March 1 and September 1 in the years 2019 through 2026, inclusive, and September 1, 2031, which bonds are currently outstanding in the aggregate principal amount of \$31,865,000 (the "Series 2006 Refunded Bonds"), as more particularly described in Part I of Schedule A hereto; and

**WHEREAS**, the City desires to refund and defease the portion of the Series 2008 Bonds maturing on March 1 and September 1 in the years 2021 through 2028, inclusive, and the March 1, 2029, September 1, 2029 and March 1, 2030 Amortization Requirements of the Series 2008 Bonds Term Bond maturing on September 1, 2032, which bonds are currently outstanding in the aggregate principal amount of \$52,810,000 (the "Series 2008 Refunded Bonds" and, together with the Series 2006 Refunded Bonds, the "Refunded Bonds"), as more particularly described in Part II of Schedule A hereto; and

**WHEREAS**, on November \_\_\_\_, 2014, the Commission adopted Resolution No. 14-\_\_\_\_ (the "2014 Series Resolution" and, together with the 2006 Series Resolution, the 2008 Series Resolution and the Bond Resolution, the "Resolution"), pursuant to which the City is issuing its \$\_\_\_\_\_ aggregate principal amount of Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), to refund, on an advance basis, the Refunded Bonds; and

**WHEREAS**, a portion of the proceeds derived from the sale of the Series 2014 Bonds, together with other available moneys, will be applied to the purchase of Government Obligations (as such term is defined in this Agreement), which will mature and produce investment income and earnings at such times and in such amounts, as will be sufficient to pay when due the principal of and interest on the Refunded Bonds, as more specifically set forth in this Agreement; and

**WHEREAS**, it is necessary for the City to enter into this Agreement in order to establish an irrevocable escrow fund held for the deposit of such Government Obligations purchased with the proceeds of the Series 2014 Bonds and other available moneys deposited with the Escrow Agent hereunder and to provide for the proper and timely application of the moneys deposited hereunder, the maturing principal amount of the Government Obligations and investment income and earnings derived therefrom to provide for the proper and timely application of the moneys deposited hereunder to the payment of the Refunded Bonds; and

**WHEREAS**, the Escrow Agent has received a copy of a verification report from \_\_\_\_\_ confirming that the money deposited in the Escrow Deposit Trust Fund, as provided in this Agreement, is sufficient to provide for the timely payment of the Refunded Bonds;

**NOW, THEREFORE**, the City, in consideration of the foregoing and the mutual covenants set forth in this Agreement and in order to secure the payment of the principal of and interest on all of the Refunded Bonds according to their terms, does hereby agree as follows:

## **ARTICLE I**

### **CREATION AND CONVEYANCE OF TRUST ESTATE**

Section 1.01. Creation and Conveyance of Trust Estate. The City hereby grants, warrants, remises, releases, conveys, assigns, transfers, aliens, pledges, sets over and confirms unto the Escrow Agent and to its successors in the trust hereby created, and to it and its assigns forever, for the sole benefit and security of the Holders from time to time of the Refunded Bonds, the City's interest in the following property (collectively, the "Trust Estate"):

#### **DIVISION I**

All right, title and interest in and to (i) \$ \_\_\_\_\_ in moneys derived from the proceeds of the Series 2014 Bonds and (ii) \$ \_\_\_\_\_ in moneys derived from the subaccounts in the sinking fund account established for the Refunded Bonds ("Other Moneys"), and in each case deposited directly with the Escrow Agent upon issuance and delivery of the Series 2014 Bonds and the execution and delivery of this Agreement.

#### **DIVISION II**

All right, title and interest in and to the Government Obligations described in Schedule B hereto, together with the income and earnings on such Government Obligations, purchased by the Escrow Agent at the direction of the City as provided in this Agreement.

#### **DIVISION III**

Any and all other property of every kind and nature conveyed, pledged, assigned or transferred as and for additional security under this Agreement by the City, or by anyone on behalf of the City to the Escrow Agent for the benefit of the Holders of the Refunded Bonds.

The Trust Estate shall be held by the Escrow Agent, and its successors and assigns, forever in trust, for the sole benefit and security of the Holders from time to time of the Refunded Bonds, but if the principal of and interest on all of the Refunded Bonds shall be fully and promptly paid when due, in accordance with their terms and Section 3.06 hereof, then this Agreement shall be and become void and of no further force and effect except as otherwise provided in this Agreement; otherwise the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

## ARTICLE II

### DEFINITIONS

Section 2.01. Definitions. In addition to words and terms defined elsewhere in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Resolution.

“Government Obligations” means non-callable direct obligations of the United States of America.

“Holders” means the registered owners from time to time of the Refunded Bonds.

“Paying Agent” means Regions Bank, in its capacity as Paying Agent for the Refunded Bonds.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

## ARTICLE III

### ESTABLISHMENT OF ESCROW DEPOSIT TRUST FUND; FLOW OF FUNDS

Section 3.01. Creation of Escrow Deposit Trust Fund and Deposit of Moneys. There is created and established with the Escrow Agent a special and irrevocable trust fund designated “City of Fort Lauderdale, Florida Water and Sewer Revenue Refunding Bonds, Series 2014 Escrow Deposit Trust Fund” (the “Escrow Deposit Trust Fund”), to be held by the Escrow Agent for the sole benefit of the Holders of the Refunded Bonds and accounted for separate and apart from the other funds of the City and, to the extent required by law, of the Escrow Agent.

Concurrently with the delivery of this Agreement, the City causes to be deposited with the Escrow Agent and the Escrow Agent acknowledges receipt of immediately available moneys for deposit in the Escrow Deposit Trust Fund in the amount of \$\_\_\_\_\_ from the proceeds of the Series 2014 Bonds and \$\_\_\_\_\_ from the Other Moneys, all of which (other than \$\_\_\_ from

the Other Moneys to be held uninvested), when invested in Government Obligations as directed by this Agreement, will provide moneys sufficient to pay the principal of and interest on the Refunded Bonds, as more particularly described in Schedule C.

Section 3.02. Payment of Refunded Bonds. The proceeds of (1) the Series 2014 Bonds received by the Escrow Agent will be sufficient to purchase \$\_\_\_\_\_ par amount of Government Obligations, all as listed in Part I of Schedule B, which will mature in principal amounts and earn income at such times, all as described in Part I of Schedule B, and (2) the Other Moneys received by the Escrow Agent, excluding the uninvested portion of \$\_\_\_\_, will be sufficient to purchase \$\_\_\_\_\_ par amount of the Government Obligation listed in Part II of Schedule B, which will mature in principal amount and earn income at such time, all as described in Part II of Schedule B so that, together with the receipts from the Government Obligations listed in Part I of Schedule B and the uninvested moneys, sufficient moneys will be available to pay as the same are due all principal of and interest on the Refunded Bonds. Notwithstanding the foregoing, if the amounts deposited in the Escrow Deposit Trust Fund are insufficient to make said payments of principal and interest, the City shall cause to be deposited into the Escrow Deposit Trust Fund the amount of any deficiency immediately upon notice from the Escrow Agent.

Section 3.03. Irrevocable Trust Created. The deposit of moneys and Government Obligations or other property in the Escrow Deposit Trust Fund shall constitute an irrevocable deposit of said moneys and Government Obligations and other property for the sole benefit of the Holders of the Refunded Bonds, subject to the provisions of this Agreement. The Holders of the Refunded Bonds, subject to the provisions of this Agreement, shall have an express lien on all moneys and principal of and earnings on the Government Obligations and other property in the Escrow Deposit Trust Fund. The moneys deposited in the Escrow Deposit Trust Fund and the matured principal of the Government Obligations and other property and accrued interest shall be held in trust by the Escrow Agent, and shall be transferred in the necessary amounts to the Paying Agent for the Refunded Bonds for the payment of the principal of and interest on the Refunded Bonds, as more specifically set forth in Schedule C hereto.

Section 3.04. Purchase of Government Obligations.

(a) The Escrow Agent is hereby directed immediately to purchase the Government Obligations listed in Part I of Schedule B from the proceeds of the Series 2014 Bonds and the Government Obligations listed in Part II of Schedule B from the Other Moneys deposited in the Escrow Deposit Trust Fund. The Escrow Agent shall purchase the Government Obligations solely from the moneys deposited in the Escrow Deposit Trust Fund. The Escrow Agent shall apply the moneys deposited in the Escrow Deposit Trust Fund and the Government Obligations purchased therewith, together with all income or earnings thereon, in accordance with the provisions of this Agreement. The Escrow Agent shall have no power or duty to invest any moneys held hereunder or to make substitutions of the Government Obligations held hereunder or to sell, transfer or otherwise dispose of the Government Obligations held hereunder except as provided in this Agreement. The Escrow Agent is directed not to invest \$\_\_\_\_ of the Other Moneys deposited in the Escrow Deposit Trust Fund.

(b) The City covenants to take no action in the investment, reinvestment or security of the Escrow Deposit Trust Fund in violation of this Agreement and recognizes that any such action in contravention of this Agreement might cause the Refunded Bonds or the Series 2014 Bonds to be classified as "arbitrage bonds" under the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, as applicable (collectively, the "Code").

Section 3.05. Substitution of Certain Government Obligations.

(a) If so directed in writing by the City on the date of delivery of this Agreement, the Escrow Agent shall accept in substitution for all or a portion of the Government Obligations listed in Schedule B, other Government Obligations (the "Substituted Securities"), the principal of and interest on which, together with any Government Obligations listed in Schedule B for which no substitution is made and moneys held uninvested by the Escrow Agent, will be sufficient to pay all principal of and interest to become due on the Refunded Bonds as set forth in Schedule C. The foregoing notwithstanding, the substitution of Substituted Securities for any of the Government Obligations listed in Schedule B may be effected only upon compliance with Section 3.05(b)(1) and (2) below.

(b) If so directed in writing by the City at any time during the term of this Agreement, the Escrow Agent shall sell, transfer, exchange or otherwise dispose of, or request the redemption of, all or a portion of the Government Obligations then held in the Escrow Deposit Trust Fund and shall substitute for such Government Obligations the Substituted Securities, designated by the City, and acquired by the Escrow Agent with the proceeds derived from the sale, transfer, disposition or redemption of or by the exchange of such Government Obligations held in the Escrow Deposit Trust Fund, but only upon the receipt by the Escrow Agent of:

(1) an opinion of nationally recognized counsel in the field of law relating to municipal bonds stating that such substitution will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Refunded Bonds and the Series 2014 Bonds and is not inconsistent with the statutes and regulations applicable to the Refunded Bonds and the Series 2014 Bonds; and

(2) verification from an independent certified public accountant stating that the principal of and interest on the Substituted Securities, together with any Government Obligations and any uninvested moneys remaining in the Escrow Deposit Trust Fund will be sufficient, without reinvestment, to pay the remaining principal of and interest on the Refunded Bonds as set forth in Schedule C.

Any moneys resulting from the sale, transfer, disposition or redemption of the Government Obligations and the substitution of the Substituted Securities for Government Obligations not required to be applied to the payment of such principal of and interest on the Refunded Bonds (as shown in the verification report described in Section 3.05(b)(2) delivered in connection with such substitution), shall be returned to the City for deposit in the Bond Service Subaccount established by the Bond Resolution. Upon any such substitution of the Substituted Securities for Government Obligations pursuant to this Section 3.05, Schedule B shall be appropriately amended by the City to reflect such substitution.

The Escrow Agent shall be under no duty to inquire whether the Government Obligations as deposited in the Escrow Deposit Trust Fund are properly invested under the Code, except as specifically set forth in this Section 3.05, and provided further that the Escrow Agent may rely on all specific directions in this Agreement providing for the investment or reinvestment of the Escrow Deposit Trust Fund.

Section 3.06. Transfers from Escrow Deposit Trust Fund. As the principal of the Government Obligations set forth in Schedule B shall mature and be paid, and the investment income and earnings thereon are paid, the Escrow Agent shall, (i) no later than the interest and principal payment dates for the Refunded Bonds, as specified in Schedule C, transfer from the Escrow Deposit Trust Fund to the Paying Agent for the Refunded Bonds amounts sufficient to pay such interest and principal on the Refunded Bonds and, (ii) no later than the redemption dates for the Series 2006 Refunded Bonds and the Series 2008 Refunded Bonds, as specified in Parts I and II, respectively, of Schedule C, transfer from the Escrow Deposit Trust Fund to the Paying Agent for the Refunded Bonds the amount required to pay the principal of and interest on the Refunded Bonds on such redemption dates, as specified in Schedule C. The Series 2006 Refunded Bonds shall be redeemed on September 1, 2016, at a redemption price of 100% of the principal amount thereof and the Series 2008 Refunded Bonds shall be redeemed on September 1, 2017, at a redemption price of 100% of the principal amount thereof. The City hereby irrevocably determines to call the Refunded Bonds for redemption as set forth above.

Section 3.07. Investment of Certain Moneys Remaining in Escrow Deposit Trust Fund. Subject to the provisions of Section 3.04, the Escrow Agent shall invest and reinvest, at the written direction of the City, in Government Obligations any moneys remaining from time to time in the Escrow Deposit Trust Fund until such time as they are needed. Such moneys shall be reinvested in such Government Obligations for such periods and at such interest rates, as the Escrow Agent shall be directed to invest by the City, which periods and interest rates shall be set forth in an opinion from nationally recognized counsel in the field of law relating to municipal bonds to the City and to the Escrow Agent, which opinion shall also be to the effect that such reinvestment of such moneys in such Government Obligations for such period and at such interest rates will not, under the statutes and regulations applicable to the Refunded Bonds and the Series 2014 Bonds, cause the interest on such Refunded Bonds or Series 2014 Bonds to be included in gross income for federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunded Bonds and the Series 2014 Bonds. Any interest income resulting from reinvestment of moneys pursuant to this Section 3.07 not required to be applied for the payment of the principal of and interest on the Refunded Bonds shall be returned to the City for deposit into the Bond Service Subaccount established by the Bond Resolution.

Section 3.08. Escrow Deposit Trust Fund Constitutes Trust Fund. The Escrow Deposit Trust Fund created and established pursuant to this Agreement shall be and constitute a trust fund for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the City and, to the extent required by law, of the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

Section 3.09. Transfer of Funds After All Payments Required by this Agreement are Made. After all of the transfers by the Escrow Agent to the Paying Agent for payment of the



principal of and interest on the Refunded Bonds provided in Schedule C have been made, all remaining moneys and securities, together with any income and interest thereon, in the Escrow Deposit Trust Fund immediately shall be returned to the City for deposit into the Bond Service Subaccount established by the Bond Resolution; provided, however, that no such transfers (except transfers made in accordance with Sections 3.05 and 3.07) shall be made until all of the principal of and interest on the Refunded Bonds have been paid.

#### ARTICLE IV

#### CONCERNING THE ESCROW AGENT

Section 4.01. Liability of Escrow Agent. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or default. The Escrow Agent shall not be liable for any loss resulting from any investments made pursuant to the terms of this Agreement. The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of moneys and of the principal amount of the Government Obligations and the related earnings to pay the Refunded Bonds. So long as the Escrow Agent applies any moneys, Government Obligations and interest earnings therefrom to pay the Refunded Bonds as provided in this Agreement, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations.

To the extent permitted by law, the City agrees to indemnify the Escrow Agent for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with acceptance or administration of this Agreement, including the reasonable costs and expenses of defending itself against such claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. Notwithstanding any provision in this Agreement, the Escrow Agent's rights to immunities and protection from liability hereunder and its rights to payment of its fees, expenses and indemnities shall survive the termination of this Agreement.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

The Escrow Agent may consult with counsel and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

Section 4.02. Permitted Acts. The Escrow Agent and its affiliates may become the owner of all or may deal in the Refunded Bonds as fully and with the same rights as if it were not the Escrow Agent.

Section 4.03. Payment to Escrow Agent. The City shall pay to the Escrow Agent reasonable compensation agreed to by the City as set forth in Schedule D hereto for all services

rendered by it and also its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts created pursuant to this Agreement, and the performance of its powers and duties, including, without limitation, all advances, counsel fees and other expenses reasonably made or incurred by the Escrow Agent in connection with such services.

The Escrow Agent shall have no lien, security interest or right of set-off whatsoever upon any of the moneys or investments in the Escrow Deposit Trust Fund for the payment of fees or expenses for the services rendered by the Escrow Agent under this Agreement.

Section 4.04. Termination, Resignation and Removal of Escrow Agent.

(a) This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made.

(b) The Escrow Agent may evidence its intent to resign by giving written notice to the City. Such resignation shall take effect only upon delivery of the Trust Estate to a successor Escrow Agent designated in writing by the City, and the Escrow Agent shall thereupon be discharged from all obligations under this Agreement and shall have no further duties or responsibilities in connection herewith. The Escrow Agent shall deliver the Trust Estate without unreasonable delay after receiving the City's designation of a successor Escrow Agent and upon payment of all of its fees and expenses.

(c) The City may evidence its intent to remove the Escrow Agent by giving written notice to the Escrow Agent. Such removal shall take effect only upon delivery of the Trust Estate to a successor Escrow Agent designated in writing by the City, and the Escrow Agent shall thereupon be discharged from all obligations under this Agreement and shall have no further duties or responsibilities in connection herewith. The Escrow Agent shall deliver the Trust Estate without unreasonable delay after receiving the City's designation of a successor Escrow Agent and upon payment of all of its fees and expenses.

(d) If after thirty (30) days from the date of delivery of its written notice of intent to resign or of the City's notice of intent to remove, the Escrow Agent has not received a written designation of a successor Escrow Agent, the Escrow Agent's sole responsibility shall be in its sole discretion either to retain custody of the Trust Estate and apply the Trust Estate in accordance with this Agreement without any obligation to reinvest any part of the Trust Estate until it receives such designation, or to apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent and after such appointment to have no further duties or responsibilities in connection herewith.

(e) Notwithstanding any of the foregoing provisions of this Section, any bank or trust company having power to perform the duties and execute the trusts of this Agreement, and otherwise qualified to act as Escrow Agent hereunder, with or into which the bank or trust company acting as Escrow Agent may be merged or consolidated, or to which the assets or corporate trust business of such bank or trust company may be sold, shall be deemed the successor of the Escrow Agent.

## ARTICLE V

### MISCELLANEOUS

Section 5.01. Amendments to this Agreement. This Agreement is made for the benefit of the Holders from time to time of the Refunded Bonds and shall not be repealed, revoked, altered or amended without the written consent of all such Holders of the Refunded Bonds, the Escrow Agent and the City; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such Holders, enter into such agreements supplemental to this Agreement which shall not adversely affect the rights of such Holders and shall not be inconsistent with the terms and provisions of this Agreement for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement; or
- (b) to grant to or confer upon the Escrow Agent for the benefit of the Holders of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent.

The Escrow Agent shall be entitled to rely upon an unqualified opinion of a nationally recognized counsel in the field of law relating to municipal bonds with respect to compliance with this Section.

If at the time of any proposed repeal, revocation, alteration or amendment of this Agreement, any of the Refunded Bonds are rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") or Moody's Investors Service, Inc. (Moody's") on the basis of the escrow established by this Agreement, then prior to such proposed repeal, revocation, alteration or amendment of this Agreement, the City shall provide written notice thereof to S&P and Moody's, as applicable, at their addresses set forth below:

Standard & Poor's Ratings Services,  
a division of the McGraw-Hill Companies, Inc.  
55 Water Street, 38<sup>th</sup> Floor  
New York, New York 10041  
Attn: Municipal Ratings Desk/Refunded Bonds

Moody's Investors Service, Inc.  
7 World Trade Center  
250 Greenwich Street, 23<sup>rd</sup> Floor  
New York, New York 10007

Section 5.02. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained in this Agreement and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 5.03. Agreement Binding. All the covenants, proposals and agreements in this Agreement contained by or on behalf of the City or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 5.04. Notices to Escrow Agent and the City. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Escrow Agent or the City, shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if personally delivered and receipted for, or if sent by registered or certified United States mail, return receipt requested, addressed as follows:

(a) As to the City –

City of Fort Lauderdale, Florida  
100 N. Andrews Avenue  
Fort Lauderdale, Florida 33301  
Attention: Director of Finance

Copy to: City Manager

(b) As to the Escrow Agent –

Regions Bank  
10245 Centurion Parkway, 2<sup>nd</sup> Floor  
Jacksonville, Florida 32256  
Attn: Corporate Trust Services

Any party to this Agreement may, by notice sent to the other parties to this Agreement, designate a different or additional address to which notices under this Agreement are to be sent.

Section 5.05. Notice of Defeasance; Notice of Redemption. The Escrow Agent is hereby instructed to send notice of defeasance of the Refunded Bonds to the Registered Owners thereof and to the Municipal Securities Rulemaking Board through EMMA as soon as practicable. The notice of defeasance for the Series 2006 Refunded Bonds shall be substantially in the form thereof attached hereto as Schedule E-1. The notice of defeasance for the Series 2008 Refunded Bonds shall be substantially in the form thereof attached hereto as Schedule E-2.

The Escrow Agent is also hereby instructed to send notice of the redemption of the Refunded Bonds, as applicable, to the Registered Owners thereof (as such Registered Owners appear on the registration books of the City maintained by the City as the Bond Registrar for the Refunded Bonds) at least thirty (30) but not more than sixty (60) days prior to the respective redemption dates for the Refunded Bonds, all in accordance with the provisions of the Resolution. The notice of redemption for the Series 2006 Refunded Bonds shall be substantially in the form thereof attached hereto as Schedule F-1. The notice of redemption for the Series 2008 Refunded Bonds shall be substantially in the form thereof attached hereto as Schedule F-2.

The City shall provide the Escrow Agent, upon request, a certified list of Registered Owners of the Refunded Bonds and shall reimburse the Escrow Agent for actual costs incurred in providing such notices in accordance with Section 4.03 hereof.

Section 5.06. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions of this Agreement shall have been made.

Section 5.07. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 5.08. Governing Law. This Agreement shall be governed by and construed in accordance with the applicable laws of the State of Florida.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by its duly authorized officers and the City's official seal to be affixed to this Agreement and attested as of the date first above written.

ATTEST:

CITY OF FORT LAUDERDALE, FLORIDA

(SEAL)

By: \_\_\_\_\_  
Jonda K. Joseph  
City Clerk

By: \_\_\_\_\_  
John P. "Jack" Seiler  
Mayor

By: \_\_\_\_\_  
Vladimir I. Muñoz  
Vice President and Trust Officer

**SCHEDULE A**  
**REFUNDED BONDS**

**PART I - SERIES 2006 REFUNDED BONDS**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
03/01/2019	\$ 1,115,000	4.375%
09/01/2019	1,140,000	4.375
03/01/2020	1,160,000	5.000
09/01/2020	1,185,000	5.000
03/01/2021	1,205,000	5.000
09/01/2021	1,225,000	5.000
03/01/2022	1,250,000	5.000
09/01/2022	1,285,000	5.000
03/01/2023	1,315,000	5.000
09/01/2023	1,345,000	5.000
03/01/2024	1,370,000	5.000
09/01/2024	1,410,000	5.000
03/01/2025	1,440,000	5.000
09/01/2025	1,475,000	5.000
03/01/2026	1,510,000	5.000
09/01/2026	1,545,000	5.000
09/01/2031*	10,890,000	5.000

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\* Term Bond

**SCHEDULE A**  
**REFUNDED BONDS**

**PART II - SERIES 2008 REFUNDED BONDS**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
09/01/2021	\$ 2,380,000	4.500%
03/01/2022	2,435,000	4.625
09/01/2022	2,490,000	4.625
03/01/2023	2,550,000	4.750
09/01/2023	2,610,000	4.750
03/01/2024	2,670,000	4.875
09/01/2024	2,735,000	4.875
03/01/2025	2,800,000	4.875
09/01/2025	2,870,000	4.875
03/01/2026	2,940,000	5.000
09/01/2026	3,015,000	5.000
03/01/2027	3,090,000	5.000
09/01/2027	3,165,000	5.000
03/01/2028	3,245,000	5.000
09/01/2028	3,325,000	5.000
09/01/2032*	29,800,000	5.000

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\*Term Bond.



**SCHEDULE B**

**PART I**

**INVESTMENT OF BOND PROCEEDS**

<b><u>Type of Security</u></b>	<b><u>Maturity Date</u></b>	<b><u>Par Amount</u></b>	<b><u>Rate</u></b>
		\$	%

**PART II**

**INVESTMENT OF OTHER MONEYS**

<b><u>Type of Security</u></b>	<b><u>Maturity Date</u></b>	<b><u>Par Amount</u></b>	<b><u>Rate</u></b>
		\$	%



**SCHEDULE D**

**ESCROW AGENT FEES AND EXPENSES**

One time Administration Fee of \$750 payable at closing.

**SCHEDULE E-1**

**NOTICE OF DEFEASANCE**

**City of Fort Lauderdale, Florida  
Water and Sewer Revenue Bonds, Series 2006  
dated October 4, 2006**

NOTICE IS HEREBY GIVEN that the City of Fort Lauderdale, Florida Water and Sewer Revenue Bonds, Series 2006 (the "Series 2006 Bonds") dated October 4, 2006, maturing on March 1 and September 1 in the years 2019 through 2026, inclusive, and September 1, 2031, outstanding in the aggregate principal amount of \$31,865,000, which are redeemable on September 1, 2016 at the option of the City at a redemption price equal to 100% of the principal amount of such Series 2006 Bonds to be redeemed plus interest accrued to the date of redemption, have been defeased and are to be irrevocably called for redemption on September 1, 2016.

Payment of the redemption price (as described above) will be made on or after said redemption date of September 1, 2016 upon the presentation of said Series 2006 Bonds at the offices of Regions Bank, as the Paying Agent for the Series 2006 Bonds, at 10245 Centurion Parkway, 2<sup>nd</sup> Floor Jacksonville, Florida 32256, Attn: \_\_\_\_\_. Interest on such Series 2006 Bonds due prior to said redemption date will be paid in the usual manner. Interest on such Series 2006 Bonds to be redeemed will cease to accrue from and after September 1, 2016.

THIS IS NOT A NOTICE OF REDEMPTION.

Regions Bank  
as Escrow Agent

Date: December \_\_\_\_, 2014

**SCHEDULE E-2**

**NOTICE OF DEFEASANCE**

**City of Fort Lauderdale, Florida  
Water and Sewer Revenue Bonds, Series 2008  
dated March 6, 2008**

NOTICE IS HEREBY GIVEN that the City of Fort Lauderdale, Florida Water and Sewer Revenue Bonds, Series 2008 (the "Series 2008 Bonds") dated March 6, 2008, maturing on March 1 and September 1 in the years 2021 through 2028, inclusive, and the March 1, 2029, September 1, 2029 and March 1, 2030 Amortization Requirements of the Series 2008 Bonds Term Bond maturing on September 1, 2032, outstanding in the aggregate principal amount of \$52,810,000, which are redeemable on September 1, 2017 at the option of the City at a redemption price equal to 100% of the principal amount of such Series 2008 Bonds to be redeemed plus interest accrued to the date of redemption, have been defeased and are to be irrevocably called for redemption on September 1, 2017.

Payment of the redemption price (as described above) will be made on or after said redemption date of September 1, 2017 upon the presentation of said Series 2008 Bonds at the offices of Regions Bank, as the Paying Agent for the Series 2008 Bonds, at 10245 Centurion Parkway, 2<sup>nd</sup> Floor Jacksonville, Florida 32256, Attn: \_\_\_\_\_. Interest on such Series 2008 Bonds due prior to said redemption date will be paid in the usual manner. Interest on such Series 2008 Bonds to be redeemed will cease to accrue from and after September 1, 2017.

THIS IS NOT A NOTICE OF REDEMPTION.

Regions Bank  
as Escrow Agent

Date: December \_\_\_\_, 2014

**SCHEDULE F-1**

**NOTICE OF REDEMPTION**

**City of Fort Lauderdale, Florida  
Water and Sewer Revenue Bonds, Series 2006  
dated October 4, 2006**

NOTICE IS HEREBY GIVEN that the City of Fort Lauderdale, Florida Water and Sewer Revenue Bonds, Series 2006 (the "Series 2006 Bonds") dated October 4, 2006, maturing on March 1 and September 1 in the years 2019 through 2026, inclusive, and September 1, 2031, outstanding in the aggregate principal amount of \$31,865,000, which are redeemable on September 1, 2016 at the option of the City at a redemption price equal to 100% of the principal amount of such Series 2006 Bonds to be redeemed plus interest accrued to the date of redemption, have been irrevocably called for redemption on September 1, 2016. The maturity dates, CUSIP numbers and interest rates on such Series 2006 Bonds are as set forth below.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
03/01/2019			
09/01/2019			
03/01/2020			
09/01/2020			
03/01/2021			
09/01/2021			
03/01/2022			
09/01/2022			
03/01/2023			
09/01/2023			
03/01/2024			
09/01/2024			
03/01/2025			
09/01/2025			
03/01/2026			
09/01/2026			
09/01/2031*			

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\*Term Bond.

Payment of the redemption price (as described above) will be made on or after said redemption date of September 1, 2016 upon the presentation of said Bonds at the offices of Regions Bank, as the Paying Agent for the Series 2006 Bonds, at 10245 Centurion Parkway, 2<sup>nd</sup> Floor Jacksonville, Florida 32256, Attn: \_\_\_\_\_ . Interest on such Series 2006 Bonds due prior to said redemption date will be paid in the usual manner. Interest on such Series 206 Bonds to be redeemed will cease to accrue from and after September 1, 2016.

Regions Bank  
as Escrow Agent

Date: \_\_\_\_\_, 2016

**SCHEDULE F-2**

**NOTICE OF REDEMPTION**

**City of Fort Lauderdale, Florida  
Water and Sewer Revenue Bonds, Series 2008  
dated March 6, 2008**

NOTICE IS HEREBY GIVEN that the City of Fort Lauderdale, Florida Water and Sewer Revenue Bonds, Series 2008 (the "Series 2008 Bonds") dated March 6, 2008, maturing on March 1 and September 1 in the years 2021 through 2028, inclusive, and the March 1, 2029, September 1, 2029 and March 1, 2030 Amortization Requirements of the Series 2008 Bonds Term Bond maturing on September 1, 2032, outstanding in the aggregate principal amount of \$52,810,000, which are redeemable on September 1, 2017 at the option of the City at a redemption price equal to 100% of the principal amount of such Series 2008 Bonds to be redeemed plus interest accrued to the date of redemption, have been irrevocably called for redemption on September 1, 2017. The maturity dates, CUSIP numbers and interest rates on such Series 2008 Bonds are as set forth below.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
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03/01/2021			
09/01/2021			
03/01/2022			
09/01/2022			
03/01/2023			
09/01/2023			
03/01/2024			
09/01/2024			
03/01/2025			
09/01/2025			
03/01/2026			
09/01/2026			

09/01/2030*			
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\*[Describe Amortization Requirements to be redeemed.]



Payment of the redemption price (as described above) will be made on or after said redemption date of September 1, 2017 upon the presentation of said Series 2008 Bonds at the offices of Regions Bank, as the Paying Agent for the Series 2008 Bonds, at 10245 Centurion Parkway, 2<sup>nd</sup> Floor Jacksonville, Florida 32256, Attn: \_\_\_\_\_ . Interest on such Series 2008 Bonds due prior to said redemption date will be paid in the usual manner. Interest on such Series 2008 Bonds to be redeemed will cease to accrue from and after September 1, 2017.

Regions Bank  
as Escrow Agent

Date: \_\_\_\_\_, 2017

MIA 184058395v4

**EXHIBIT "B"**  
**OFFICIAL NOTICE OF BOND SALE**

**OFFICIAL NOTICE OF BOND SALE**  
**\$ \_\_\_\_\_\***  
**CITY OF FORT LAUDERDALE, FLORIDA**  
**WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2014**

**NOTICE IS HEREBY GIVEN** that electronic bids will be received via Parity®/BiDCOMP Competitive Bidding System in the manner, on the date and up to the time specified below:

**BID DATE:** November \_\_, 2014\*

**TIME:** \_\_: \_\_ .m. Eastern Standard Time\*

**ELECTRONIC BIDS:** Must be submitted only through Parity®/BiDCOMP Competitive Bidding System (“*PARITY*®”) as described below. No other form of bid or provider of electronic bidding services will be accepted.

**GENERAL**

Bids must be submitted electronically via *PARITY*® in accordance with this Official Notice of Bond Sale, until \_\_: \_\_ .m., Eastern Standard Time, on the Bid Date, but no bid will be received after such time on the Bid Date and will be considered at the office of the Director of Finance of the City of Fort Lauderdale, Florida (the “City”), for the purchase of all, but not less than all of the \$ \_\_\_\_\_\* of the City of Fort Lauderdale, Florida Water and Sewer Revenue Refunding Bonds, Series 2014 (the “Series 2014 Bonds”). Such bids will be opened in public in accordance with applicable legal requirements.

The Series 2014 Bonds are more particularly described in the Preliminary Official Statement dated November \_\_, 2014 relating to the Series 2014 Bonds (the “Preliminary Official Statement”), available at [www.munios.com](http://www.munios.com). This Official Notice of Bond Sale contains certain information for quick reference only. It is not, and is not intended to be, a summary of the Series 2014 Bonds. Each bidder is required to read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. Capitalized terms used but not defined herein shall have the meaning assigned to such terms in the Preliminary Official Statement.

Prior to accepting bids, the City reserves the right to change the principal amount of the Series 2014 Bonds being offered and the terms of the Series 2014 Bonds, to postpone the sale to a later date or time or cancel the sale. Notice of a change or cancellation will be announced via *The Bond Buyer* news service at the internet website address [www.tm3.com](http://www.tm3.com), not later than 12:00 noon, Eastern Standard Time, on the day preceding the bid opening or as soon as practicable prior to the sale. Such notice will specify the revised principal amount or terms, if any, and any later date or time selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed and a later date or time for the sale is not included in the notice of postponement, a later public sale may be held at the hour, in the manner, and on such

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\* Subject to change.

date as communicated upon at least twenty-four (24) hours notice via *The Bond Buyer* news service at the internet website address [www.tm3.com](http://www.tm3.com). The City reserves the right, after the bids are opened, to adjust the principal amount of the Series 2014 Bonds, as further described herein. See "ADJUSTMENT OF AMOUNTS AND MATURITIES" herein.

To the extent any instructions or directions set forth in *PARITY*<sup>®</sup> conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about *PARITY*<sup>®</sup> and to subscribe in advance of the bid, potential bidders may contact *PARITY*<sup>®</sup> at (212) 849-5021.

### **Disclaimer**

Each prospective electronic bidder must be a subscriber to *PARITY*<sup>®</sup>. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to view the bid form on *PARITY*<sup>®</sup> and to access *PARITY*<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the City nor *PARITY*<sup>®</sup> shall have any duty or obligation to provide or assure access to *PARITY*<sup>®</sup> to any prospective bidder, and neither the City nor *PARITY*<sup>®</sup> shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, *PARITY*<sup>®</sup>. The City is using *PARITY*<sup>®</sup> as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Series 2014 Bonds. The City is not bound by any advice or determination of *PARITY*<sup>®</sup> to the effect that any particular bid complies with the terms of this Official Notice of Bond Sale and, in particular, the bid specifications hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via *PARITY*<sup>®</sup> are the sole responsibility of such bidders and the City shall not be responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Series 2014 Bonds, the prospective bidder should immediately telephone *PARITY*<sup>®</sup> at 212-849-5021, notify the City's Financial Advisor, First Southwest Company by facsimile at 407-426-7835 and notify the City's Director of Finance, Kirk W. Buffington, by facsimile at 954-828-5168. The City shall have no responsibility for technological or transmission errors that any bidder may experience in transmitting a bid. The use of *PARITY*<sup>®</sup> shall be at the bidder's risk and expense, and the City shall have no liability with respect thereto.

### **THE SERIES 2014 BONDS - GENERAL**

The Series 2014 Bonds shall be issued only as fully registered bonds without coupons in the denominations of \$5,000 or any integral multiple thereof, shall be dated their date of delivery, and shall bear interest as set forth in this Official Notice of Bond Sale and in the Preliminary Official Statement, payable semi-annually on March 1 and September 1 of each year until paid, commencing on March 1, 2015.

The Series 2014 Bonds will be initially issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC") and immobilized in its custody. The book-entry system will evidence ownership interests in the

Series 2014 Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership interests affected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Series 2014 Bonds, shall be required to deposit the certificates with DTC, registered in the name of Cede & Co., its nominee. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Series 2014 Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Principal of the Series 2014 Bonds will be payable upon presentation and surrender thereof at the designated corporate office of the Paying Agent on the dates, in the years and amounts established in accordance with the award of the Series 2014 Bonds. Interest on the Series 2014 Bonds is payable on the dates shown in the Summary Table set forth herein (the "Summary Table"). The Paying Agent will mail interest payments on the Series 2014 Bonds on each interest payment date to the owners of the Series 2014 Bonds, as described in the Bond Resolution (as defined herein). So long as DTC or its nominee is the registered owner of the Series 2014 Bonds, payments of principal and interest on the Series 2014 Bonds will be made to DTC or its nominee.

In the event that (a) DTC determines not to continue to act as securities depository for the Series 2014 Bonds or (b) the City determines that it should not continue the book-entry system of evidence and transfer of ownership of the Series 2014 Bonds, the City will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will deliver replacement Series 2014 Bonds in the form of fully registered certificates.

#### **Paying Agent and Bond Registrar**

Regions Bank is acting as Paying Agent and Bond Registrar for the Series 2014 Bonds.

#### **Security**

The Series 2014 Bonds will be secured by a lien on and pledge of the Net Revenues of the City's Water and Sewer System, as described in the Preliminary Official Statement.

#### **Authority for and Purpose of the Series 2014 Bonds**

The Series 2014 Bonds are being issued pursuant to and under the authority of Chapter 166, Part II, Florida Statutes, and other applicable provisions of law, and Resolution No. 03-29 adopted by the City. Commission of the City on February 18, 2003, as supplemented by Resolution No. 14-\_\_ adopted by the City Commission of the City on November \_\_, 2014 (collectively, the "Bond Resolution") for the purpose of providing funds, together with other legally available moneys, to (i) refund on an advanced basis a portion of the City's outstanding \$100,000,000 original aggregate principal amount of Water and Sewer Revenue Bonds, Series 2006 and a portion of the City's outstanding \$155,000,000 original aggregate principal

amount of Water and Sewer Revenue Bonds, Series 2008 (collectively, the “Refunded Bonds”) and (ii) pay the costs of issuance of the Series 2014 Bonds and the refunding of the Refunded Bonds, as described in the Preliminary Official Statement.

### **BIDDER’S SPECIAL OPTION-TERM BONDS**

Bidders on the Series 2014 Bonds have the option of specifying that the principal amount of Series 2014 Bonds in any two or more consecutive maturity dates, as provided in the Summary Table, may, in lieu of maturing on each such maturity date, be considered as a single maturity of Series 2014 Bonds (the “Term Bonds”) scheduled to mature in the latest of such maturity dates, and be subject to mandatory sinking fund redemption by lot at par in the manner described in the Preliminary Official Statement on each of the maturity dates, and in the principal amounts as given in the maturity schedule provided in the Summary Table, as the same may be modified by the City. Bidders may specify up to seven (7) such Term Bonds.

### **REDEMPTION PROVISIONS**

#### **Optional Redemption**

The Series 2014 Bonds maturing on or prior to September 1, 20\_\_ are not subject to redemption prior to maturity. The Series 2014 Bonds maturing on or after March 1, 20\_\_ are subject to redemption at the option of the City prior to their respective dates of maturity on or after September 1, 20\_\_, in whole or in part at any time, in any order of maturity selected by the City and by lot within a maturity, at a redemption price equal to 100% of the principal amount of the Series 2014 Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

#### **Mandatory Redemption**

Any Term Bonds specified pursuant to “Bidders’ Special Option - Term Bonds” shall also be redeemable by operation of the amortization requirements to be deposited in the Principal and Interest Account established under the Bond Resolution, by lot at par in the amounts and in the years specified in the maturity schedule for the Series 2014 Bonds.

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Bidding Parameters

Principal Amount \$ \_\_\_\_\_\*  
Sale Date: November \_\_, 2014\*  
Bidding Method: *PARITY*<sup>®</sup>  
All or none vs. Maturity-by-Maturity: All-or-none  
Bid Award Method: Lowest true interest cost, but not exceeding \_\_%  
Bid Confirmation: Fax signed Official Confirmation of Bid Form  
Bid Award: As soon as practicable on day of sale  
Good Faith Deposit: \$ \_\_\_\_\_, wire transfer or cashier's or certified check required by 11:00 a.m. the day after the bid  
Coupon Multiples: 1/8 or 1/20 of 1%  
Maximum/Minimum Coupon: No more than \_\_ basis points between minimum and maximum coupons.  
Optional Redemption: Yes, at par on or after September 1, 20\_\_  
Term Bonds: At bidder's option. See "Bidder's Special Option-Term Bonds" herein.  
Maximum Re-offering Price: Maturity - \_\_%; Aggregate - \_\_%  
Minimum Re-offering Price: Maturity - \_\_%; Aggregate - \_\_%  
Ascending Coupon Requirement: None  
Insurance: None

Adjustment Parameters (As required to generate level Debt Service)

Principal Increases: Maturity Unlimited  
Principal Reductions: Maturity Unlimited

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\* Preliminary, subject to change.

**ADJUSTMENT OF AMOUNT OF MATURITIES**

The aggregate principal amount of each maturity of Series 2014 Bonds is subject to adjustment by the City after the receipt and opening of the bids for their purchase. Changes to be made after the opening of the bids will be communicated to the successful bidder directly prior to 8:00 a.m., Eastern Standard Time on the date following the sale date.

The City may cancel the sale of the Series 2014 Bonds or adjust the principal amounts of the maturities. The City may increase or decrease the principal amount of any maturity of the Series 2014 Bonds as shown in the Summary Table provided that the aggregate principal amount of Series 2014 Bonds issued does not exceed \$ \_\_\_\_\_. The City will consult with the successful bidder before adjusting the amount of any maturity of the Series 2014 Bonds or canceling the Series 2014 Bonds; however, the City reserves the sole right to make adjustments, within the limits described above, or cancel the sale of the Series 2014 Bonds.

Adjustment to the maturities of the Series 2014 Bonds within the limits described above does not relieve the purchaser from its obligation to purchase all of the Series 2014 Bonds offered by the City.



Each bid must specify the initial reoffering prices to the public of each maturity of Series 2014 Bonds. Adjustments may be made to the principal amounts based on the reoffering prices shown on *PARITY*<sup>®</sup>. In determining whether there will be any revision to the principal amount of the maturities of the Series 2014 Bonds subsequent to the bid opening and award, the City expects that changes may be made that are necessary to increase or decrease the principal amount of the Series 2014 Bonds to meet the City's funding objectives, all subject to the limitations set forth above.

In the event that the principal amount of any maturity of the Series 2014 Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter's Discount on the Series 2014 Bonds as submitted by the successful bidder shall be held constant. The "Underwriter's Discount" shall be defined as the difference between the purchase price of the Series 2014 Bonds submitted by the bidder and the price at which the Series 2014 Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Series 2014 Bonds bid.

## **RATINGS**

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, have assigned ratings of "Aa1" and "AA+" respectively, to the Series 2014 Bonds. The Series 2014 Bonds will not be insured by a municipal bond insurance policy.

## **OFFICIAL STATEMENT**

The Preliminary Official Statement, copies of which may be obtained as described below, is in a form "deemed final" by the City for purposes of clause (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") but is subject to revision, amendment and completion in a final Official Statement in accordance with Rule 15c2-12. Upon the sale of the Series 2014 Bonds, the City will prepare a final Official Statement dated the date of the sale in substantially the same form as the Preliminary Official Statement (the "Final Official Statement"). Up to 200 copies of the Final Official Statement will be provided, at the City's expense, on a timely basis in such quantities as may be necessary for the successful bidder's regulatory compliance. The successful bidder will be furnished, without cost, the opinion of the Law Offices of Steve E. Bullock, P.A., Disclosure Counsel to the City ("Disclosure Counsel"), to the effect that, based solely on the participation of Disclosure Counsel in the preparation of the Final Official Statement and the examination of certain information by Disclosure Counsel, as described in such opinion, and excluding any financial, statistical or demographic data and information contained in the Final Official Statement, nothing has come to the attention of Disclosure Counsel which would lead Disclosure Counsel to believe that the Final Official Statement contains an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect.

## **ELECTRONIC BIDDING PROCEDURES**

Only electronic bids submitted via *PARITY*<sup>®</sup> will be accepted. No other provider of electronic bidding services will be accepted. No bid delivered in person or by facsimile directly to the City will be accepted. Bidders are permitted to submit bids for the Series 2014 Bonds during the bidding time period, provided they are eligible to bid as described under "GENERAL" above.

Each electronic bid submitted via *PARITY*<sup>®</sup> shall be deemed an irrevocable offer in response to this Official Notice of Bond Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. All bids remain firm until an award is made. The successful bidder must confirm the details of such bid by a signed Official Confirmation of Bid Form, the form of which is attached hereto as Exhibit A, delivered by fax to First Southwest Company, Financial Advisor to the City at (407) 426-7835 no later than one hour after being notified by the City of being the winning bidder, the original of which must be received by the Financial Advisor to the City on the following business day at 450 South Orange Avenue, Suite 460, Orlando, Florida 32801. Failure to deliver the Official Confirmation of Bid Form does not relieve the bidder of the obligation to purchase the Series 2014 Bonds.

## **FORM OF BID**

Bidders must bid to purchase all maturities of the Series 2014 Bonds. Each bid must specify (1) an annual rate of interest for each maturity, (2) reoffering price or yield for each maturity and (3) a dollar purchase price for the entire issue of the Series 2014 Bonds. No more than one (1) bid from any bidder will be considered.

A bidder must specify the rate or rates of interest per annum (with no more than one rate of interest per maturity), which the Series 2014 Bonds are to bear, to be expressed in multiples of 1/8 or 1/20 of 1%. Any number of interest rates may be named, but the Series 2014 Bonds of each maturity must bear interest at the same single rate for all bonds of that maturity. Ascending coupon rates are not required.

Each bid for the Series 2014 Bonds must meet the minimum and maximum coupon criteria and minimum and maximum reoffering price criteria shown in the Summary Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Series 2014 Bonds of each maturity will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidder's true interest cost. As promptly as reasonably possible after bids are received, the City will notify the successful bidder that it is the apparent winner.

## **AWARD OF BID**

The City expects to award the Series 2014 Bonds to the winning bidder as soon as practicable after the bids are opened on the sale date. Bids may not be withdrawn prior to the award. Unless all bids are rejected, the Series 2014 Bonds will be awarded by the City on the sale date to the bidder whose bid complies with this Official Notice of Bond Sale and results in

the lowest true interest cost ("TIC") to the City, but not exceeding the Maximum TIC permitted by the Bond Resolution. The lowest TIC will be determined by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the dated date of the Series 2014 Bonds and to the aggregate purchase price of the Series 2014 Bonds. If two or more responsible bidders offer to purchase the Series 2014 Bonds at the same lowest TIC, the City will award the Series 2014 Bonds to one of such bidders by lot. Only the final bid submitted by any bidder through *PARITY*<sup>®</sup> will be considered. The right reserved to the City shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Official Notice of Bond Sale.

### **RIGHT OF REJECTION**

The City reserves the right, in its discretion, to reject any and all bids and to waive irregularity or informality in any bid.

### **DELIVERY AND PAYMENT**

It is anticipated that the Series 2014 Bonds in definitive form will be available for delivery on or about the delivery date shown in the Summary Table in New York City at DTC, or such other date and place to be mutually agreed upon by the successful bidder and the City against payment of the purchase price therefor, to be delivered in Federal Reserve funds without cost to the City. The City intends to conduct the closing by telephone.

### **GOOD FAITH DEPOSIT**

If the City selects a winning bid, then the successful bidder is required to submit a "Good Faith Deposit" (the "Deposit") to the City in the form of a cashier's or certified check or a wire transfer in the amount of \$ \_\_\_\_\_. Such Deposit must be submitted to the City no later than 11:00 a.m. Eastern Standard Time on the next business day following the award. If the Deposit is not received by that time, the City reserves the right to withdraw the award to the successful bidder and solicit new bids for the purchase of the Series 2014 Bonds. The Deposit of the successful bidder will be collected and the proceeds thereof retained by the City to be applied in partial payment for the Series 2014 Bonds. No interest will be allowed or paid upon the amount of the Deposit, but in the event the successful bidder shall fail to comply with the terms of the bid, the Deposit will be retained as and for full liquidated damages, without waiving the City's other rights at law or in equity.

### **CLOSING DOCUMENTS**

The City will furnish to the successful bidder, upon delivery of the Series 2014 Bonds, the following closing documents in a form satisfactory to Greenberg Traurig, P.A., Bond Counsel: (1) signature and no-litigation certificate; (2) tax compliance certificate; (3) certificate regarding information in the Official Statement; (4) continuing disclosure certificate; and (5) seller's receipt as to payment. A copy of the transcript of the proceedings authorizing the Series 2014 Bonds will be delivered to the successful bidder of the Series 2014 Bonds upon request. Copies of the form of such closing papers and certificates may be obtained from the City.

## DISCLOSURE OBLIGATIONS OF THE PURCHASER

Section 218.38(1)(b)(2), Florida Statutes, requires that the successful bidder file a statement with the City containing information with respect to any fee, bonus or gratuity paid, in connection with the Series 2014 Bonds, by any underwriter or financial consultant to any person not regularly employed or engaged by such underwriter or consultant. Receipt of such statement is a condition precedent to the delivery of the Series 2014 Bonds to such successful bidder. The successful bidder must (1) **complete the Truth-in-Bonding Statement (the form of which is attached hereto as Exhibit B) and submit such form to the City, by facsimile transmission at (954) 828-5168 at the time it is determined that the bid is the winning bid, stating the amount of the total interest to be paid over the life of the Series 2014 Bonds,** and (2) indicate whether such successful bidder has paid any finder's fee to any person in connection with the sale of the Series 2014 Bonds in accordance with Section 218.386, Florida Statutes.

The successful bidder will also be required to submit to the City prior to closing a certification to the effect that (i) the successful bidder initially offered all of the Series 2014 Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) in a bona fide public offering at prices not higher than or yields not lower than the respective prices or yields shown on the inside cover of the Final Official Statement, (ii) to the best of their knowledge, and based on their records and other information available to them which they believe to be correct, at least 10 percent of each maturity of the Series 2014 Bonds was sold to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not higher than or yields not lower than the respective prices or yields shown on the inside cover of the Final Official Statement, and (iii) at the time they agreed to purchase the Series 2014 Bonds, based upon their assessment of the then prevailing market conditions, they had no reason to believe any of the Series 2014 Bonds would be sold to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices higher than or yields lower than the respective prices or yields shown on the inside cover of the Final Official Statement. **To the extent the successful bidder cannot make such certification to the effect provided above, Bond Counsel and the successful bidder shall attempt to reach a mutually satisfactory agreement with respect to a similar certification. If such an agreement cannot be reached, the City may reject the bid.** The closing certificate described herein shall be in substantially the form of Exhibit C hereto and shall cover such other matters as may be reasonably requested by Bond Counsel.

## LEGAL OPINION

The successful bidder will be furnished, without cost, with the approving opinion of Bond Counsel to the effect that, based on existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2014 Bonds is excludible from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended, and (ii) the Series 2014 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and

the interest on the Series 2014 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest.

### **CUSIP NUMBERS**

It is anticipated that CUSIP identification numbers will be printed on the Series 2014 Bonds, but neither the failure to print such number on any Series 2014 Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Series 2014 Bonds in accordance with its agreement to purchase the Series 2014 Bonds. Bond Counsel will not review or express any opinion as to the correctness of such CUSIP numbers. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Series 2014 Bonds. All expenses in relation to the printing of CUSIP numbers on the Series 2014 Bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau application and charge for the assignment of said number shall be the responsibility of and shall be paid for by the successful bidder.

### **MINORITY AND WOMEN BUSINESS ENTERPRISES**

It is the policy of the City to provide minority business enterprises (“MBE”) and women business enterprises (“WBE”) an equal opportunity to participate in the performance of City contracts. The City has placed a high priority on increasing the amount of MBE and WBE participation in City contracts. Bidders are requested to assist the City in implementing its policy by providing equal opportunities for MBE and WBE underwriting firms to participate in their bidding syndicates.

### **BLUE SKY**

The City has not undertaken to register the Series 2014 Bonds under the securities laws of any state, nor investigated the eligibility of any institution or person to purchase or participate in the underwriting of the Series 2014 Bonds under any applicable legal investment, insurance, banking or other laws. By submitting a bid for the Series 2014 Bonds, the successful bidder represents that the sale of the Series 2014 Bonds in states other than Florida will be made only under exemptions from registration or, wherever necessary, the successful bidder will register the Series 2014 Bonds in accordance with the securities laws of the state in which the Series 2014 Bonds are offered or sold. The City agrees to cooperate with the successful bidder, at the successful bidder’s written request and expense, in registering the Series 2014 Bonds or obtaining an exemption from registration in any state where such action is necessary; provided, however, that the City shall not be required to consent to suit or to service of process in any jurisdiction.

### **CONTINUING DISCLOSURE**

The City will covenant for the benefit of holders of the Series 2014 Bonds to provide certain financial information and operating data relating to the City not later than 243 days following the end of each fiscal year (the “Annual Report”), and to provide, or cause to be provided, notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be filed by the City with the Municipal Securities Rulemaking

Board. The specific nature of the information to be contained in the Annual Report and the notices of material events are set forth in the Continuing Disclosure Commitment which is reproduced in its entirety in APPENDIX G-1 attached to the Preliminary Official Statement. The covenants mentioned herein have been undertaken by the City in order to assist the successful bidder in complying with clause (b)(5) of Rule 15c2-12.

In order to implement the Continuing Disclosure Commitment and facilitate compliance with the continuing disclosure requirements of Rule 15c2-12, the City has entered into a disclosure dissemination agent arrangement for the benefit of the Holders of the Series 2014 Bonds with Digital Assurance Certification, L.L.C. ("DAC"), under which the City has designated DAC as Disclosure Dissemination Agent.

### **COPIES OF DOCUMENTS**

Copies of the Preliminary Official Statement and this Official Notice of Bond Sale, and further information which may be desired, may be obtained from the Director of Finance, City of Fort Lauderdale, Florida, 100 N. Andrews Avenue, Fort Lauderdale, Florida 33301, telephone 954-828-5144, or from First Southwest Company, 450 South Orange Avenue, Suite 460 Orlando, Florida 32801, telephone 407-426-9611, Financial Advisors to the City.

CITY OF FORT LAUDERDALE, FLORIDA

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Mayor

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Director of Finance



Any two or more consecutive maturities of the Series 2014 Bonds maturing on or after \_\_\_\_ 1, 20\_\_ bearing interest at the same rate may be combined into up to seven term bonds with mandatory sinking fund installments equal to the amounts specified in the Official Notice of Bond Sale for the years combined to form a term bond.

The principal installments for the Series 2014 Bonds indicated on the previous page shall be applied for the mandatory retirement of Term Bonds maturing in the years and amounts and bearing interest as follows:

\$\_\_\_\_ Term Bonds maturing on [March/September] 1, \_\_\_\_ at \_\_% per annum to yield \_\_% per annum, subject to mandatory redemption on March 1 and September 1 of the following years and in the following principal amounts:

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

---

\* Final Maturity.

\$\_\_\_\_ Term Bonds maturing on [March/September] 1, \_\_\_\_ at \_\_% per annum to yield \_\_% per annum, subject to mandatory redemption on March 1 and September 1 of the following years and in the following principal amounts:

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

---

\* Final Maturity.

\$\_\_\_\_ Term Bonds maturing on [March/September] 1, \_\_\_\_ at \_\_% per annum to yield \_\_% per annum, subject to mandatory redemption on March 1 and September 1 of the following years and in the following principal amounts:

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

---

\* Final Maturity.



\$ \_\_\_ Term Bonds maturing on [March/September] 1, \_\_\_ at \_\_\_% per annum to yield \_\_\_% per annum, subject to mandatory redemption on March 1 and September 1 of the following years and in the following principal amounts:

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

\* Final Maturity.

\$ \_\_\_ Term Bonds maturing on [March/September] 1, \_\_\_ at \_\_\_% per annum to yield \_\_\_% per annum, subject to mandatory redemption on March 1 and September 1 of the following years and in the following principal amounts:

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

\* Final Maturity.

\$ \_\_\_ Term Bonds maturing on [March/September] 1, \_\_\_ at \_\_\_% per annum to yield \_\_\_% per annum, subject to mandatory redemption on March 1 and September 1 of the following years and in the following principal amounts:

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

\* Final Maturity.

\$ \_\_\_ Term Bonds maturing on [March/September] 1, \_\_\_ at \_\_\_% per annum to yield \_\_\_% per annum, subject to mandatory redemption on March 1 and September 1 of the following years and in the following principal amounts:

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

\* Final Maturity.

**GOOD FAITH DEPOSIT**

In accordance with the attached Official Notice of Bond Sale, we are the authorized issuer of a cashier's or certified check or a wire transfer in the amount of \_\_\_\_\_ 00/100th Dollars (\$ \_\_\_\_\_) with respect to this bid as described in the attached Official Notice of Bond Sale.

**MISCELLANEOUS**

This proposal is not subject to any conditions not expressly stated herein or in the attached Official Notice of Bond Sale. Receipt and review of the Preliminary Official Statement relating to the Series 2014 Bonds is hereby acknowledged. The names of the underwriters or member of the account or joint bidding account, if any, who are associated for the purpose of this Proposal are listed either below or on a separate sheet attached hereto.

**TRUTH IN BONDING STATEMENT**

Prior to an award, the successful bidder must complete, sign and deliver with this Official Confirmation of Bid Form the Truth in Bonding Statement which is attached to the Official Notice of Bond Sale as Exhibit B. The City reserves the right to assist the bidder in correcting any inconsistencies or inaccuracies set forth in such Truth in Bonding Statement. The City may waive any inconsistencies or inaccuracies relating to such Statements and any such waived inconsistencies or inaccuracies shall not adversely affect the bid.

Senior Manager: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

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

Telephone Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Email: \_\_\_\_\_

**EXHIBIT B**

**TRUTH-IN-BONDING STATEMENT**

For purpose of Section 218.385(2) and (3), Florida Statutes, we submit the following truth-in-bonding statement with respect to the Series 2014 Bonds: The City of Fort Lauderdale, Florida (the "City") is proposing to issue \$ \_\_\_\_\_ of its Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") for the purpose of (i) refunding on an advanced basis the Refunded Bonds, and (ii) paying the costs of issuing the Series 2014 Bonds. This debt or obligation is expected to be repaid over a period of approximately 19 years. At an average interest rate of \_\_\_\_\_%, total interest paid over the life of the Series 2014 Bonds will be \$ \_\_\_\_\_.

The source of repayment or security for the Series 2014 Bonds is a pledge of Net Revenues of the Water and Sewer System of City will result in approximately \$ \_\_\_\_\_ of Net Revenues not being available annually to finance the other services of the City's Water and Sewer System for \_\_\_\_\_ years, which amount is less than if the Series 2014 Bonds had not been issued and the Refunded Bonds had not been refunded.

The computations above are submitted for informational purposes and are not a part of this bid.

Furthermore, pursuant to Section 218.386, Florida Statutes, the names, addresses and estimated amounts of compensation of any person who has entered into an understanding with the managing underwriter or, to the managing underwriter's knowledge, the City, or both, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the City and the managing underwriter or who exercises or attempts to exercise any influence to effect a transaction in the purchase of the Series 2014 Bonds, are set forth below in the space provided. If no information is provided below, the City shall presume no such compensation was paid.

[none]

Capitalized terms used but not defined herein shall have the meaning given to such terms in the Preliminary Official Statement dated November \_\_, 2014 relating to the Series 2014 Bonds.

\_\_\_\_\_

\_\_\_\_\_

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

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

**EXHIBIT C**

**CERTIFICATE  
WITH RESPECT TO "ISSUE PRICE"**

\_\_\_\_\_ (the "Purchaser"), acting on behalf of itself and the syndicate/selling group, if any, created by it as Purchaser (collectively, the "Underwriters") of the \$ \_\_\_\_\_ Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") of the City of Fort Lauderdale, Florida, in order to establish the initial offering prices of the Series 2014 Bonds for the purpose of determining the "issue price" of the Series 2014 Bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, DOES HEREBY CERTIFY that (a) the Underwriters initially offered all of the Series 2014 Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) in a bona fide public offering at prices not higher than or yields not lower than the respective prices or yields shown on the inside cover of the Official Statement for the Series 2014 Bonds, (b) to the best of the knowledge of the Underwriters, and based on the records of the Underwriters and other information available to the Underwriters which the Underwriters believe to be correct, at least 10 percent of each maturity of the Series 2014 Bonds was sold to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not higher than or yields not lower than the respective prices or yields shown on the inside cover of the Official Statement for the Series 2014 Bonds and (c) on the sale date, based on the Underwriters' assessment of the then prevailing market conditions, the Underwriters had no reason to believe any of the Series 2014 Bonds would be sold to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices higher than or yields lower than the respective prices or yields shown on the inside cover of the Official Statement for the Series 2014 Bonds.

The undersigned, on behalf of the Underwriters, understands that this certificate forms a part of the basis for the opinion, dated the date hereof, of Greenberg Traurig, P.A., as bond counsel, to the effect that interest on the Series 2014 Bonds is excludable from the gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions; provided, however, that (a) nothing herein represents the Underwriters' interpretation of any laws, including, without limitation, any provisions of Section 148 of the Internal Revenue Code of 1986, as amended, or the Treasury Regulations thereunder, (b) the Underwriters make no representation as to the legal sufficiency of the representations of fact set forth herein and (c) the Underwriters make no representation as to any conclusions of law made by bond counsel.

Date December \_\_, 2014.

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

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

MIA 184058607v5

**EXHIBIT "C"**  
**PRELIMINARY OFFICIAL STATEMENT**

**PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER \_\_\_\_, 2014**

**NEW ISSUE - Book-Entry Only**

**Ratings: Moody's: "\_\_\_"**  
**S&P: "\_\_\_"**  
(See "RATINGS" herein)

*In the opinion of Greenberg Traurig, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2014 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Florida statutes, the Series 2014 Bonds and the income therefrom are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. For a more complete description of such opinions of Bond Counsel, see "TAX MATTERS" herein.*



**\$97,495,000\***  
**CITY OF FORT LAUDERDALE, FLORIDA**  
**Water and Sewer Revenue Refunding Bonds, Series 2014**

**Dated: Date of Delivery**

**Due: March 1 and September 1,**  
**as shown on inside cover page**

The City of Fort Lauderdale, Florida Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") will be issued by the City of Fort Lauderdale, Florida (the "City") as fully registered bonds, without coupons, in denominations of \$5,000 and integral multiples thereof and when issued, will be registered 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 2014 Bonds. Purchasers will not receive certificates representing their ownership interests in the Series 2014 Bonds purchased. See "DESCRIPTION OF THE SERIES 2014 BONDS - Book-Entry Only System" herein. Interest on the Series 2014 Bonds will accrue from their date of delivery and will be payable on March 1, 2015 and semiannually on each September 1 and March 1 thereafter. Regions Bank, Jacksonville, Florida, will serve as the initial Bond Registrar and Paying Agent (the "Paying Agent") for the Series 2014 Bonds. While the Series 2014 Bonds are registered through the DTC book-entry only system, principal of and interest on the Series 2014 Bonds will be payable by the Paying Agent to DTC.

The Series 2014 Bonds are being issued for the purpose of providing funds, together with other legally available funds of the City, to (i) advance refund a portion of the City's outstanding Water and Sewer Revenue Bonds, Series 2006 (the "Series 2006 Bonds") and a portion of the City's outstanding Water and Sewer Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), which Bonds were originally issued to finance certain Costs of improving and upgrading the City's Water and Sewer System (the "Water and Sewer System"); and (ii) pay the costs of issuing the Series 2014 Bonds. The Series 2014 Bonds are payable from and secured by a lien on and pledge of the Net Revenues derived from the City's ownership or operation of the Water and Sewer System and certain other moneys held under the Resolution (as defined herein), on a parity with the portion of the Series 2006 Bonds and the portion of the Series 2008 Bonds remaining Outstanding after the issuance of the Series 2014 Bonds, and the City's Outstanding Water and Sewer Revenue Bonds, Series 2010, Water and Sewer Revenue Refunding Bonds, Series 2012, and any other Bonds or Alternative Parity Debt hereafter issued; **provided, however, that no deposit to the Reserve Account shall be made in connection with the issuance of the Series 2014 Bonds and the Series 2014 Bonds shall not be secured by, or entitled to any benefit from, amounts held in the Reserve Account for the benefit of other Bonds issued and Outstanding under the Bond Resolution (as such terms are defined herein).** See "SECURITY AND SOURCES OF PAYMENT" herein.

The Series 2014 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.

**THE CITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE SERIES 2014 BONDS SOLELY FROM THE NET REVENUES AND CERTAIN OTHER MONEYS, AS DESCRIBED IN THE**

RESOLUTION. THE SERIES 2014 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE FAITH AND CREDIT OF THE CITY, BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS. THE ISSUANCE OF THE SERIES 2014 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY, BROWARD COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY TAXES WHATEVER THEREFOR, OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS, EXCEPT AS PROVIDED IN THE RESOLUTION.

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

*The Series 2014 Bonds are offered when, as and if issued by the City, subject to the approval of their legality by Greenberg Traurig, P.A., Fort Lauderdale, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Cynthia A. Everett, Esquire, City Attorney. Certain legal matters relating to disclosure will be passed upon for the City by the Law Offices of Steve E. Bullock, P.A., Miramar, Florida, Disclosure Counsel. First Southwest Company, Orlando, Florida, is acting as Financial Advisor to the City. It is expected that settlement on the Series 2014 Bonds will occur through the facilities of DTC in New York, New York on or about December \_\_\_\_, 2014.*

BIDS FOR THE SERIES 2014 BONDS WILL BE RECEIVED USING THE PARITY BIDDING SYSTEM, THROUGH THE TM3 NEWS SERVICE, AS SPECIFIED IN THE OFFICIAL NOTICE OF BOND SALE

[INSERT DAC LOGO]

Dated: November \_\_\_\_, 2014

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\* Preliminary, subject to change.

*Red herring: This Preliminary Official Statement and the information contained herein are subject to amendment and completion without notice. The Series 2014 Bonds may not be sold and offers to buy may not be accepted prior to the time the Official Statement is delivered in final form. 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 2014 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

**\$97,495,000\***  
**CITY OF FORT LAUDERDALE, FLORIDA**  
**Water and Sewer Revenue Refunding Bonds, Series 2014**

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

**\$ \_\_\_\_\_ Serial Series 2014 Bonds**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP No.</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP No.</u>
3/1/18	\$	%	%	347658 _____	3/1/26**	\$	%	%	347658 _____
9/1/18				347658 _____	9/1/26**				347658 _____
3/1/19				347658 _____	3/1/27**				347658 _____
9/1/19				347658 _____	9/1/27**				347658 _____
3/1/20				347658 _____	3/1/28**				347658 _____
9/1/20				347658 _____	9/1/28**				347658 _____
3/1/21				347658 _____	3/1/29**				347658 _____
9/1/21				347658 _____	9/1/29**				347658 _____
3/1/22				347658 _____	3/1/30**				347658 _____
9/1/22				347658 _____	9/1/30**				347658 _____
3/1/23				347658 _____	3/1/31**				347658 _____
9/1/23				347658 _____	9/1/31**				347658 _____
3/1/24**				347658 _____	3/1/32**				347658 _____
9/1/24**				347658 _____	9/1/32**				347658 _____
3/1/25**									
9/1/25**									

\$ \_\_\_\_\_ % Term Series 2014 Bonds Due \_\_\_\_\_ – Price: \_\_\_\_\_ % – Initial CUSIP Number: 347658 \_\_\_\_\_

\* Preliminary, subject to change.

\*\* May be designated as Term Bonds. See Official Notice of Bond Sale – “Bidders’ Special Option – Term Bonds.”

† The City is not responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Numbers are included solely for the convenience of the readers of this Official Statement.



**CITY OF FORT LAUDERDALE, FLORIDA**

**OFFICIALS**

John P. "Jack" Seiler, Mayor  
Romney Rogers, Vice Mayor, Commissioner, District IV  
Bruce G. Roberts, Commissioner, District I  
Dean J. Trantalis, Commissioner, District II  
Bobby B. DuBose, Commissioner, District III

**ADMINISTRATION**

Lee R. Feldman, ICMA-CM, City Manager  
Cynthia A. Everett, Esquire, City Attorney  
John C. Herbst, C.P.A., CGFO, CGMA, City Auditor  
Jonda K. Joseph, City Clerk  
Kirk W. Buffington, CPPO, C.P.M., Director of Finance  
Linda A. Logan-Short, Deputy Director of Finance/Chief Financial Officer  
Hardeep Anand, P.E., Director, Public Works Department  
Laura L. Garcia, Acting Controller

**BOND COUNSEL**

Greenberg Traurig, P.A.  
Fort Lauderdale, Florida

**DISCLOSURE COUNSEL**

Law Offices of Steve E. Bullock, P.A.  
Miramar, Florida

**FINANCIAL ADVISOR**

First Southwest Company  
Orlando, Florida

**FEASIBILITY CONSULTANTS**

CH2M HILL, Inc.  
Fort Lauderdale, Florida

Burton & Associates, Inc.  
St. Augustine, Florida

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2014 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. Any statements in this Official Statement involving estimates, assumptions and opinions, whether or not so expressly stated, are intended as such and are not to be construed as representations of fact, and the Underwriters and the City expressly make no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, as neither the delivery of this Official Statement, nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City or with respect to the City or the Water and Sewer System since the date hereof.

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

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. The offering of the Series 2014 Bonds is made only by means of this entire Official Statement.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2014 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE EXEMPTION OF THE SERIES 2014 BONDS FROM REGISTRATION OR QUALIFICATION IN CERTAIN STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY

OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR RECOMMENDED THE SERIES 2014 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2014 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITERS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2014 BONDS.

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

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## OFFICIAL STATEMENT

*relating to*

**\$97,495,000\***

### **CITY OF FORT LAUDERDALE, FLORIDA Water and Sewer Revenue Refunding Bonds, Series 2014**

#### INTRODUCTION

The purpose of this Official Statement, including the cover page and all appendices, is to furnish certain information relating to the City of Fort Lauderdale, Florida (the "City"), its combined water and sewer system (the "Water and Sewer System") and the sale of its \$97,495,000\* in aggregate principal amount of Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2014 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended, and the Charter of the City (collectively, the "Act"), Resolution No. 03-29 adopted by the City Commission of the City (the "City Commission") on February 18, 2003 (the "Bond Resolution"), as supplemented by Resolution No. 14-\_\_\_\_, adopted by the City Commission on November \_\_\_\_, 2014 (the "Series Resolution" and, together with the Bond Resolution, the "Resolution"). The Series 2014 Bonds, the Unrefunded Series 2006 Bonds, the Unrefunded Series 2008 Bonds, the Series 2010 Bonds and the Series 2012 Bonds (each as hereinafter defined) and any Additional Bonds issued under the provisions of the Bond Resolution are hereinafter referred to collectively as the "Bonds." For a complete description of the terms and conditions of the Series 2014 Bonds, and the provisions of the Resolution, see "APPENDIX D - The Resolution."

The Series 2014 Bonds will be issued in book-entry only form and purchasers of the Series 2014 Bonds will not receive certificates representing their interest in the Series 2014 Bonds purchased. The Series 2014 Bonds will contain such other terms and provisions, including provisions regarding redemption, as described in "DESCRIPTION OF THE SERIES 2014 BONDS" herein.

The Series 2014 Bonds are secured by a pledge of and lien on the Net Revenues derived from the City's ownership and operation of the Water and Sewer System and from certain other moneys held under the Resolution. The City is obligated to pay the principal of and interest on the Series 2014 Bonds solely from the Net Revenues and certain other moneys held under the Resolution. The Series 2014 Bonds do not constitute an indebtedness of the City, Broward County, Florida, the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory provision or limitation. The faith and credit of the City, Broward County, Florida, the State of Florida or any political subdivision thereof is not pledged to pay the Series 2014 Bonds. The issuance of the Series 2014 Bonds does not directly or contingently obligate the City, Broward County, Florida, the State of Florida or any political subdivision thereof to levy or pledge any taxes whatever therefor or to make any appropriation for their payment, except for the City's obligation to pay the Series 2014 Bonds from the Net Revenues and certain other moneys held under the Resolution. See "SECURITY AND SOURCES OF PAYMENT" herein.

Payment of the principal of and interest on the Series 2014 Bonds from the Net Revenues and other moneys held under the Resolution is secured on a parity with (i) the portion of the City's Water and Sewer Revenue Bonds, Series 2006 (the "Series 2006 Bonds") which shall remain Outstanding after issuance of the Series 2014 Bonds (the "Unrefunded Series 2006 Bonds"); (ii) the portion of the City's Water and Sewer Revenue Bonds, Series 2008 (the "Series 2008 Bonds") which shall remain Outstanding after

issuance of the Series 2014 Bonds (the "Unrefunded Series 2008 Bonds"); (iii) the City's Outstanding Water and Sewer Revenue Bonds, Series 2010 (the "Series 2010 Bonds"); (iv) the City's Outstanding Water and Sewer Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds" and, collectively with the Unrefunded Series 2006 Bonds, the Unrefunded Series 2008 Bonds and the Series 2010 Bonds, the "Outstanding Bonds") and any other Bonds or Alternative Parity Debt hereafter issued; **provided, however, that no deposit to the Reserve Account shall be made in connection with the issuance of the Series 2014 Bonds and the Series 2014 Bonds shall not be secured by, or entitled to any benefit from, amounts held in the Reserve Account for the benefit of the Outstanding Bonds or any other Bonds issued and Outstanding under the Bond Resolution.** See "SECURITY AND SOURCES OF PAYMENT - Reserve Account" herein.

The Series 2006 Bonds, the Series 2008 Bonds, the Series 2010 Bonds and the Series 2012 Bonds were originally issued in the aggregate principal amount of \$100,000,000, \$155,000,000, \$82,300,000 and \$64,585,000, respectively, primarily for the purpose of financing or refinancing certain Costs of improving and upgrading the Water and Sewer System. The Series 2014 Bonds are being issued for the principal purposes of paying all or a portion of the Costs of: (i) advance refunding the portion of the Series 2006 Bonds maturing on \_\_\_\_\_ to and including \_\_\_\_\_ (the "Refunded Series 2006 Bonds"); (ii) advance refunding the portion of the Series 2008 Bonds maturing on \_\_\_\_\_ to and including \_\_\_\_\_ (the "Refunded Series 2008 Bonds" and, collectively with the Refunded Series 2006 Bonds, the "Refunded Bonds"); and (iii) issuing the Series 2014 Bonds. See "PLAN OF REFUNDING" herein. As of the date of issuance of the Series 2014 Bonds, the Series 2010 Bonds and Series 2012 Bonds will be Outstanding in the aggregate principal amount of \$75,245,000 and \$61,080,000, respectively, the Unrefunded Series 2006 Bonds will be Outstanding in the aggregate principal amount of \$ \_\_\_\_\_ and the Unrefunded Series 2008 Bonds will be Outstanding in the aggregate principal amount of \$ \_\_\_\_\_. See "SECURITY AND SOURCES OF PAYMENT - Other Obligations Secured By Net Revenues" herein.

This introduction is intended to serve as a brief description of this Official Statement and is expressly qualified by reference to this Official Statement as a whole. A full review should be made of this entire Official Statement, as well as the documents and reports summarized or described herein. The description of the Series 2014 Bonds, the documents authorizing and securing the same, including, without limitation, the Resolution, and the information from various reports contained herein are not comprehensive or definitive. All references herein to such documents and reports are qualified by the entire, actual content of such documents and reports. Copies of such documents and reports may be obtained from the City. Capitalized terms used but not defined in this Official Statement shall have the meaning ascribed to such terms in the Resolution. See "APPENDIX D - The Resolution."

## PLAN OF REFUNDING

A portion of the proceeds of the Series 2014 Bonds will be used to provide for the advance refunding of the Refunded Bonds. The City will call the Refunded Series 2006 Bonds for redemption on September 1, 2016 and will call the Refunded Series 2008 Bonds for redemption on September 1, 2017, each at a redemption price equal to 100% of the principal amount of the Refunded Bonds, without premium.

To effect the advance refunding of the Refunded Bonds, the City will enter into an Escrow Deposit Agreement (the "Escrow Agreement") on or prior to the delivery of the Series 2014 Bonds with Regions Bank, Jacksonville, Florida (the "Escrow Agent"). Pursuant to the terms of the Escrow Agreement, the City will deposit a portion of the proceeds of the Series 2014 Bonds, together with other legally available moneys of the City, into an escrow deposit trust fund to be maintained by the Escrow Agent (the "Escrow Deposit Trust Fund"). A portion of such proceeds and moneys will be applied on the date of delivery of

the Series 2014 Bonds to the purchase of direct, non-callable obligations of the United States of America (the "Government Obligations") maturing at such times and in such amounts so that the maturing principal, together with the interest income thereon and any cash held uninvested in the Escrow Deposit Trust Fund, will be sufficient to pay the principal of and interest due on the (i) Refunded Series 2006 Bonds to and including September 1, 2016, on which date the Refunded Series 2006 Bonds will be redeemed and (ii) Refunded Series 2008 Bonds to and including September 1, 2017, on which date the Refunded Series 2008 Bonds will be redeemed.

Subsequent to the deposit of moneys into the Escrow Deposit Trust Fund and the investment of such moneys as described in the preceding paragraph, the Refunded Bonds, in the opinion of Bond Counsel, rendered in reliance upon schedules verified as to accuracy by GNP Services, CPA, P.A., Orange Park, Florida (the "Verification Agent"), will no longer be Outstanding under the provisions of the Bond Resolution and the right, title and interest of the holders of the Refunded Bonds in the Net Revenues, and the funds and accounts created under the Bond Resolution shall cease, determine and become void. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. The Series 2006 Bonds maturing \_\_\_\_\_ to and including \_\_\_\_\_ and the Series 2008 Bonds maturing \_\_\_\_\_ to and including \_\_\_\_\_ will remain Outstanding and entitled to all of the rights and benefits of the Bond Resolution, as such Series 2006 Bonds and Series 2008 Bonds, respectively, will not be refunded upon issuance of the Series 2014 Bonds.

The maturing principal of and interest on the Government Obligations and cash held uninvested in the Escrow Deposit Trust Fund will not be available to pay principal of and interest on the Series 2014 Bonds.

## **DESCRIPTION OF THE SERIES 2014 BONDS**

### **General**

The Series 2014 Bonds shall be dated the date of their delivery and shall bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2014 Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2015. Interest on the Series 2014 Bonds shall be calculated on the basis of a 360 day year consisting of twelve 30-day months. Regions Bank, Jacksonville, Florida, will serve as the initial Paying Agent (the "Paying Agent") and Bond Registrar (the "Bond Registrar") for the Series 2014 Bonds.

The Series 2014 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2014 Bonds will be made in book-entry only form, without certificates. So long as the Series 2014 Bonds shall be in book-entry only form, the principal of and interest on the Series 2014 Bonds will be payable to Cede & Co., as registered owner thereof, and will be distributed by DTC and the Participants to the Beneficial Owners (as such terms are defined herein). See "DESCRIPTION OF THE SERIES 2014 BONDS - Book-Entry Only System" herein.

### **Optional Redemption**

The Series 2014 Bonds maturing on or prior to September 1, 2024 are not subject to redemption prior to maturity. The Series 2014 Bonds maturing on or after March 1, 2025 are subject to redemption at the option of the City prior to their respective dates of maturity on or after September 1, 2024, in whole or in part at any time, in any order of maturity selected by the City and by lot within a maturity, at a



redemption price equal to one hundred percent (100%) of the principal amount of the Series 2014 Bonds to be redeemed, together with accrued interest from the most recent interest payment date to the date fixed for redemption.

**Mandatory Sinking Fund Redemption**

The Series 2014 Bonds maturing on \_\_\_\_\_ 1, 20\_\_ are subject to mandatory sinking fund redemption in part prior to maturity by lot through the application of Amortization Requirements, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the redemption date, on March 1 and September 1 of each year in the following amounts and years specified:

<u>Due</u>	<u>Amortization Requirement</u>
*	

\* Final Maturity.

**Notice of Redemption**

***Mailing of Notice of Redemption.*** At least thirty (30), but not more than sixty (60), days before the date set for redemption of any Series 2014 Bonds, either in whole or in part, a notice of such redemption, signed by the Finance Director, shall be (a) filed with the Bond Registrar and (b) mailed, first class mail, postage prepaid, to all registered owners of Series 2014 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Bond Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall specify the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2014 Bonds are to be redeemed, the numbers or other distinguishing marks of such Series 2014 Bonds to be redeemed in part only, and the respective portions thereof to be redeemed. Such notice shall further state that on the redemption date there shall become due and payable upon each of the Series 2014 Bonds to be redeemed the redemption price or the specified portions thereof, in the case of Series 2014 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest shall cease to accrue and be payable on such Series 2014 Bonds or portions thereof so redeemed.

In the case of an optional redemption of the Series 2014 Bonds, any notice of redemption may state that (i) it is conditioned upon the deposit of moneys with the Paying Agent or an escrow agent, no later than the redemption date, in an amount equal to the amount necessary to effect the redemption; or (ii) the City retains the right to rescind such notice of redemption on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein. Any notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Finance Director delivers a written direction to the Paying Agent directing the Paying Agent to rescind the redemption notice. The Paying Agent shall give prompt notice of such rescission to the affected Bondholders. Any Series 2014 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the

rescission nor the failure by the City to make such funds available shall constitute an Event of Default. The Paying Agent shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2014 Bonds called for redemption and not so paid remain Outstanding.

In the event that only part of the principal sum of any Series 2014 Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Series 2014 Bond to the Bond Registrar. Upon surrender of such Series 2014 Bond, the Bond Registrar shall execute and deliver to the registered owner thereof, at the designated office of the Bond Registrar, new duly executed Series 2014 Bonds, of authorized principal sums equal in aggregate principal amount to, and of the same maturity and interest rate as, the unredeemed portion of the Series 2014 Bond surrendered.

***Effect of Redemption.*** On the date so designated for redemption, notice having been mailed and filed in the manner and under the conditions described in the Resolution, the Series 2014 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2014 Bonds on such redemption date and, moneys for payment of the redemption price being held in separate accounts by the Bond Registrar or by a separate financial institution designated as escrow agent in trust for the Holders of the Series 2014 Bonds to be redeemed, interest on the Series 2014 Bonds so called for redemption shall cease to accrue, such Series 2014 Bonds shall cease to be entitled to any lien, benefit or security under the Resolution and the Holders or registered owners of the Series 2014 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon.

As long as a book-entry system is used for determining beneficial ownership of Series 2014 Bonds, notice of redemption will be sent to DTC. DTC will be responsible for notifying the DTC Participants, which will in turn be responsible for notifying the Beneficial Owners. Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner of any such notice, will not affect the validity of the redemption of the Series 2014 Bonds.

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

DTC will act as securities depository for the Series 2014 Bonds. The Series 2014 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., as DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2014 Bond certificate will be issued for each maturity of the Series 2014 Bonds, each in the aggregate principal amount of such maturity, as set forth on the inside cover page of this Official Statement, and will be deposited with DTC.

DTC, the world's largest 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 its 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, thereby eliminating 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" and, together with Direct Participants, "DTC Participants"). DTC has Standard & Poor's rating of AA+. The DTC rules applicable to the DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 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 Series 2014 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, will not effect any change in beneficial ownership of the Series 2014 Bonds. DTC has no knowledge of the actual Beneficial Owners of the Series 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 Bonds are credited, which may or may not be the Beneficial Owners. The DTC 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 DTC 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 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, defaults and proposed amendments to the documents securing the Series 2014 Bonds. For example, Beneficial Owners of the Series 2014 Bonds may wish to ascertain that the nominee holding the Series 2014 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 Bond Registrar and request that copies of notices are provided directly to them.

Redemption notices shall be sent by the Bond Registrar to DTC. If less than all of the Series 2014 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's 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 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2014 Bonds will be made to Cede & Co., or to 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 payable 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 Participant and not of DTC, nor its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of DTC Participants.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Series 2014 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates representing the Series 2014 Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates representing the Series 2014 Bonds will be printed and delivered. See "DESCRIPTION OF THE SERIES 2014 BONDS - Discontinuance of Securities Depository" herein.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER OF THE SERIES 2014 BONDS, THE CITY AND THE PAYING AGENT SHALL TREAT CEDE & CO. AS THE ONLY OWNER OF THE SERIES 2014 BONDS FOR ALL PURPOSES UNDER THE RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND INTEREST ON THE SERIES 2014 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE CITY AND THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION. THE CITY AND THE PAYING AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2014 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS THE REGISTERED OWNER OF THE SERIES 2014 BONDS.

#### **Discontinuance of Securities Depository**

DTC may resign as Securities Depository for the Series 2014 Bonds by giving notice to the City and discharging its responsibilities under applicable law. If DTC is incapable of discharging its duties or

is no longer qualified to perform book-entry services, the City shall identify another qualified securities depository to replace DTC. If the City is unable to identify another qualified securities depository, the City will authenticate and deliver replacement Series 2014 Bonds in the form of fully registered certificates. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). In that event, the City will authenticate and deliver replacement Series 2014 Bonds in the form of fully registered certificates. If no qualified Securities Depository is the registered owner of the Series 2014 Bonds, the Beneficial Owners will be paid by the Paying Agent, by check for the interest thereon, mailed to the person registered on the Record Date as owner of the Series 2014 Bonds and upon presentation at the office of the Paying Agent for principal of the Series 2014 Bonds.

In the event that such book-entry only system is discontinued, the following provisions will apply: payments of interest on the Series 2014 Bonds shall be made by the Paying Agent on each Interest Payment Date to the person appearing as the registered owner thereof on the bond registration books maintained by the Bond Registrar, as of the close of business on the fifteenth day of the calendar month preceding the applicable Interest Payment Date (or, if interest on the Series 2014 Bonds is in default, a Special Record Date established pursuant to the Resolution), by check mailed to such registered owner at his address as it appears on such registration books or, at the prior written request and expense of an owner of \$1,000,000 in aggregate principal amount of Series 2014 Bonds, by bank wire transfer to a domestic bank account; principal of the Series 2014 Bonds is payable upon presentation of the Series 2014 Bonds to the Paying Agent; and the Series 2014 Bonds may be transferred or exchanged by the Bond Registrar upon the payment of any transfer tax, fee or other governmental charges required to be paid with respect to such transfer or exchange and in accordance with the provisions of the Resolution.

**THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION.**

## **SECURITY AND SOURCES OF PAYMENT**

### **General**

The Series 2014 Bonds are limited obligations of the City, payable solely from and secured by a lien upon and pledge of all Net Revenues of the Water and Sewer System and certain other moneys held under the Resolution. "Net Revenues" are defined in the Bond Resolution as being, for any particular period, the excess of the Revenues for such period over the Current Expenses for such period.

"Revenues" are defined in the Bond Resolution as all moneys received by the City from its ownership or operation (either by the City or on its behalf) of the Water and Sewer System, including the income derived by the City from the sale of water produced, treated or distributed by the Water and Sewer System, or from the collection, transmission, treatment or disposal of sewage by the Water and Sewer System, plus any proceeds of use and occupancy insurance on the Water and Sewer System or any part thereof and income from certain investments made under the Bond Resolution. Revenues do not include grants, contributions or donations, investment income from investment of moneys in the Construction Account and the Impact Fee Account established under the Bond Resolution, proceeds of insurance (except use and occupancy insurance) and condemnation awards, moneys held in any Arbitrage Rebate Account created pursuant to the Bond Resolution, proceeds of sales of property constituting a part of the Water and Sewer System, Special Assessments, the proceeds of Bonds or other Utility Debt and Impact Fees.

**“Current Expenses”** are defined in the Bond Resolution as the City’s reasonable and necessary current expenses to maintain, repair and operate the Water and Sewer System. These include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, all City administrative expenses, expenses relating to the operation of all or a part of the Water and Sewer System by another on behalf of the City and any reasonable payments to pension or retirement funds properly chargeable to the Water and Sewer System, insurance premiums, engineering expenses relating to maintenance, repair and operation of the Water and Sewer System, fees and expenses of the Bond Registrar, legal and accounting expenses, any fees, taxes, fines or penalties lawfully imposed on the Water and Sewer System or its income or operations and reserves for such taxes, annual premiums for bond insurance, interest rate insurance or insurance assuring availability of the amounts required to be on deposit in the Reserve Account, annual fees for Credit Facilities or Liquidity Facilities and any other expenses required to be paid by the City under the Bond Resolution or by law, including any amounts required to fund any Arbitrage Rebate Account created pursuant to the Bond Resolution. Current expenses do not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any expenses associated with grant-funded expenditures, or any deposits or transfers to the credit of the Sinking Fund Account, the Reserve Account, the Rate Stabilization Account, the Subordinated Indebtedness Account, the Renewal, Replacement and Improvement Account, the General Reserve Account, the Impact Fee Account or the Special Assessment Account. In addition, for purposes of the calculations required by the Bond Resolution relating to the issuance of Additional Bonds and relating to the Rate Covenant, Current Expenses will not include any payments in lieu of taxes or any indirect administrative charges paid to the credit of the City’s General Fund.

The City is obligated to pay the principal of and the interest on the Series 2014 Bonds solely from the Net Revenues and certain other moneys held under the Resolution. The Series 2014 Bonds shall not be deemed to constitute a debt of the City, Broward County, Florida, the State of Florida or any political subdivision thereof or a pledge of the faith and credit of the City, Broward County, Florida, the State of Florida or any political subdivision thereof, but such Bonds shall be payable solely from the Net Revenues and certain other moneys held in the funds and accounts under the Resolution. The Series 2014 Bonds shall not directly or indirectly or contingently obligate the City, Broward County, Florida, the State of Florida or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor, nor shall any Series 2014 Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City, Broward County, Florida, the State of Florida or any political subdivision thereof.

#### **Rate Covenant**

The City has covenanted in the Bond Resolution that it will fix, charge and collect reasonable rates and charges for the use of the services and facilities furnished by the Water and Sewer System and that it will adjust such rates and charges from time to time by increasing or decreasing the same or any selected categories of rates and charges as often as it shall appear necessary so that the Net Revenues received in each Fiscal Year (excluding from the computation of Current Expenses for any Fiscal Year any amounts received from any source other than Revenues which are applied to pay Current Expenses in such Fiscal Year) will equal at least one hundred twenty-five percent (125%) of the Principal and Interest Requirements for such Fiscal Year, on all Bonds then Outstanding plus one hundred percent (100%) of all amounts required to be deposited to the Reserve Account, the Renewal, Replacement and Improvement Account, the Subordinated Indebtedness Account, and the Rate Stabilization Account for such Fiscal Year; provided, however, that if either Impact Fees or Special Assessments are legally available for application with respect to any series of Additional Bonds under the Bond Resolution and the City elects to include the receipts from such Impact Fees or Special Assessments for purposes of calculating its compliance with the rate covenant contained in the Bond Resolution, then, in addition to the foregoing, the City further covenants that the Net Revenues received in each Fiscal Year, together with the Impact Fees and/or the Special

Assessments, as applicable, will be sufficient to provide an amount in such Fiscal Year at least equal to one hundred thirty percent (130%) of the Principal and Interest Requirements for such Fiscal Year on account of the Bonds then Outstanding. So long as the City is in compliance with the foregoing rate covenant, the City may from time to time revise the rates for water and sewer service by the Water and Sewer System.

If in any Fiscal Year the Net Revenues are less than the amount required to meet the rate covenant contained in the Bond Resolution, within 30 days after the December 31 immediately succeeding such Fiscal Year, the City is required to employ a Rate Consultant to review and analyze the financial status of the Water and Sewer System, to inspect the Water and Sewer System, and to submit, within 60 days thereafter, a written report to the City recommending revisions of the Water and Sewer System's rates, fees and charges, and its methods of operation that will result in producing the required amount in the following Fiscal Year. [Promptly upon its receipt of such recommendations, the City must transmit copies thereof to the City Manager and the City Finance Director and must revise its rates, fees and charges or alter its methods of operation, and take any other action to conform with such recommendations.]

If the City fails to comply with the recommendations of the Rate Consultant, the registered owners of not less than ten percent (10%) in Outstanding principal amount of Bonds then Outstanding under the Bond Resolution may institute and prosecute an action or proceeding in any court (or before any board or commission having jurisdiction) to compel the City to comply with the recommendations and the requirements of the Rate Consultant. So long as the issuer of a Credit Facility shall not be in default in its payment obligations under its Credit Facility, such issuer shall be deemed to be the holder of all Bonds so insured for purposes of compelling the City to comply with the recommendations and requirements of the Rate Consultant.

If the City complies with all recommendations of the Rate Consultant in respect to its rates, fees, charges and methods of operation, the failure of Net Revenues to meet the rate covenant will not constitute an Event of Default so long as the Revenues, together with available moneys in the funds and accounts created under the Bond Resolution, other than the Arbitrage Rebate Account, are sufficient to pay the Current Expenses in cash and to pay the Principal and Interest Requirements on all Outstanding Bonds and other Utility Debt of the City for such Fiscal Year.

### **Flow of Funds**

The Bond Resolution establishes the Construction Account and the Enterprise Fund. The Enterprise Fund consists of the Revenue Account, the Renewal, Replacement and Improvement Account, the General Reserve Account, the Sinking Fund Account (and within the Sinking Fund Account, the Bond Service Subaccount and the Redemption Subaccount), the Reserve Account, the Subordinated Indebtedness Account, the Rate Stabilization Account, the Impact Fee Account and the Special Assessment Account.

The City will deposit all Revenues collected from the operations of the Water and Sewer System into the Revenue Account of the Enterprise Fund. Not later than the 20th day of each month, the City will withdraw the balance of the Revenue Account (except for an amount equal to two month's Current Expenses under the Annual Budget, which amount shall be held for the payment of Current Expenses) and deposit the funds withdrawn in the following order:

- (a) To the Bond Service Subaccount of the Sinking Fund Account, one-sixth (1/6) of the amount of interest payable on the Bonds of each Series on the next Interest Payment Date, plus one-twelfth (1/12) (or, if principal is payable semiannually, one-sixth (1/6)) of the next maturing installment of principal on all Serial Bonds then Outstanding, such amounts to be adjusted in each month intervening between the date of delivery of the Bonds and the next succeeding Interest

Payment Date or principal payment date to add to the required deposit an additional amount which, when multiplied by the number of deposits to the credit of the Bond Service Subaccount required to be made during such period will equal the amount needed (in addition to any amounts received as accrued interest or capitalized interest from the proceeds of such Bonds) to pay principal and interest on such Bonds when such payments are due on the next Interest Payment Date or principal payment date;

(b) To the Redemption Subaccount of the Sinking Fund Account, an amount equal to one-twelfth (1/12), or, if any Bonds are required to be retired semiannually in satisfaction of the Amortization Requirements therefor, one-sixth (1/6), of the principal amount of Term Bonds of each Series required to be retired, in satisfaction of the Amortization Requirements, if any, for such Fiscal Year;

(c) To the Reserve Account, such amount, if any, of any balance remaining after making the deposits under clauses (a) and (b) above (or the entire balance if less than the required amount) as may be required to make the amount deposited to the credit of the Reserve Account in such month equal to the Reserve Account Deposit Requirement for such month;

(d) To the Rate Stabilization Account, such amounts determined from time to time by the City Commission to be credited to such account;

(e) To the Subordinated Indebtedness Account, an amount, if any, of any balance remaining after making the deposits under clauses (a), (b), (c) and (d) above (or the entire balance if less than the required amount) equal to the sum of one-twelfth (1/12) of the principal of, redemption premium, if any, and interest coming due on any Subordinated Indebtedness during the next succeeding twelve month period and the amount, if any, required to be deposited in any special reserve subaccount established within the Subordinated Indebtedness Account pursuant to the Bond Resolution;

(f) To the Renewal, Replacement and Improvement Account, such amount, if any, of any balance remaining after making the deposits under clauses (a), (b), (c), (d) and (e) above (or the entire balance if less than the required amount) as may be required to make the amount deposited in such month to the credit of the Renewal, Replacement and Improvement Account equal to one-twelfth (1/12) of the difference between any lesser amount on deposit therein and the Renewal, Replacement and Improvement Account Requirement for such Fiscal Year; and

(g) To the General Reserve Account, the balance, if any, remaining after making the above deposits.

### **Reserve Account**

The Bond Resolution establishes the Reserve Account within the Enterprise Fund. The Reserve Account is held for the benefit of all Bonds Outstanding except that: (i) the Series Resolution for a particular Series of Bonds may provide that such Series of Bonds is not to be secured by the Reserve Account and, in such event, such Series of Bonds will not be secured by the Reserve Account and the moneys held for the credit of the Reserve Account will not be applied for the benefit of such Series of Bonds, and (ii) the Series Resolution for one or more particular Series of Bonds may establish a separate subaccount within the Reserve Account for such particular Series of Bonds and, in such event, such Series of Bonds shall be secured only by the moneys held for the credit of such subaccount and by no other amounts held for the credit of the Reserve Account, and the Bonds Outstanding of any other Series will



have no claim whatsoever on the moneys held for the credit of such separate subaccount in the Reserve Account.

The Bond Resolution provides for the establishment of the Reserve Account Requirement. The Reserve Account Requirement is to be an amount equal to the lesser of (i) the Maximum Principal and Interest Requirements for all Outstanding Bonds; (ii) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements for all Outstanding Bonds; and (iii) ten percent (10%) of the original proceeds (within the meaning of the Code) of all Series of Bonds Outstanding. However, the Series Resolution provides that no deposit to the Reserve Account shall be made in connection with the issuance of the Series 2014 Bonds. In addition, no separate subaccount in the Reserve Account has been created solely for the benefit of the Series 2014 Bonds. **As a result, the Series 2014 Bonds shall not be secured by any separate subaccount in the Reserve Account nor entitled to any benefit from amounts held in the Reserve Account for the benefit of the Outstanding Bonds or any other Bonds issued and Outstanding under the Bond Resolution.** Therefore, amounts on deposit in the Reserve Account upon issuance of the Series 2014 Bonds shall be held solely for the benefit of the holders of the Outstanding Bonds and not for the benefit of the holders of the Series 2014 Bonds.

#### **Additional Bonds**

Additional Bonds of the City may be issued under and secured by the Bond Resolution, on a parity with the pledge of Net Revenues and certain other moneys held under the Resolution for the benefit of the Series 2014 Bonds, the Outstanding Bonds and any other Bonds and Alternative Parity Debt hereafter issued under the Bond Resolution, and superior in lien to any Subordinated Indebtedness, subject to the conditions described below, from time to time, to pay all or any part of the cost of constructing or acquiring any Improvements.

Before any Additional Bonds shall be issued under the provisions of the Bond Resolution the City Commission shall adopt a Series Resolution authorizing the issuance of such Additional Bonds, fixing the amount and the details thereof (including the Reserve Account Requirement therefor) and describing in brief and general terms the Improvements to be constructed or acquired. In addition, before such Additional Bonds shall be delivered, there shall be filed with the City, among other things, the following:

- (a) a certificate of the Finance Director, an Accountant or the Rate Consultant demonstrating that the percentage derived by dividing the Net Revenues for any period of twelve (12) consecutive months selected by the City out of the twenty-four (24) months preceding the delivery of such certificate, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than one hundred twenty-five percent (125%) (the period during which Net Revenues are determined for purposes of this paragraph being referred to hereinafter as the "Measurement Period"); provided, however, that if either Impact Fees or Special Assessments are legally available for application with respect to such Additional Bonds pursuant to the terms of the Bond Resolution and the City elects to include the receipts from such Impact Fees or Special Assessments for the purpose of satisfying the Additional Bonds test contained in the Bond Resolution, then, in addition to the foregoing, the certificate shall also demonstrate that the percentage derived by dividing the Net Revenues (taking into consideration the Impact Fees and/or the Special Assessments, as applicable) for the Measurement Period, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year shall not be less than one hundred thirty percent (130%);

(b) an opinion of the City Attorney that the issuance of such Additional Bonds has been duly authorized and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled; and

(c) a certificate of the Finance Director to the effect that no event of default, as defined in the Bond Resolution, and no event which with the passage of time, the giving of notice or both would become an event of default has occurred within the twelve (12) consecutive calendar months prior to the date of such certificate and is continuing, or, if any such event or event of default has occurred and is continuing, that the issuance of such Series of Additional Bonds will cure the same.

In determining whether to execute and deliver the certificate mentioned in clause (a) of this Section, the following adjustments to Net Revenues may be made:

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

(2) If the City shall have acquired or has contracted to acquire any privately or publicly owned existing water system or sewer system, then the Net Revenues derived from the Water and Sewer System during the Measurement Period shall be increased by addition to the Net Revenues for the Measurement Period of the net revenues which would have been derived from said existing water system or sewer system as if such existing water system or sewer system had been a part of the Water and Sewer System during the Measurement Period. For the purposes of this paragraph, the net revenues derived from said existing water system or sewer system during the Measurement Period shall be adjusted by deducting the cost of operation and maintenance of said existing water system or sewer system from the gross revenues of said existing water system or sewer system in the same manner provided in the Bond Resolution for the determination of Net Revenues.

(3) If the City, in connection with the issuance of Additional Bonds, shall enter into a contract (with a duration not less than the final maturity of such Additional Bonds) with any public or private entity whereby the City agrees to furnish services in connection with any water system or sewer system, then the Net Revenues of the Water and Sewer System during the Measurement Period shall be increased by the least amount which said public or private entity shall guarantee to pay in any one year for the furnishing of said services by the City, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services. Such payments shall be deemed to be Net Revenues of the Water and Sewer System and pledged for the Bonds in the same manner as other Net Revenues of the Water and Sewer System.

(4) If the City covenants to levy Special Assessments or Impact Fees against improved property to be benefitted by the Improvements (which levy will be done in accordance with State law), the cost of which shall be paid from the proceeds of the proposed Additional Bonds, and if such Special Assessments or Impact Fees are legally available for application with respect to such Additional Bonds, as permitted under the terms of the Bond Resolution, then the Net Revenues during the Measurement Period shall be increased by an amount equal to one hundred percent (100%) of the amount which the Consulting Engineer estimates will be received in each year from the levy of said Impact Fees or said Special Assessments (without taking into account the

possibility of prepayment of Special Assessments), within three (3) years of the date of the sale of such Additional Bonds, said amount to be the total received from the installment payments on the Special Assessments or Impact Fees, as the case may be, plus, in the case of Special Assessments, any interest paid on the unpaid portion of the Special Assessments. The estimate of the Consulting Engineer shall be based upon the preliminary assessment roll filed with the City prior to the construction of such Improvements.

### **Refunding Bonds**

Under the provisions of the Bond Resolution, Refunding Bonds may be issued to refund some or all of the Series 2014 Bonds or other Bonds issued under the Bond Resolution, including the Outstanding Bonds, that are subject to redemption. Any such Refunding Bonds that are issued to refund Additional Bonds or Alternative Parity Debt shall be secured by the Net Revenues and certain other moneys held under the Resolution, on a parity with the Series 2014 Bonds, the Outstanding Bonds and any other Bonds or Alternative Parity Debt hereafter issued and Outstanding under the Bond Resolution, without meeting the requirements described above in clauses (a) and (c) under the heading "SECURITY AND SOURCES OF PAYMENT - Additional Bonds," so long as the issuance of the Refunding Bonds will result in a decrease in the total Principal and Interest Requirements for all Bonds Outstanding. The Series 2014 Bonds are being issued as Refunding Bonds.

### **Other Obligations Secured by Net Revenues**

Other than the Series 2014 Bonds, the only other obligations issued under the Bond Resolution are the Outstanding Bonds. The Outstanding Bonds were issued as part of the City's multi-year comprehensive capital improvement program to modernize and improve the Water and Sewer System (the "CIP") or, in the case of the Series 2012 Bonds, were issued to refinance Bonds previously issued for such purpose. Other Bonds may be issued by the City to finance the improvements to the Water and Sewer System recommended by the City's independent engineers and consultants in the CIP, but the City currently does not expect to issue such Bonds until it needs to upgrade its water treatment facilities, which is currently not projected to be needed until at least after 2023, as more particularly described in the Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report dated September 30, 2014 (the "Feasibility Report"). See "CAPITAL IMPROVEMENT PROGRAM" herein and "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report." The Series 2006 Bonds, the Series 2008 Bonds, the Series 2010 Bonds and the Series 2012 Bonds were originally issued in the aggregate principal amount of \$100,000,000, \$155,000,000, \$82,300,000 and \$64,585,000, respectively. As of the date of issuance of the Series 2014 Bonds, the Series 2010 Bonds and Series 2012 Bonds will be Outstanding in the aggregate principal amount of \$75,245,000 and \$61,080,000, respectively, the Unrefunded Series 2006 Bonds will be Outstanding in the aggregate principal amount of \$ \_\_\_\_\_ and the Unrefunded Series 2008 Bonds will be Outstanding in the aggregate principal amount of \$ \_\_\_\_\_.

In addition to the issuance of Bonds, in connection with the implementation of the CIP, the City has borrowed funds from the State of Florida revolving loan program (the "SRF"). Although not currently contemplated, the City may obtain additional SRF loans for the CIP in the future. Such SRF loans have not been incurred by the City, and are not expected to be incurred by the City in the future, as Additional Bonds or Alternative Parity Debt. As a result, such SRF loans are currently, and if obtained in the future are expected to be, payable from and secured by Net Revenues on a basis that is junior and subordinate to the pledge of and lien on Net Revenues in favor of the Series 2014 Bonds, the Outstanding Bonds and any other Bonds or Alternative Parity Debt issued under the Bond Resolution.

## **Modifications or Supplements to Bond Resolution**

Except as set forth in the third (3<sup>rd</sup>) succeeding paragraph below, no supplemental resolution may be adopted by the City Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions of the Bond Resolution or of any resolution supplemental thereto without the consent in writing of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such supplemental resolution shall permit (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, (iii) the creation of a lien upon or a pledge of Revenues other than the lien and pledge created by the Bond Resolution, (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution without, in each case, the consent of the Holders of all the Bonds Outstanding.

For purposes of providing the written consent of the Holders of any Series of Bonds to any supplemental resolution modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions of the Bond Resolution or of any resolution supplemental thereto, the consent of the Holders of any Series of Additional Bonds shall be deemed given if the underwriters or initial purchasers for resale consent in writing to such supplemental resolution and the nature of the amendment effected by such supplemental resolution is disclosed in the official statement or other offering document pursuant to which such Series of Additional Bonds is offered and sold to the public.

In addition, for purposes of providing the written consent of the Holders of any Series of Bonds to any supplemental resolution modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions of the Bond Resolution or of any resolution supplemental thereto, to the extent any Series of Bonds is secured by a Credit Facility that satisfies the requirements set forth in the Bond Resolution, the consent of the Credit Facility Issuer for such Series of Bonds shall constitute the consent of the Holders of such Bonds.

Notwithstanding the foregoing, the City Commission may adopt such supplemental resolutions as shall not be inconsistent with the terms and provisions of the Bond Resolution:

- (a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Bond Resolution or in any supplemental resolution;
- (b) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders;
- (c) to add to the conditions, limitations and restrictions on the issuance of Bonds other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the City in the Bond Resolution other covenants and agreements thereafter to be observed by the City or to surrender any right or power reserved to or conferred upon the City in the Bond Resolution;
- (e) to permit the issuance of Bonds in coupon form, subject to the delivery of the opinion of Bond Counsel required by the Bond Resolution;
- (f) to permit the City to issue Bonds the interest on which is not exempt from federal income taxation;

(g) to qualify the Bonds or any of them for registration under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended;

(h) to qualify the Bond Resolution as an "indenture" under the Trust Indenture Act of 1939, as amended;

(i) to create additional Sinking Fund Accounts for a Series of Bonds permitted by the Bond Resolution;

(j) to permit Bonds to be issued in denominations smaller than \$5,000; or

(k) to comply with requirements of entities providing Credit Facilities, Reserve Account Insurance Policies and Reserve Account Letters of Credit.

See "APPENDIX D - The Resolution" for certain other provisions applicable in connection with a proposed modification, amendment or supplement to the Bond Resolution.

#### ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2014 Bonds:

##### Sources of Funds

Par Amount of Series 2014 Bonds	\$
Net Original Issue Premium/Discount	
Other Legally Available Funds <sup>(1)</sup>	_____
Total Estimated Sources of Funds	\$ <u>                    </u>

##### Uses of Funds

Deposit to Escrow Deposit Fund	\$
Deposit to Cost of Issuance Subaccount <sup>(2)</sup>	
Underwriters' Discount	_____
Total Estimated Uses of Funds	\$ <u>                    </u>

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(1) Represents amount held in the Sinking Fund Account to pay principal of and interest coming due on the Refunded Bonds.

(2) To pay certain costs of issuance of the Series 2014 Bonds, including, without limitation, printing costs, bond counsel fees, disclosure counsel fees, fees of the financial advisor and fees of the Feasibility Consultants.

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## DEBT SERVICE SCHEDULE<sup>(1)</sup>

Maturity	Series 2014 Bonds			Outstanding Bonds		Total Debt Service on Outstanding Bonds and Series 2014 Bonds	Total Annual Debt Service on Outstanding Bonds and Series 2014 Bonds
	Principal	Interest	Series 2014 Bonds Debt Service	Series 2014 Bonds Annual Debt Service	Outstanding Bonds Debt Service <sup>(2)</sup>		
3/1/15	-	\$	\$	-	13,102,997	-	-
9/1/15	\$			\$	13,094,122	26,197,119	\$
3/1/16					13,103,597	-	
9/1/16					13,106,047	26,209,644	
3/1/17					13,111,572	-	
9/1/17					13,095,947	26,207,519	
3/1/18					13,108,038	-	
9/1/18					13,104,188	26,212,225	
3/1/19					13,097,844	-	
9/1/19					13,101,966	26,199,809	
3/1/20					13,098,213	-	
9/1/20					13,093,913	26,192,125	
3/1/21					13,089,313	-	
9/1/21					13,076,663	26,165,975	
3/1/22					13,071,288	-	
9/1/22					13,078,178	26,149,466	
3/1/23					13,074,772	-	
9/1/23					13,077,909	26,152,681	
3/1/24					13,067,122	-	
9/1/24					13,080,991	26,148,113	
3/1/25					13,070,425	-	
9/1/25					13,075,900	26,146,325	
3/1/26					13,071,919	-	
9/1/26					13,076,944	26,148,863	
3/1/27					13,078,094	-	
9/1/27					13,076,453	26,154,547	
3/1/28					13,080,344	-	
9/1/28					13,080,781	26,161,125	
3/1/29					13,081,100	-	
9/1/29					13,084,894	26,165,994	
3/1/30					13,083,831	-	
9/1/30					13,074,263	26,158,094	

Maturity	Series 2014 Bonds			Outstanding Bonds		Total Debt Service on Outstanding Bonds and Series 2014 Bonds	Total Annual Debt Service on Outstanding Bonds and Series 2014 Bonds
	Principal	Interest	Series 2014 Bonds Debt Service	Series 2014 Bonds Annual Debt Service	Outstanding Bonds Debt Service <sup>(2)</sup>		
3/1/31	\$	\$	\$	-	\$ 13,065,175	\$	-
9/1/31				\$	13,064,788	\$	\$
3/1/32					13,309,125		
9/1/32					13,322,475		
3/1/33					13,319,738		
9/1/33					13,332,269		
3/1/34					13,337,481		
9/1/34					13,334,869		
3/1/35					13,330,669		
9/1/35					13,334,756		
3/1/36					7,646,704		
9/1/36					7,650,694		
3/1/37					2,596,175		
9/1/37					2,597,738		
3/1/38					2,598,063		
9/1/38					2,597,150		
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$642,234,509</b>	<b>\$</b>	<b>\$</b>

(1) Totals may not add due to rounding.

(2) Includes the Principal and Interest Requirements on all Outstanding Bonds, including the Series 2006 Bonds and the Series 2008 Bonds. Except for the Unrefunded Series 2006 Bonds and the Unrefunded Series 2008 Bonds (which shall remain Outstanding after issuance of the Series 2014 Bonds), all or most of the Principal and Interest Requirements relating to the Series 2006 Bonds and the Series 2008 Bonds will be refunded upon issuance of the Series 2014 Bonds. As a result, actual Principal and Interest Requirements upon issuance of the Series 2014 Bonds will be lower than the amounts reflected herein. See "INTRODUCTION" herein.

### THE CITY

The City, located in the heart of a robust, diversified growth region on the southeast coast of Florida, contains approximately thirty-six (36) square miles and has an estimated population of approximately 172,389, as of April 1, 2014. The City was incorporated in 1911 and operates pursuant to a City Charter. The government consists of a five (5) member City Commission elected by district, including a mayor elected at large. All elections are on a nonpartisan basis. The City Commission appoints a city manager. The current City Manager is Lee R. Feldman, who was appointed to serve as City Manager on June 7, 2011.

The City provides a full range of municipal services, including police and fire protection, streets, planning and zoning, parks and recreation, water, sewer, sanitation, economic development and public

information services. Tourism is one of the City's major economic forces, with manufacturing, industrial and commercial business and corporate and regional offices serving to diversify the City's economic base. For more information about the City, see "APPENDIX A - General Information regarding the City of Fort Lauderdale, Florida and Broward County, Florida."

## WATER AND SEWER SYSTEM

### History

*The Water System.* Approximately one year after the City's incorporation in 1911, the City's water system (the "Water System") began operations, serving less than 100 people. The original Water System was replaced with a larger well, pumping station and treatment plant in 1919. In 1926 construction of the Dixie Water Treatment Plant (now known as the Walter E. Peele-Dixie Water Treatment Plant) (the "Peele-Dixie WTP") began and such facility was enlarged in 1939 to a capacity of 14 million gallons per day ("mgd"). The number of customer accounts served by the Water System nearly doubled between 1935 and 1945 and again by 1950, growing from 2,365 in 1935 to 5,721 in 1945, and to 11,577 by 1950. In 1950 the City purchased the Fiveash Water Treatment Plant (the "Fiveash WTP") and increased its capacity from 8 mgd to 16 mgd in 1958. By the early 1970s, the capacity of the Peele-Dixie WTP was increased to 20 mgd, and the Fiveash WTP to 40 mgd. Together these water treatment plants provided service to approximately 35,700 customers. The Fiveash WTP was expanded by an additional 24 mgd of design capacity in the early 1980s as the Water System neared capacity.

In 1953 the City began providing water service to other nearby communities when the City entered into a contract with the Town of Lauderdale-by-the-Sea. Prior to 2008, Lauderdale-by-the-Sea owned the water lines within its boundaries and the City maintained those lines and otherwise provided retail water service to the residents of that community. In 2008, the City purchased the water lines it previously leased from Lauderdale-by-the-Sea. The City continues to provide retail water service to the residents of the Town of Lauderdale-by-the-Sea.

Other entities also purchase water from the City under similar arrangements, including the Village of Sea Ranch Lakes and parts of unincorporated Broward County. Together, the Town of Lauderdale-by-the-Sea and the Village of Sea Ranch Lakes comprise less than four percent (4%) of the total population served by the Water System. The number of retail customers that the City serves in unincorporated Broward County also comprises a small percentage of the total population served by the Water System.

Several other entities purchase water from the City on a wholesale or bulk user basis through a master meter or have emergency interconnects. These entities include the cities of Oakland Park and Wilton Manors and, as to a portion thereof, the City of Tamarac, the Town of Davie and Broward County's Port Everglades. The agreements for water supply between these entities and the City all have 30-year terms, except for the agreement with the City of Wilton Manors, which has a 25-year term. Such contracts collectively represent slightly more than 18.0% of the City's total water consumption.

Set forth below is a listing of such contracts, their current expiration dates and the percentage of total consumption of the Water System represented by each contract. The City expects to enter into a new long-term arrangement with each of the entities set forth below when the current wholesale or bulk user contracts expire.



**Wholesale Water User Contracts**

<u>Large User</u>	<u>Effective Dates of Agreement</u>	<u>% of Total Water System Consumption<sup>(1)</sup></u>
Broward County	1994 - 2024	0.30%
Town of Davie	1987 - 2017	0.35
City of Oakland Park	1994 - 2024	9.75
Broward County's Port Everglades <sup>(2)</sup>	2002 - 2032	2.98
City of Tamarac	1994 - 2024	0.55
City of Wilton Manors	2005 - 2030	<u>4.26</u>
TOTAL		<u>18.19%</u>

Source: The Feasibility Report.

- (1) Total metered consumption in Fiscal Year 2013 amounted to approximately 11.841 billion gallons.
- (2) Since 2004, the City has provided retail water service to some tenants at Broward County's Port Everglades but continues also to provide wholesale water service at Port Everglades.

***The Sewer System.*** Prior to construction of the G. T. Lohmeyer Wastewater Treatment Plant (the "Lohmeyer WWTP") in the 1970s, the Sewer System of the City (the "Sewer System") was comprised of numerous small sewer treatment facilities housed at various locations around the City. The construction of the Sewer System began in 1927 but, due to the impacts of a hurricane and local economic downturn, was not completed until 1937. In the 1940s and 1950s, the population of the City grew more rapidly than the Sewer System. As a result, new developments were often served by septic systems. By the late 1950s, the City began to expand the Sewer System to serve all areas of the City. Most new developments subsequent to 1950 were required to install sanitary sewers as well.

Expansion of the wastewater collection system was limited until 1957, when the City began expanding the Sewer System into unserved areas, beginning from the beach area and extending west. However, expansion of the gravity wastewater system slowed considerably in the late 1970s and 1980s, as available capital funds were used to consolidate and upgrade the wastewater treatment plants of the Sewer System. Currently, almost all of the City's residents are connected, or have access, to the Sewer System.

Construction of the Lohmeyer WWTP began in the mid-1970s. The Lohmeyer WWTP was designed to serve the entire City, as well as the City of Oakland Park, the City of Wilton Manors, Broward County's Port Everglades, portions of the Town of Davie and portions of the City of Tamarac. The City has negotiated contractual agreements with each of these large regional Sewer System users. All of these contracts were amended in 2001 and are now scheduled to expire in 2021. After constructing the Lohmeyer WWTP, the City closed all of the smaller wastewater treatment facilities that had previously been used to operate the Sewer System. The Lohmeyer WWTP has a permitted capacity of 56.6 mgd.

**Organizational Structure**

***Organization and Management.*** Operation of the Water System and the Sewer System is the responsibility of the City's Public Works Department (the "Public Works Department"). In addition, the Public Works Department manages the operation of the City's stormwater drainage system and solid waste collection system. The Public Works Department currently employs approximately 433 full-time equivalent

staff and is composed of the Director's Office, which constitutes the Administration Division, and the following three (3) divisions: Utilities, Sustainability and Engineering.

The Utilities Division is responsible for operation of the Water System, the Sewer System and the City's stormwater drainage system. The three subdivisions within the Utilities Division are: (i) Distribution and Collection (which operates and maintains the potable water distribution facilities and sewer collection and pumping facilities); (ii) Stormwater (which is responsible for operation and maintenance of the municipal storm sewer system, comprised of publicly-owned ditches, curbs, catch basins, storm drains, and underground pipes that collect and transport stormwater to Florida's surface waters); and (iii) Treatment (which operates the Peele-Dixie WTP, the Fiveash WTP, the Lohmeyer WWTP and the environmental lab).

The Sustainability Division operates the solid waste and recycling activities, fleet services, environmental and regulatory affairs, and sustainability and climate resilience. The Engineering Division includes the design management and construction management subdivisions. The Director's office, constituting the Administration Division, is responsible for financial services and utilities support activities, including budget, utilities finance, human resources and payroll, meter reading, and the call center.

The Director of the Public Works Department is Hardeep Anand, P.E. Mr. Anand has been Director of the Public Works Department since May of 2013 and prior to becoming the Director, he served as Deputy Director. Prior to accepting a position in the City's Public Works Department, Mr. Anand served Miami-Dade County's Department of Environmental Resources Management as the Pollution Regulation and Enforcement Division Director. Prior to that position, Mr. Anand served in such Department for Miami-Dade County as a Section Chief.

The Deputy Director for the Public Works Department is Paul Berg. Mr. Berg has over twenty (20) years of experience serving in a senior management capacity within the public sector. Prior to serving as the Deputy Director for the Public Works Department, Mr. Berg's experience includes serving as the City Manager for the City of Eustis, Florida from 2007 to 2013, as well as serving as the Assistant City Manager for Champaign, Illinois from 1987 through 2007.

The Assistant Director of the Public Works Department is Tamira Coffman, P.E. Ms. Coffman has twenty (20) years of experience serving utilities and engineering departments for municipalities in South Florida, including serving as Director of Engineering for the City of Sunrise Utilities Department, Utilities Director/City Engineer for the City of Lauderhill, and as an engineer in the Engineering Department for the City of Plantation.

***Training Programs and Certifications.*** The City has an active training program for its field crews and operations and maintenance staff, including monthly safety meetings and quarterly courses on various safety related subjects. All of the operators of the Water System, the Sewer System and the City's stormwater drainage system are licensed and certified by the State of Florida and the Florida Administrative Code requires all distribution and collection field crew leaders to be certified by the State of Florida as a condition of their employment. The City's distribution and collection field crew leaders, and staff wishing to be eligible for promotion to such positions, are training to meet State of Florida certification requirements. The City is currently rotating staff to ensure that a licensed crew member is assigned to each job or project of the Water and Sewer System. The City is also requiring that vacancies be filled by licensed operators or by individuals who agree to train to be licensed operators to provide a more permanent solution to the certification requirement. The City's environmental laboratories are certified by the Florida Department of Environmental Protection ("FDEP") and by the Florida Department of Health for collecting environmental water samples and conducting water quality analyses.

## **Government Regulations**

The Water System and the Sewer System are subject to federal, state, regional and local regulation. Federal regulatory jurisdiction is vested in the United States Environmental Protection Agency (the "EPA"). The Water System must comply with the Federal Safe Drinking Water Act. However, the EPA has delegated the primary responsibility for enforcement of drinking water standards to the State of Florida. The Sewer System must comply with the Federal Water Pollution Control Act and the 1977 Clean Water Act Amendments. The EPA has retained jurisdiction over the enforcement of the federal laws and the National Pollution Discharge Elimination System ("NPDES").

The State, acting through FDEP, has its own system of operational permits which govern the Water System and the Sewer System. On a regional level, the South Florida Water Management District ("SFWMD") controls groundwater withdrawals through consumptive use permits, which stipulate the maximum annual and daily withdrawals for 2 to 5 years. Locally, the Broward County Department of Natural Resource Protection has its own licensing system for wastewater plants and a monitoring and enforcement process and the Broward County Health Department has jurisdiction over the treatment of potable water.

## **Service Area Population Projections**

A comprehensive study of the Water and Sewer System in 2000 resulted in the creation of the Master Plan for improvements, upgrades and maintenance (the "Master Plan"). See "CAPITAL IMPROVEMENT PROGRAM" herein. Among other projections, the Master Plan projected a moderate increase in water demand of 0.66% annually through 2020, based on the moderate population growth expected in the Water System service area. The City updates the Master Plan periodically and 2007 updates were most recently prepared for the Water System (the "2007 Water Master Plan Update") and for the Sewer System (the "2007 Wastewater Master Plan Update" and, collectively with the 2007 Water Master Plan Update, the "2007 Master Plan Update"). Projections for population growth in the service area of the Water and Sewer System were updated in the 2007 Master Plan Update. The City is in the process of contracting for the preparation of a new Comprehensive Utility Strategic Master Plan which will update projections and recommendations for improvements to the Water and Sewer System. Current expectations are for the new Comprehensive Utility Strategic Master Plan to be delivered in 2016.

The population projections in the 2007 Water Master Plan Update projected population in the Water System service area to be approximately 248,000 permanent residents by 2010. Such population was projected to grow to approximately 310,000 by 2030, or by an average annual rate of approximately 1.0 percent. Similarly, the population of the Sewer System service area was projected to be approximately 234,000 by 2010 and approximately 283,000 by 2030. The population projections in the 2007 Master Plan Update were derived from projections prepared by Broward County in 2005.

Since the 2007 Master Plan Updates were prepared, the 2010 Census of Population and Housing (the "2010 Census") was conducted. After release of the updated population estimates in the 2010 Census, agencies and research bureaus that provide estimates of population growth for the Fort Lauderdale area updated their projections in response to the more current estimates provided in the 2010 Census. Included among such agencies was the SFWMD, which updated its population projections for the water utilities in the lower east coast water supply area (which includes the Water System service area) in its 2012 Lower East Coast Water Supply Plan (the "LECWSP"). The LECWSP includes estimates and projections through 2030 of the population served by each of the water utilities in the lower east coast water supply area.

The 2010 Census population estimate for the Water System service area is approximately 14.0 percent less than the 2007 Water Master Plan Update projection for calendar year 2010. In addition, the forecast rate of population growth in the Water System service area declines from 1.0 percent annually from 2010 to 2020 in the 2007 Water Master Plan Update to 0.5 percent in the LECWSP. Similarly, the forecast rate of growth in population from 2020 to 2030 declines from 1.2 percent in the 2007 Water Master Plan Update to 0.4 percent in the LECWSP.

While similar projections have not been prepared for the Sewer System service area, the Sewer System service area is similar to the service area of the Water System. Thus, decreases in the estimated population contained in the 2007 Wastewater Master Plan Update for the Sewer System service area are expected to be similar to the updated population estimates contained in the LECWSP, as compared to the population estimates contained in the 2007 Water Master Plan Update. For a more detailed discussion of the population projections provided in the 2007 Master Plan Update, the 2010 Census and the LECWSP, see "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report."

Based on the 2010 Census and the LECWSP, the City has noted the reduction in current population estimates and projections for the region of South Florida which includes the City, the corresponding reductions in population projections that may be expected for the service area of the Water System and the Sewer System and the associated potential decrease in demand for service from the Water and Sewer System. While the City continues to rely on the population projections set forth in the 2007 Master Plan Update, it has adjusted plans for expansion of the City's major water and wastewater treatment facilities to reflect current conditions and the reduced rates of population growth that may occur in the future. See "WATER AND SEWER SYSTEM - The Water System - Water Treatment Facilities" and "- The Sewer System - Wastewater Treatment Facility" herein. Forecasts of Revenues presented in this Official Statement also have been made acknowledging reduced rates of population growth that may occur in the future.

## **The Water System**

*Service Area and Customer Base.* The City provides water across several governmental jurisdictions in central Broward County. In some areas, the City owns and maintains the water distribution system. In others areas, the City sells bulk water for redistribution by another agency or entity. The Water System consist of groundwater withdrawal, treatment, transmission, storage and distribution facilities and includes two water treatment plants (the Peele-Dixie WTP and the Fiveash WTP) with associated wellfields, a distribution system consisting of approximately 768 miles of pipe, and water storage facilities.

The City provides retail water service to most of the area within its corporate limits. Several areas north, east and west of Fort Lauderdale Executive Airport and approximately one-half of the Rock Island area that was annexed by the City in 2005 receive water service from Broward County. The City also provides direct retail water service to the Town of Lauderdale-by-the-Sea, the Village of Sea Ranch Lakes, some tenants in Port Everglades and parts of unincorporated Broward County. In addition, the City provides water on a wholesale basis to the cities of Oakland Park and Wilton Manors, and to portions of the City of Tamarac, the Town of Davie, unincorporated Broward County and Broward County's Port Everglades.

Prior to 1980, the population growth rate in the service area for the Water System was relatively rapid. However, the service area population peaked at approximately 250,000 people in the mid-1980s and declined thereafter until 1991. Moderate population growth was experienced thereafter but has slowed in recent years. As of December 31, 2010 the City provided water services to a service area with an estimated population of approximately 213,000, which is currently projected to increase to approximately 218,000 by December 31, 2015.

The 2007 Water Master Plan Update projected the population of the Water System service area to be approximately 248,000 permanent residents in 2010, with growth to approximately 310,000 by 2030. Because of several factors, including, without limitation, slowed economic activity in many areas, including the City, and resulting changes in development patterns, these population projections are now perceived by the City to be significantly higher than is likely to be the actual population growth of the Water System service area. Recent updates to population estimates for the service area of the Water System forecast population to grow from approximately 213,000 in 2010 (which is a decrease of 35,000, or 14.1%, from the population forecast for 2010 provided in the 2007 Water Master Plan Update) to approximately 233,000 by 2030 (which is a decrease of 77,000, or 24.8%, from the population forecast for 2030 provided in the 2007 Water Master Plan Update). For a more detailed discussion of the changes in population trends in the Water System service area, see "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report" and, in particular, Section 2.3 of Appendix B.

***Water Production and Demands.*** Historically, residential units and commercial activities accounted for most of the demand of the Water System. Residential customers currently represent approximately 73.0 percent of all accounts of the Water System but only approximately 29.0 percent of all metered water usage. Master metered customers account for approximately 18.0 percent of all metered water usage. No large, heavy manufacturing facilities are located in the Water System service area.

Among other projections, the 2007 Water Master Plan Update projected a moderate increase in water demand of 1.20 percent annually through 2025, based on the moderate population growth expected in the Water System service area and the continuation of water conservation efforts. Recent actual average daily water usage of the Water System is approximately 11.1 mgd (or 21.4 percent) less than projected in the 2007 Water Master Plan Update. Set forth below is the historical and projected average daily water usage of the Water System:

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**Historical and Projected Water Demands**

<u>Year</u>	<u>Actual</u>		<u>2007 Water Master Plan Update</u>
	<u>Average Daily Flow (mgd)</u>	<u>Maximum Daily Flow (mgd)</u>	<u>Average Daily Flow (mgd)</u>
2000	49.6	63.3	N/A
2005	50.1	78.2	49.1
2010	40.7	49.8	51.8
2011	40.2	49.8	N/A
2012	38.4	48.0	N/A
2013	37.8	49.7	N/A
2015 <sup>(1)</sup>	N/A	N/A	54.9
2020 <sup>(1)</sup>	N/A	N/A	58.2
2025 <sup>(1)</sup>	N/A	N/A	62.4

Source: The Feasibility Report.

- (1) Projections assume 8.1% annual distribution water losses. See "WATER AND SEWER SYSTEM - The Water System - Water Transmission, Distribution and Storage" herein for discussion relating to unaccounted water loss for Fiscal Year 2013.

**Water Supply.** The City currently obtains all of its raw water supply from two wellfields: the Dixie Wellfield and the Prospect Wellfield. Both wellfields draw water from the Biscayne Aquifer, a layer of highly permeable limestone and sand which extends from the surface to a depth of approximately 200 feet. Water withdrawn from the Dixie Wellfield is treated at the Peele-Dixie WTP and the Prospect Wellfield supplies raw water for treatment at the Fiveash WTP. Both wellfields are permitted by the SFWMD under Consumptive Use Permit No. 06-00123-W, issued September 11, 2008 and expiring September 11, 2028.

The permit specifies that the City's annual water withdrawal shall not exceed 22,334 million gallons (MG), with the maximum monthly withdrawal not to exceed 2,157.6 MG. In addition, the permit stipulates limitations to annual withdrawals from specific sources, limiting withdrawals from the Biscayne Aquifer to 19,181 MG annually (52.55 mgd), with a maximum monthly withdrawal of 1,857 MG. Biscayne Aquifer withdrawals are limited to 5,475 MG per year (15.00 mgd) from the Dixie Wellfield and 15,853 MG per year (43.43 mgd) from the Prospect Wellfield. Such amounts constitute the maximum limits per wellfield, with the total Biscayne Aquifer withdrawals not to exceed the previously specified maximum of 19,181 MG (not the sum of the individual wellfield maximum withdrawals of 21,328 MG). The remaining water supply will be withdrawn from the Floridan Aquifer, which is a lower quality, more brackish source of water supply, or from some other alternative source determined by the City when the need arises.

The permit provides for withdrawals from the Floridan Aquifer via 2 existing and 14 proposed withdrawal facilities, and from the Biscayne Aquifer via 64 existing and 2 proposed withdrawal facilities. Biscayne Aquifer withdrawals from the Dixie Wellfield will be treated at the Peele-Dixie WTP by nanofiltration. If made in the future, Floridan Aquifer withdrawals from the Dixie Wellfield will be treated

at the Peele-Dixie WTP by reverse osmosis. Biscayne Aquifer water withdrawn from the Prospect Wellfield will continue to be treated at the Fiveash WTP by lime-softening.

The Dixie Wellfield, consists of 25 wells, most of which were constructed between 1926 and 1952. Of the 25 wells that have been constructed on the Dixie Wellfield, only 8 are active production wells. The City completed upgrades to the Dixie Wellfield in 2009. The upgrades did not increase the capacity of the wellfield but allowed the older wells to be taken out of service. As part of the Peele-Dixie WTP nanofiltration facility construction program, 8 new wells were constructed. Construction of the new nanofiltration facility was completed in 2008. The existing Peele-Dixie WTP was phased out of service and all of the existing older wells at the Dixie Wellfield were plugged and abandoned in 2010. With the replacement wells, the capacity of the Dixie Wellfield is now approximately 20 mgd. However, the City's consumptive use permit from the SFWMD limits withdrawals from the Dixie Wellfield to 15 mgd on a maximum daily basis from the Biscayne Aquifer. The Dixie Wellfield is expected to provide the raw water for the new 12 mgd nanofiltration facility from the Biscayne Aquifer and for the proposed 6 mgd reverse osmosis treatment facility from the Floridan Aquifer. See "WATER AND SEWER SYSTEM - The Water System - Water Treatment Facilities" herein.

The Prospect Wellfield contains 29 wells located west of Fort Lauderdale Executive Airport. All of the wells in the Prospect Wellfield are currently in operation and such wells collectively have a pumping capacity of 87 mgd. However, the maximum daily allocation allowed under the SFWMD consumptive use permit is only 43.43 mgd on a maximum daily basis from the Biscayne Aquifer. The City has drilled 5 new wells at the Prospect Wellfield to replace 6 wells that the City abandoned. The 5 new wells have a capacity of 15.1 mgd, which is an increase in capacity from the 6 wells that were abandoned.

In addition to the Prospect Wellfield, another 24 wells are located on Fort Lauderdale Executive Airport property adjacent to the Prospect Wellfield (hereinafter referred to as the "Executive Airport Wellfield"). The wells located at the Executive Airport Wellfield are currently not in operation. In the early 1980s, volatile organic compounds ("VOCs") were detected in some of the production wells located at the Executive Airport Wellfield. To protect the quality of its water supply, the City abandoned such wells and constructed additional wells. The City avoided migration of the VOCs west to the uncontaminated production wells in the Prospect Wellfield by injecting raw water from the uncontaminated wells into the three westernmost wells located on Fort Lauderdale Executive Airport property. Such raw water injections maintained a hydraulic barrier between the contaminant plume and the production wells in the Prospect Wellfield. As a result of the construction of the new wells at the Prospect Wellfield, the last well used to create the hydraulic barrier was shut down in October 2008. The City has an on-going program for monitoring the production wells of the Prospect Wellfield for the presence of VOCs. No increase in the presence of VOCs has been detected.

Both the Dixie Wellfield and the Prospect Wellfield are located near salinity control structures. Withdrawals allowed under the current SFWMD consumptive use permit require freshwater mounds between the wellfields and the salt water fronts. In the past, groundwater models of the Dixie Wellfield have indicated potential problems maintaining this freshwater mound during extreme dry conditions. As a result, new wells constructed at the Dixie Wellfield are located to minimize the impacts of saltwater intrusion. The City's salt water intrusion monitoring program is part of Broward County's monitoring network that provides regional information, but only a limited amount of information that is specific to individual sites. A network of new salt water monitoring wells has been installed around the Dixie Wellfield. The monitoring wells are tested monthly, with the results being sent to the SFWMD. These wells, to date, have shown no indication of saltwater intrusion.

For several years the City has projected that it would meet its water supply demands from the Biscayne Aquifer until at least 2013 with its permitted water withdrawal of 52.55 mgd from the Biscayne Aquifer. However, because of (i) recent reductions in population projections for the region in which the Water System service area is located, and (ii) reduced water use in response to conservation measures, the City now expects that it will be able to meet its water supply demands utilizing the Biscayne Aquifer as its sole source of raw water through at least 2023. To meet future demands in excess of the Biscayne Aquifer withdrawal limits, the City currently expects to use the Dixie Wellfield to access the Floridan Aquifer. In addition, to meet future demands, the City is studying the feasibility of several alternative water sources and offset projects, including additional Floridan Aquifer use, stormwater capture projects, reuse, and other alternative water supply projects. See "WATER AND SEWER SYSTEM - The Water System - Regulatory Impact" herein.

**Water Treatment Facilities.** The City operates two water treatment facilities: the Peele-Dixie WTP and the Fiveash WTP.

In 2008, the new nanofiltration facility was completed and placed into service at the Peele-Dixie WTP and the plant's existing lime-softening equipment was decommissioned. Implementation of the nanofiltration system also included the installation of a deep injection well for concentrate disposal and two 4-MG finished water storage tanks. The capacity of the Peele-Dixie WTP is currently 12 mgd with all membrane units of the nanofiltration system in service.

The City has studied proposals to add a 6 mgd reverse osmosis treatment system at the Peele-Dixie WTP. This additional capacity would draw raw water from the Floridan Aquifer and would be used during peak demand periods, which usually occur during South Florida's dry season. The new Peele-Dixie WTP will be maintained according to plant maintenance schedules. The City has drilled two Floridan Aquifer test wells in the Dixie Wellfield and constructed a section of raw water main from the new wellfield toward the Peele-Dixie WTP. Wellfield modeling, facility planning and a basis of design report was completed for the reverse osmosis treatment capacity in 2010. The construction of additional wells and treatment facilities, however, has been delayed. Because of recent reductions in population projections and the success of water conservation measures, future investment in the withdrawal, transmission and treatment of raw water from the Floridan Aquifer has been deferred until revised projections of water demands determine when the reverse osmosis treatment capacity will be needed. Based on current projections, the contemplated reverse osmosis treatment capacity will not be needed until at least after 2023. See "WATER AND SEWER SYSTEM - Service Area Population Projections" herein.

The Fiveash WTP is the primary water treatment facility for the Water System. It has a designed capacity of 70 mgd with all units operating. However, hydraulic restrictions limit its actual capacity to 60 mgd. Actual treated flow averaged approximately 31.9 mgd in Fiscal Year 2013 with a maximum day flow of 48.4 mgd. The treatment of raw water at the Fiveash WTP consists of aeration followed by lime and polymer addition in a hydrotreater. The Fiveash WTP has two 12.5 mgd hydrotreaters, and two 22.5 mgd hydrotreaters that provide coagulation, flocculation, and clarification in one unit. After softening, the water is filtered, chlorinated, and fluoridated. Lime sludge is pumped directly to the Prospect Wellfield storage lagoon for disposal.

**Water Transmission, Distribution and Storage.** The City's water transmission and distribution system consists of 768 miles of water mains within the direct service area of the Water System, an elevated tank at Northwest 2<sup>nd</sup> Avenue, a ground level tank at Poinciana Park, and ground level storage tanks at the Fiveash WTP and the Peele-Dixie WTP. High-service pumps at the Fiveash WTP and the Peele-Dixie WTPs also supply the transmission and distribution system, and maintain system pressures.



The transmission lines included in the Water System comprise lined and unlined cast and ductile iron pipe ranging in size from 10 to 54 inches in diameter. The main transmission line from the Fiveash WTP was installed in 1986 and is the predominant supply of water to the downtown area and other areas north, south and east of the Fiveash WTP. The primary transmission mains from the Peele-Dixie WTP are unlined cast iron pipelines that were constructed in the 1920s and 1930s. The water transmission pipelines emanating from the Peele-Dixie WTP are nearing the end of their useful lives. In 1999 the City completed a project to replace portions of the main transmission lines that were nearing the end of their useful life and has plans to replace remaining portions of the main transmission lines that are nearing the end of their useful life.

The Master Plan recommended that the Water System have a finished water storage capacity equal to thirty percent (30%) of its maximum day demand, plus an allowance for fire flow demands. The City's storage at that time (in 2000), was insufficient to meet the Master Plan recommendation. However, improvements and additions have been completed to comply with the water storage recommendation presented in the Master Plan.

In 2013 the maximum day flow of the Water System was 49.7 mgd. Adding fire flow capacity of 5,000 gpm for 4 hours for a total of 1.2 MG provides a total required storage volume of 16.11 mgd. The Water System currently has 28 MG of storage as follows:

- The Peele-Dixie WTP has 8 MG of storage tank capacity that was installed in 2008;
- The Fiveash WTP has 17 MG of storage tank capacity. As part of the *WaterWorks* 2011 program, a 4 MG tank that was in poor condition was taken out of service with additional capacity being added at the-Peele Dixie WTP;
- The Poinciana Park tank has 2 MG of storage capacity that was installed in 2007; and
- The Northwest 2<sup>nd</sup> Avenue tank has 1 MG of storage capacity. Such tank is currently planned for rehabilitation, with the project scheduled to be bid in 2016. See "CAPITAL IMPROVEMENT PROGRAM" herein.

High service pumps at the Fiveash WTP and at the Peele-Dixie WTP are used to supply water to the transmission and distribution operations of the Water System. Two interconnected high service pump systems at the Fiveash WTP supply the majority of the water demand throughout the service area of the Water System. In addition, a new high service pump system was constructed at the Peele-Dixie WTP in 2008 as part of the new nanofiltration system. These new pumps provide 26 mgd of pumping capacity. With these improvements, the existing high service pumps provide sufficient capacity at desired pressures to meet the needs of the Water System through 2023.

Overall, in the opinion of the Feasibility Consultants (hereinafter defined), the City's water transmission and distribution system is in good condition. The City has an ongoing project to upgrade and rehabilitate the transmission and distribution lines of the Water System. The recently completed *WaterWorks* 2011 program replaced more than 42 miles of small water mains in the Water System. The current CIP includes \$14.3 million in funding for water main improvements and replacements. See "CAPITAL IMPROVEMENT PROGRAM" herein. In addition, the City has been following a plan of examining the Water System for leaks every 3 to 5 years, which has effectively maintained a relatively low percentage of unaccounted water. For most of the recent Fiscal Years, the percentage of unaccounted water has been less than 10 percent. However, for Fiscal Year 2013 the unaccounted water loss was 10.95 percent. The City has identified items that it believes contributed to the higher than normal unaccounted

for water amount. By appropriately accounting for such items, unaccounted water loss is expected to return to less than 10 percent.

**Regulatory Impacts. General.** With the increasing urbanization of South Florida and the recognition of accelerating negative impacts upon the natural environment, State (through the SFWMD) and federal (through the U.S. Army Corps of Engineers) authorities have begun implementation of major regulatory and construction programs. Such programs are designed to balance the demands on regional water supplies and restore and protect the Everglades National Park ecosystem. These programs have affected the conditions the City has been required to meet, one of the more important of which was the limit in the City's new consumptive use permit on allowable withdrawals from the Biscayne Aquifer, producing a need to develop alternative water supply and treatment strategies.

The City has addressed or is addressing concerns relating to water supply and quality by (i) installing enhancements to the existing water treatment system at the Fiveash WTP; (ii) replacing the conventional lime-softening treatment system at the Peele-Dixie WTP with a state-of-the-art nanofiltration, membrane system (the "Membrane Treatment"); (iii) pursuing multiple avenues of alternative water supply, including reclaimed water offsets, regional water supply solutions that would capture stormwater in a regional reservoir for aquifer recharge (as more specifically described below); and (iv) developing alternative sources of potable water supplies, such as brackish water from the Floridan Aquifer. The City has completed two Floridan Aquifer test wells for the Dixie Wellfield. Wellfield modeling, facility planning and a basis of design study and report to construct a 6 mgd reverse osmosis treatment facility was completed in 2010. Construction of the Floridan Aquifer wells and treatment facilities at the Dixie Wellfield and Peele-Dixie WTP were scheduled for completion in Fiscal Year 2014. However, because of reductions in population projections in the Water System service area and the success of water conservation measures, investment in facilities related to the withdrawal, transmission and treatment of raw water from the Floridan Aquifer has been deferred until a more certain indication of when demand will require such investment has been established. See "WATER AND SEWER SYSTEM - Service Area Population Projections" herein. Currently, facilities to meet additional demand by treating raw water from the Floridan Aquifer are not projected to be needed until at least after 2023.

The City has also addressed concerns relating to water quality by implementing Membrane Treatment for water withdrawn from the Biscayne Aquifer at the Peele-Dixie WTP. Membrane Treatment produces a higher quality of finished water and is less sensitive to raw water quality than the lime-softening treatment technology previously used at the Peele-Dixie WTP. As an added benefit, Membrane Treatment systems can readily be designed to meet the increasingly stringent requirements of the Safe Drinking Water Act. By including Membrane Treatment at one of its water treatment plants, the City is also able to extend the useful economic life of its existing investment in lime-softening technology. A shortcoming of Membrane Treatment is that as much as twenty percent (20%) of the raw water is wasted as concentrate from the process, thus increasing raw water demands and further stressing the limits of the City's consumptive use permit. However, the very high quality water from the Membrane Treatment process can be proportionally blended with the water produced from the lime-softening process to produce potable water that can meet the current and anticipated requirements of the Safe Drinking Water Act.

While the City previously planned to replace the Fiveash WTP treatment process with a Membrane Treatment system, concerns relating to the availability of Biscayne Aquifer water supplies led the City to decide to retain the current lime-softening process. See "WATER AND SEWER SYSTEM - The Water System - Water Supply" herein. The City has used, and expects to continue to use, a portion of the funds that were to be applied to convert to the Membrane Treatment process to extend the life of the existing facility and to construct enhancements that will improve the removal of color from finished water at the Fiveash WTP. See "CAPITAL IMPROVEMENT PROGRAM" herein.

As an additional possible means of addressing concerns relating to the future availability and quality of sources of raw water, the City has met with other South Florida utilities to discuss the possibility of collaborative, sub-regional, multi-jurisdictional solutions designed to produce more cost-effective and environmentally sound methods of obtaining water supplies. A potential project has been identified as the C-51 Reservoir Project. Under this option, stormwater that currently causes environmental concerns in the Lake Worth Lagoon and certain estuarine environments would be captured and stored in the C-51 Reservoir for subsequent re-introduction into the regional water supply system. This water would be available for Biscayne Aquifer transfer and potentially available to recharge those portions of the Biscayne Aquifer that benefit multiple utilities in South Florida, including the Water System. Studies have indicated that the project has the potential to be economically advantageous to public water supply utilities compared with other alternative water supply options. The City plans to continue its involvement in the investigation of this project as one of the measures it may determine to implement to address future water supply concerns.

Consent Orders. During the last two (2) years the City has received approximately ten (10) consent orders from the Broward County Department of Health for minor issues relating to the Water System. Examples of such issues are placing water mains in service without complete paperwork, cross connections and backflow preventers, a main break, and failure to notify the State of Florida Warning Point within two (2) hours of a discharge associated with a main break. Each of the issues that have been the subject of the Health Department consent orders have been resolved to the satisfaction of the Health Department. The fines associated with each consent order were typically less than \$1,000. All of the fines have been paid.

For a more detailed discussion of regulatory matters impacting the Water System, see "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report."

### **The Sewer System**

The Sewer System operated by the City consists of wastewater collection and transmission to the Lohmeyer WWTP, treatment and disposal of treated wastewater and disposal of residuals from the wastewater treatment process.

*Service Area and Customer Base.* Wastewater service areas in Broward County have been developed through regional planning studies conducted in a manner prescribed by law. These regional planning studies designated the City as the lead agency for wastewater transmission and treatment in the central wastewater region of Broward County. The central region includes substantially all of the City, the cities of Wilton Manors and Oakland Park, and portions of the City of Tamarac, the Town of Davie, unincorporated Broward County and Broward County's Port Everglades. The Lohmeyer WWTP is designated as the facility that treats all wastewater from the central region.

Each municipality and entity in the various regional planning areas, except the unincorporated areas, owns and operates the wastewater collection facilities within its boundaries and performs its own customer billing. The transmission and treatment facilities serving a regional function are owned and operated by the City through "large user" agreements. The City has large user wastewater agreements with the cities of Oakland Park, Wilton Manors and Tamarac, the Town of Davie and Broward County for Port Everglades. In addition to the wholesale wastewater service that the City provides to Broward County's Port Everglades, the City also provides retail wastewater service to certain tenants at Port Everglades. The large users are treated as wholesale customers and each is issued a single bill for wastewater services provided by the City.

As of December 31, 2010 the City provided wastewater treatment and disposal services to a service area with an estimated population of approximately 174,000, which is currently projected to increase to

approximately 180,000 by December 31, 2015. The 2007 Wastewater Master Plan Update projected the population of the Sewer System service area to be approximately 234,000 permanent residents in 2010, with growth to approximately 283,000 by 2030. Because of several factors, including, without limitation, slowed economic activity in many areas, including the City, and resulting changes in development patterns, these population projections are now perceived by the City to be significantly higher than is likely to be the actual population growth of the Sewer System service area. Recent updates to population estimates for the service area of the Sewer System forecast population to grow from approximately 174,000 in 2010 (which is a decrease of 60,000, or 25.6%, from the population forecast for 2010 provided in the 2007 Wastewater Master Plan Update) to approximately 210,000 by 2030 (which is a decrease of 73,000, or 25.8%, from the population forecast for 2030 provided in the 2007 Wastewater Master Plan Update).

Approximately seventy-five percent (75%) of the population in the service area of the Sewer System resides within the City, with the remainder located in adjacent governmental jurisdictions. The vast majority (99 percent) of the population of the City receives sewer service, leaving only approximately 1,870 residents that have not yet transitioned from septic tanks to the Sewer System, although such residents are currently being charged for sewer service. See "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report" for detailed information concerning the historical and projected growth of the population in the service area of the Sewer System and the conversion of the population from non-sewered to sewered.

**Wastewater Flows.** In recent years, the average daily wastewater flow rate from the Sewer System service area has ranged from 35.1 mgd to nearly 40.9 mgd. The variations in wastewater flow are attributable to system growth and seasonal and long-term differences in rainfall and groundwater levels, which affect the amount of extraneous water that enters the Sewer System. Annual average and peak seasonal flow rates of the Sewer System were projected in the 2007 Wastewater Master Plan Update potentially to reach 48 mgd and 55 mgd, respectively, by 2020. Set forth below are the historical wastewater flows for the Sewer System:

**Historical Wastewater Flows**

<u>Calendar Year</u>	<u>Annual Average Daily Flow (mgd)</u>	<u>Calendar Year</u>	<u>Annual Average Daily Flow (mgd)</u>
2003	36.2	2009	37.2
2004	35.1	2010	37.4
2005	37.5	2011	37.9
2006	36.2	2012	40.9
2007	38.1	2013	39.7
2008	36.8		

Source: The Feasibility Report.

Set forth below are projected wastewater flows for the Sewer System. The amounts set forth in the following table were based on projections that infiltration and inflow ("I&I") would remain near current levels but decline as a percentage of total Sewer System wastewater flows. The decline is projected to occur as a result of an ambitious sewer rehabilitation program that the City is undertaking along with the expansion of the wastewater collection system into new areas, which was accomplished under the City's

recently completed *WaterWorks 2011* Program. See "WATER AND SEWER SYSTEM - The Sewer System - Infiltration and Inflow" herein.

While specific flow monitoring has not been conducted for each of the I&I projects, flow reductions have been observed at the Lohmeyer WWTP. The annual average daily flow, based on a 12-month rolling average, prior to beginning the I&I program was approximately 41.6 mgd. As of August 2014, the 12-month rolling average was 38.6 mgd, a 3.0 mgd reduction overall, while additional sewer connections simultaneously were being made. Based on the 12-month rolling average, the flow reduction has been steady and consistent since the gravity sewer lining projects were completed. Given the 3.0 mgd reduction observed to date, and the fact that the I&I program is projected to continue, the I&I projection reasonably can be reduced from earlier projections. In addition, the population projections and associated wastewater flows set forth in the 2007 Wastewater Master Plan Update are now considered to be too high. See "WATER AND SEWER SYSTEM - Service Area Population Projections" herein. While a 19.8 mgd I&I projection would be considered reasonable, given the current data, a more conservative projection of 21 mgd has been made in the following table. With this revised I&I projection, the Lohmeyer WWTP capacity will not be exceeded until after 2023. See "WATER AND SEWER SYSTEM - The Sewer System - Wastewater Treatment Facility" herein. The City will continue to observe Lohmeyer WWTP flow rates to confirm the I&I reduction projections.

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**Projected Wastewater Flows<sup>(1)</sup>**

<u>Calendar Year</u>	<u>Estimated Sewered Population<sup>(1)</sup></u>	<u>Residential AADF<sup>(2)</sup> (mgd)</u>	<u>Non-Residential AADF<sup>(2)</sup> (mgd)</u>	<u>I&amp;I Contribution AADF<sup>(2)</sup> (mgd)</u>	<u>Total AADF<sup>(2)</sup> (mgd)</u>	<u>Total MTMADF<sup>(3)</sup> (mgd)</u>
<u>2007 Wastewater Master Plan Update</u>						
2014	178,640	12.5	6.2	21.0	39.7	50.4
2015	179,903	12.6	6.3	21.0	39.9	50.7
2016	181,062	12.7	6.4	21.0	40.1	50.9
2017	182,221	12.8	6.6	21.0	40.3	51.2
2018	183,379	12.8	6.8	21.0	40.5	51.5
2019	184,538	12.9	6.8	21.0	40.7	51.7
2020	185,697	13.0	7.0	21.0	41.0	52.0
2021	188,726	13.2	7.2	21.0	41.4	52.6
2022	191,754	13.4	7.4	21.0	41.8	53.1
2023	194,783	13.6	7.6	21.0	42.2	53.6

Source: The Feasibility Report.

- (1) See "WATER AND SEWER SYSTEM - Service Area Population Projections and "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report" for discussion relating to population estimates and projections for the Sewer System.
- (2) AADF = Annual average daily flow.
- (3) MTMADF = Maximum three month average daily flow.

***Infiltration and Inflow.*** I&I refers to surface water and groundwater that enters the wastewater collection system through cracks, joints and other openings in the system. Infiltration is defined as groundwater entering the wastewater collection system and house laterals through defective pipes, pipe joints and manhole walls. In the more westerly portions of the Sewer System, the infiltration consists of freshwater, while in the coastal portions of the Sewer System, the infiltration is saline. The magnitude of infiltration depends on the depth of the groundwater above the pipe defects and the percentage of the collection system submerged. Groundwater levels are influenced by both short-term rainfall events and seasonal precipitation cycles. Freshwater infiltration is expected to be greatest during the late summer and fall months when groundwater levels are high and a greater portion of the collection system is submerged. Inflow includes water discharged into direct connections to the collection system, including private laterals. Potential direct connections include downspouts, yard and area drains, manhole covers, cross connections from storm drains and catch basins. Inflow also is sometimes defined to include rainfall dependent infiltration (i.e., stormwater that percolates into the ground and enters pipe defects directly or indirectly through a temporary rise in the water table).

The presence of I&I is detrimental because it absorbs hydraulic capacity and dilutes the wastewater, rendering treatment less efficient. I&I is considered excessive when it becomes less costly to remove the

I&I through sewer rehabilitation than to transport and treat it. A study of I&I conducted during the preparation of the Master Plan found that annual average inflow of the Sewer System ranged from approximately 1 to 4 mgd, with monthly extremes ranging from less than 0.5 mgd to more than 8 mgd. Annual average freshwater infiltration was estimated to range from approximately 9 to 12 mgd, with monthly extremes ranging from 6 to 17 mgd. Annual average saltwater infiltration was estimated to range from approximately 4 to 7 mgd, with monthly variations in the same range. Such I&I levels were considered to be excessive, based on EPA guidelines.

The I&I estimates contained in the 2007 Wastewater Master Plan Update were only slightly lower than the estimates contained in the Master Plan. However, for several years the City has conducted an aggressive sewer rehabilitation program. Based on data compiled in the ADS Environmental Services, Infiltration & Inflow Study dated February 2014, I&I appears to be lower than projected in the 2007 Wastewater Master Plan Update.

***Wastewater Collection and Transmission.*** The City owns and operates the wastewater collection and transmission system located within the City boundaries and within the sewer unincorporated areas of the central wastewater region of Broward County. As the lead agency for wastewater transmission and treatment in such central wastewater region, the City also owns and operates some regional transmission facilities located outside of the City limits. The City's large user customers own and operate their own local wastewater collection and transmission systems.

The City's gravity collection system contains approximately 475 miles of pipeline, nearly 270 miles of which was constructed prior to 1970. Most of the system constructed prior to 1970 was built in the 15-year period between 1955 and 1970. Construction during this period used vitrified clay pipe with compression type joint gaskets, although cast iron pipe was also used in conditions where problems of differential settlement were thought to be severe. The pipeline constructed after 1970 generally used polyvinyl chloride ("PVC") pipe with rubber gasket joints.

The City's force main network is comprised of approximately 119 miles of pipeline, ranging from 4 inches to 54 inches in diameter. Most of the force mains are constructed of cast iron or ductile iron pipe, but some are high-density polyethylene or C-900 PVC pipe. The major force mains were constructed within the last 25 years and are believed to be in good physical condition. The existing force main system includes 204 pump stations that are owned by the City and approximately 49 small, privately owned pump stations. Several isolated developments and individual businesses in the areas of the City that are not currently serviced by the Sewer System have constructed their own private lift stations that pump wastewater either to the City's force main system or to the gravity system of one of the City's existing pump stations. Private lift stations have also been constructed in areas where the existing City pump station in the area could not accommodate additional flow.

In the opinion of the Feasibility Consultants, the City's wastewater collection and transmission system is adequate for the demands of the Sewer System and system maintenance is regularly performed. The City maintains the collection system with the use of two video inspection crews, one wet-well cleaning crew, three wastewater cleaning crews, five pump station maintenance crews and two pump station heavy maintenance crews. In addition, all of the pump stations owned by the City are electronically and remotely monitored.

***Wastewater Treatment Facility.*** All wastewater in the service area of the Sewer System and any wastewater received from large users of the Sewer System is treated at the Lohmeyer WWTP, which was upgraded to its present capacity in 1999. The original design capacity on a 3-month average daily flow basis was 38 mgd. As a result of improvements to the effluent pumping station, deep injection wells,

clarifiers and solids handling processes, in March 2004 the Lohmeyer WWTP was re-rated to a 3-month average daily flow capacity of 55.7 mgd. Capacity was further increased to its current 56.6 mgd in connection with the issuance of the operating permit for the Lohmeyer WWTP on September 7, 2011. Major liquid treatment processes include screening, grit removal, pure-oxygen activated sludge, clarification, and chlorination. Sludge is dewatered on belt filter presses and then hauled to the Broward County landfill. Treated effluent from the Lohmeyer WWTP is discharged to five deep injection wells at a nearby site.

Beginning in 1990, residuals produced by the Lohmeyer WWTP were dewatered by belt filter presses and mixed with lime to meet regulatory requirements for Class B pathogen and vector attraction reduction for disposal at the Broward County landfill. Currently, the treated residuals ("biosolids") are hauled by a private contractor for 100 percent beneficial reuse. The private contractor hauls the biosolids to a facility that treats them to Class AA standards for beneficial use in land application or as a biofuel. The private contractor may also dispose of the biosolids at the Broward County landfill if it is unable to process or dispose of all of the biosolids at its residuals management facility.

With the re-rating of the Lohmeyer WWTP to a capacity of 56.6 mgd and the successful removal of sufficient I&I, in the opinion of the Feasibility Consultants, the Lohmeyer WWTP should have adequate capacity for the continued growth of the Sewer System, even with the addition of flow from the new customers that will be added to the Sewer System as conversions from septic tank systems continue. The need to add additional plant capacity in the future will depend on the type and success of continued residential growth and the continued success of I&I control efforts. No expansion of treatment or effluent disposal capacity is planned prior to 2019, but several renewal and replacement projects have been proposed by the Feasibility Consultants. Most of the proposed projects involve relatively small equipment replacements and repairs, including upgrades and repairs to grit pumps, polymer pumps, flowmeters, cryogenic instrumentation and controls, computer systems, electrical systems, security systems, deep injection wells and SCADA integration.

As a condition of the City's agreement with its large users, the City is required to have an annual study prepared that inspects the condition of the regional wastewater transmission and treatment facilities, and that projects renewal and replacement needs for a 20-year forecasted period. The analysis then estimates the amount of funds that should be set aside in the renewal and replacement account on an annual basis to provide sufficient funding for the anticipated renewal and replacement expenditures. The City maintains a separate account for the renewal and replacement of its wastewater transmission and treatment facilities in accordance with the requirements of its agreement with the large users of the Sewer System. In general, in the opinion of the Feasibility Consultants, most of the Lohmeyer WWTP and the other equipment of the Sewer System is in good or better condition, and those components that have been considered to be in fair or poor condition are scheduled for repair or replacement in the next few years.

The Lohmeyer WWTP is permitted based on the maximum 3-month average daily flow and has a current permitted capacity of 56.6 mgd. Based on the projected maximum 3-month average daily flow for the Lohmeyer WWTP contained in the 2007 Wastewater Master Plan Update, with the revised population estimates and projections and the revised I&I projections discussed in this Official Statement, the current capacity of the Lohmeyer WWTP will not be reached until sometime after 2023. The maximum 3-month average daily flow for the Lohmeyer WWTP and information relating to the I&I projections are presented in the table captioned "Projected Wastewater Flows." See "WATER AND SEWER SYSTEM - The Sewer System - Wastewater Flows" herein. For information relating to revised population estimates and projections, see "WATER AND SEWER SYSTEM - Service Area Population Projections" herein.



Five years prior to reaching the permitted capacity of a wastewater treatment facility, FDEP requires the initiation of planning and preliminary design work for the plant expansion. Design of a plant expansion must be initiated if capacity is to be reached in 4 years, permitting must be initiated if capacity will be reached within 3 years and construction and operation permitting must be completed if capacity will be reached within 6 months. Based on the projected maximum 3-month average daily flow for the Lohmeyer WWTP, as modified to reflect revised population and I&I projections, expansion of the Lohmeyer WWTP from 56.6 to 61 mgd, as discussed in the 2007 Wastewater Master Plan Update, should not be required until sometime after 2023 and initiation of planning and preliminary design work will not be required until sometime after 2018. Construction of such an expansion has been estimated to take approximately 2 years.

**Regulatory Impact.** FDEP has given consideration to requiring Class A or AA lime stabilization before land application of solids or immediate incorporation of the solids into the soil. The timing for promulgation of any new rule is not currently known, however, it is anticipated that a lengthy implementation schedule of 7 - 10 years will be allowed. The FDEP permit for the Lohmeyer WWTP provides for reopening of the permit "at any time to require additional monitoring or reduced phosphorus loading rates for the land application sites." The City has a long-term contract with a private company to treat its biosolids at a residuals management facility to Class AA standards for use beneficially for land application or as biofuel. See "WATER AND SEWER SYSTEM - The Sewer System - Wastewater Treatment Facility" herein.

The Lohmeyer WWTP has consistently met all federal, state and local requirements for residuals and effluent quality. Pretreatment permits are in place with all significant industrial dischargers, each of which is currently meeting the terms of those permits.

The Sewer System service area is located in a critical water supply area, as designated by the SFWMD. As such, Florida Administrative Code Section 62-40.416 requires a reasonable amount of reuse of reclaimed water unless it is not economically, environmentally, or technically feasible. Section 403.064 of the Florida Statutes also requires domestic wastewater treatment plant permit applicants in a critical water supply problem area to submit a reuse feasibility study as part of their permit applications.

A wastewater reuse feasibility study was performed by the consulting engineers for the City in 1994. The study evaluated a wide range of alternatives for the beneficial reuse of wastewater in the Sewer System service area. The 1994 study concluded that wastewater reuse was not economically feasible in the City. However, conditions have changed in recent years, increasing the urgency of implementing a wastewater reuse system in the City. The City initiated an Alternative Water Supply Feasibility Study in 2007 that considered five potential project alternatives for a reclaimed water system that would treat sufficient flow to postpone or eliminate projected upgrades to the Lohmeyer WWTP (up to 12 mgd), provide high-quality reclaimed water for recharge purposes, and potentially provide offsets or credits to the City's raw water withdrawal limitations.

The 2007 Alternative Water Supply Study identified the use of a membrane bioreactor treatment process to be located at the City's former composting facility site as the most beneficial reclaimed water alternative. The proposed facility could provide for treatment of 12 mgd of potential reuse water. However, the 2007 Alternative Water Supply Study concluded that a cost-benefit analysis would need to be performed by the City to determine the advisability of implementing the proposed project. Based on preliminary cost estimates, the reuse treatment facility would cost \$53 million more than conventional water capacity and wastewater treatment capital improvements. Implementation of the reuse treatment facility, therefore, was determined to be inadvisable.

As part of its consumptive use permit for the Water System, the City is required to implement a water conservation plan that includes ongoing evaluation and implementation of alternatives, including reuse. To date, the City has implemented certain water conservation efforts, including limiting irrigation hours, instituting low flow plumbing measures and adopting a water conservation based rate structure. The City will continue to evaluate ideas and proposals to implement an effective and economical water conservation plan.

In the last year there were some minor surface water discharges from the emergency outfall at the Lohmeyer WWTP during peak flow conditions. The City is currently rehabilitating the injection wells to restore their injection capacity to their original permitted levels, which will restore the capability to handle peak flows and avoid future surface water overflows. The overflows have been reported to the FDEP in conjunction with the mitigation plan to rehabilitate the injection wells. Although no assurance can be given that FDEP will not issue citations for the overflows that have occurred, no citations have been issued thus far. Since the discharges were minor and mitigation actions have been taken, any citations or violations, if issued, are expected to be minimal and are not expected to have any material, adverse impact on the operations of the Water and Sewer System or upon Net Revenues.

The City currently disposes of treated wastewater by using five existing deep injection wells that discharge into the boulder zone, which is located between 3,000 and 5,000 feet underground. This disposal is regulated under the FDEP Underground Injection Control Program. FDEP issues operating permits for the injection wells on a five year cycle. Such operating permit cycle requires that the City conduct mechanical integrity testing of each well at the end of the five year period and that the City monitors for upward movement of effluent out of the injection zone by use and testing of dedicated monitoring wells in overlying transmissive intervals. The FDEP operating permit was issued for the City's five Class I underground injection wells on January 23, 2012, with the permit scheduled to expire on January 22, 2017.

In 1991 a monitoring well at the disposal site gave evidence that secondary effluent was appearing in an interval in the Floridan Aquifer above the injection zone. While such evidence did not represent a threat to underground sources of drinking water, it constituted a violation of the conditions of the City's Underground Injection Control operating permits for the then-existing four injection wells. To address the violation, the City entered into a consent agreement with FDEP that established the conditions under which the wells would continue to operate and established the protocol for the investigation and remediation of the permit violation. The subsequent investigation found that the cause of migration was not confinement of the injection zone but rather the failure of the mechanical integrity of the monitoring well. In response to such finding, the City remediated the failed monitoring well, identified a new monitoring interval below the impacted zone, constructed two new monitoring wells, and conducted mechanical integrity testing on the then-existing four injection wells. The City's response demonstrated the integrity of the disposal system and in December of 1995, FDEP issued new operating permits for the injection wells and issued a construction permit for the fifth and final deep injection well to be constructed at the site.

In March of 2001, the City completed the operational testing of the fifth deep injection well and submitted the operating permit application. FDEP completed its review process for the City's Underground Injection Control operating permit applications that included site specific conditions that will govern the operation of the City's five wells. The City's injection wells are currently listed on the FDEP second tier level of concern. The City has attempted to be removed from the second tier level of concern, since it feels such listing was made in error due to an erroneous reading from one of the City's monitoring wells. Thus far, the City has not received any indication as to whether or when the wells will be removed from FDEP's second level of concern.

In December 2005, the EPA issued a new Underground Injection Control Rule. FDEP has been delegated responsibility for implementation of the rule in Florida. The rule will require wastewater systems that determine that there has been an upward migration of wastewater effluent from a deep injection well into the lower Floridan Aquifer to implement certain measures to address the problem. The measures required of such wastewater systems include the implementation of (i) filtration, treatment and high level disinfection of their effluent and (ii) reuse of at least forty percent (40%) of their total wastewater flows. Implementation of these measures within 5 years of determining that there is upward migration of the effluent will allow a wastewater system to continue to operate its deep injection disposal well.

The City has reviewed the EPA's Underground Injection Control Rule to evaluate its options for addressing the requirements of the rule, should it become subject to such requirements in the future. However, the City has not identified any upward migration of its wastewater effluent that would require it to implement the measures required by the Underground Injection Control Rule. The City monitors migration of its effluent on a daily basis. The Underground Injection Control Rule will require the implementation of high level disinfection of the City's wastewater effluent for any new disposal well that the City may need in the future.

### **Customer Classification/Growth**

The City classifies the customers of the Water and Sewer System into two residential (i.e., single-family and multi-family) and six non-residential (i.e., commercial, government/exempt, master meter, sprinkler/irrigation meter, fire protection and unimproved) categories. Based on the 2010 Census, the total population served by the City, as of 2010, is estimated to be approximately 213,000 in the service area of the Water System and approximately 174,000 in the Sewer System service area. From the estimates provided in the 2010 Census and other factors relating to population trends in the Fort Lauderdale area, the SFWMD projects that, as of December 31, 2015, the population in the service area of the Water System will be approximately 218,000 and the population in the service area of the Sewer System will be approximately 180,000. Such population estimates and projections are significantly less than amounts previously provided.

The 2007 Water Master Plan Update projected the population of the Water System service area to be approximately 248,000 permanent residents in 2010, with growth to approximately 260,000 by 2015 and 310,000 by 2030. Similarly, the 2007 Wastewater Master Plan Update projected the population of the Sewer System service area to be approximately 234,000 permanent residents in 2010, with growth to approximately 243,000 by 2015 and 283,000 by 2030. The current population estimate for 2010 of approximately 213,000 for the Water System represents a decrease from the amount reported in 2012, when the Series 2012 Bonds were issued, of 1,000 (or 0.5%), a decrease from the amount reported in 2010, when the Series 2010 Bonds were issued, of 18,000 (or 7.8%) and a decrease from the amount projected in the 2007 Water Master Plan Update of 35,000 (or 14.1%). Similarly, the current population estimate for 2010 of approximately 174,000 for the Sewer System represents a decrease from the amount reported in 2012, when the Series 2012 Bonds were issued, of 27,000 (or 13.4%), a decrease from the amount reported in 2010, when the Series 2010 Bonds were issued, of 41,000 (or 19.1%) and a decrease from the amount projected in the 2007 Wastewater Master Plan Update of 60,000 (or 25.6%).

Significantly lower population growth rates in the service area of the Water and Sewer System than previously estimated, projected or forecasted are believed to be the result of several factors, including, without limitation, slower economic activity in recent years than previously anticipated and resulting changes in development patterns. For a more detailed discussion of the changes in population trends in the Water and Sewer System service areas, see "WATER AND SEWER SYSTEM - Service Area Population

Projections” herein and “APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report” and, in particular, Section 2.3 of Appendix B.

The table set forth below reflects the historical number of active and inactive Water and Sewer System customer accounts for calendar years 2010 through 2014 and the projected accounts for calendar years 2015 through 2019.

**Historical and Projected Water and Sewer Accounts**

		<u>Actual<sup>(1)</sup></u>					<u>Projected<sup>(2)</sup></u>				
<u>Accounts</u>		<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(3)</sup></u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water	Active	57,249	58,911	59,407	59,762	60,146	60,447	60,749	61,053	61,358	61,665
	Inactive <sup>(4)</sup>	<u>5,047</u>	<u>3,526</u>	<u>3,167</u>	<u>2,938</u>	<u>2,953</u>	<u>2,967</u>	<u>2,982</u>	<u>2,997</u>	<u>3,012</u>	<u>3,027</u>
	Total	<u>62,296</u>	<u>62,437</u>	<u>62,574</u>	<u>62,700</u>	<u>63,099</u>	<u>63,414</u>	<u>63,731</u>	<u>64,050</u>	<u>64,370</u>	<u>64,692</u>
% increase - prior year:											
	Active	-1.0%	2.9%	0.8%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
	Inactive <sup>(4)</sup>	-20.5%	-30.1%	-10.2%	-7.2%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	Total	-3.0%	0.2%	0.2%	0.2%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
Sewer	Active	43,098	45,727	46,299	46,790	47,050	47,285	47,522	47,760	47,998	48,238
	Inactive <sup>(4)</sup>	<u>5,875</u>	<u>4,404</u>	<u>4,249</u>	<u>4,167</u>	<u>4,188</u>	<u>4,209</u>	<u>4,230</u>	<u>4,251</u>	<u>4,272</u>	<u>4,294</u>
	Total	<u>48,973</u>	<u>50,131</u>	<u>50,548</u>	<u>50,957</u>	<u>51,238</u>	<u>51,494</u>	<u>51,752</u>	<u>52,011</u>	<u>52,271</u>	<u>52,532</u>
% increase - prior year:											
	Active	3.3%	6.1%	1.3%	1.1%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
	Inactive <sup>(4)</sup>	40.4%	-25.0%	-3.5%	-1.9%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	Total	6.7%	2.4%	0.8%	0.8%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%

Source: The Feasibility Report.

- (1) Based on City records of active and inactive service accounts.
- (2) Projected increases in customers are based on the forecasted population growth in Broward County, revised as of September 25, 2014.
- (3) Accounts are as of August 31.
- (4) Historical fluctuations reflect account clean-up efforts and other changes associated with implementation of the City’s new billing system in 2010.

The table set forth below reflects the forecasted population and active and inactive customer accounts by billing classification for customers in the Water System service area and for customers in the service area of the Sewer System. The information is as of December 31 in the years indicated and is based on population estimates, as revised in response to the estimates provided from the 2010 Census. See “WATER AND SEWER SYSTEM - Service Area Population Projections” herein. For the projected period, calendar year 2015 through 2019, the number of total Water System and Sewer System accounts is projected to increase at an average annual growth rate of slightly less than 0.5%.

**Water and Sewer Customers  
by Customer Classification**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>Water System</u></b>					
<i>Total Water Service Area Population</i>	217,998	219,088	220,183	221,284	222,391
<i>Services</i>					
Residential Customers	38,357	38,548	38,741	38,935	39,130
Commercial	5,828	5,857	5,886	5,916	5,945
Government (Exempt)	475	477	479	482	484
Master Meter	27	27	28	28	28
Sprinkler/Irrigation Meter	8,228	8,269	8,310	8,352	8,393
Multi-Family Customers	6,298	6,329	6,361	6,392	6,424
Unimproved	5	5	5	5	5
Fire Protection	1,230	1,236	1,243	1,249	1,255
<i>Total Water Services</i>					
Active	60,447	60,749	61,053	61,358	61,665
Inactive	<u>2,967</u>	<u>2,982</u>	<u>2,997</u>	<u>3,012</u>	<u>3,027</u>
<b>Total</b>	<b><u>63,414</u></b>	<b><u>63,731</u></b>	<b><u>64,050</u></b>	<b><u>64,370</u></b>	<b><u>64,692</u></b>
% Increase in Total Accounts	0.5%	0.5%	0.5%	0.5%	0.5%
<b><u>Sewer System</u></b>					
<i>Sewer Service Area Population</i>					
Sewered	179,903	181,062	182,221	183,379	184,538
Non-Sewered	<u>1,905</u>	<u>1,912</u>	<u>1,920</u>	<u>1,927</u>	<u>1,934</u>
<i>Total Sewer Service Area Population</i>	<b><u>181,808</u></b>	<b><u>182,974</u></b>	<b><u>184,141</u></b>	<b><u>185,306</u></b>	<b><u>186,472</u></b>
<i>Services</i>					
Residential Customers	35,336	35,512	35,690	35,868	36,048
Commercial	5,344	5,371	5,398	5,425	5,452
Government (Exempt)	424	426	428	431	433
Master Meter	1	1	1	1	1
Multi-Family	6,177	6,208	6,239	6,270	6,302
Unimproved	3	3	3	3	3
<i>Total Sewer Services</i>					
Active	47,285	47,522	47,759	47,998	48,238
Inactive	<u>4,209</u>	<u>4,230</u>	<u>4,251</u>	<u>4,272</u>	<u>4,294</u>
<b>Total</b>	<b><u>51,494</u></b>	<b><u>51,752</u></b>	<b><u>52,010</u></b>	<b><u>52,270</u></b>	<b><u>52,532</u></b>
% Increase	0.5%	0.5%	0.5%	0.5%	0.5%

Source: The Feasibility Report.

The following table reflects the largest users for the Water System for calendar year 2013. The combined usage of the Water System by the largest customers, as set forth in the following table, represents approximately twenty-one percent (21%) of the total consumption of the Water System.

**Largest Water System Users**

<u>Customer</u>	<u>Type of User/Business</u>	<u>Consumption<sup>(1)</sup></u>	<u>Percentage of Total Consumption</u>
<i>Wholesale Customers</i>			
City of Oakland Park	Wholesale User	1,118,214	8.58%
City of Wilton Manors	Wholesale User	503,267	3.86
Port Everglades Authority	Wholesale User	333,580	2.56
Town of Davie	Wholesale User	40,773	0.31
<i>Retail Customers</i>			
City of Fort Lauderdale	City Government	479,930	3.68
Broward County Jail	County Government	63,022	0.48
Imperial Point Hospital	Hospital	52,119	0.40
Florida Power & Light	Electric Utility	41,033	0.31
Marriott Beach Resort	Hotel	36,927	0.28
Broward General Hospital	Hospital	<u>33,646</u>	<u>0.26</u>
Total (Large Users)		<u>2,702,511</u>	<u>20.73%</u>
Total (All Water System Users)		13,033,837	100.0%

Source: The Feasibility Report.

(1) Based on annual water usage in thousands of gallons.

**Rates, Fees and Charges**

The City is responsible for establishing rates and charges for the services of the Water and Sewer System. The water and sewer rate charges are adopted through ordinance, which requires approval by the City Commission. Historically, through its staff and consultants, the City conducted an annual evaluation of water and sewer costs, revenues and debt service coverage requirements. After presentation of such evaluation to the City Commission, the City Commission determined whether rates for services of the Water and Sewer System should be adjusted and the amount of the adjustment required to continue to provide for the efficient operation and maintenance of the facilities and services of the Water and Sewer System.

In response to the changing environment impacting the Water and Sewer System, including changing weather patterns, changes in the availability of water resources and rising fixed and semi-variable costs, in 2008 the City retained consultants to conduct a comprehensive study of its rate structure and charges for utility services. Based on the recommendations of the rate study, in August 2009 (the "2009

Rate Study”), the City Commission approved changes to its rates for services provided by the Water and Sewer System, including a change: (i) in the rate structure for monthly service, which change was designed to address the impacts of reduced consumption resulting from SFWMD water restrictions during drought conditions, (ii) to increase the stability of the revenue stream generated by the Water and Sewer System and to increase such revenues by twenty percent (20%); (iii) to implement an increase in monthly service rates for the Water and Sewer System of five percent (5%); (iv) to increase impact fees charged for obtaining service from the Water and Sewer System by sixty-six percent (66%); and (v) to establish new rates for service availability charges imposed on all customers in inactive status that had their property previously classified as active.

In August 2009 the City also approved modifications to its drought rate ordinance to make the ordinance consistent with the City’s new Water and Sewer System rate structure. The drought rates are designed to maintain Water and Sewer System revenues as water usage declines during a State declared drought. As the SFWMD implements mandatory reductions in water use, the new drought rates automatically increase the volume charges per thousand gallons of water consumed to (i) provide incentives for customers to conserve water during the drought period and (ii) help maintain Revenues of the Water and Sewer System. Since the City’s new rate structure established rates and charges based on consumption levels experienced during a drought year, imposing surcharges for Phase I and Phase II water restrictions was determined to be unnecessary. As a result, the City’s August 2009 modifications to its drought ordinance eliminated surcharges previously authorized during Phase I and Phase II water restrictions.

The 2009 Rate Study also identified subsequent future annual changes in rates for service of the Water and Sewer System (effective at the beginning of each Fiscal Year) of five percent (5%) through Fiscal Year 2014 to satisfy projected annual operating expenses, capital funding requirements and debt service coverage, operating and capital reserve targets. However, the future annual increases were not presented to the City Commission for approval at the time the 2009 Rate Study was completed because the City expected that it would provide for an additional rate study to be conducted in Fiscal Year 2011 to determine an updated plan of annual rate increases for the Water & Sewer System. Such study was completed in October 2011 (the “2011 Rate Study”).

As a result of the analysis and conclusions of the 2011 Rate Study, the City Commission adopted an annual rate indexing policy of adjusting rates for services of the Water and Sewer System. The annual rate adjustment is scheduled to be the greater of (i) the annual change (measured in May of each year) in the United States Consumer Price Index Water & Sewerage Maintenance Series (the “CPI”), or (ii) five percent (5%). However, because of the increased expenses associated with the City’s new return on investment policy and increasing repair and replacement requirements for the Water and Sewer System, the 2011 Rate Study recommended an additional 1.0% and 1.75% rate increase for Fiscal Year 2012 and Fiscal Year 2013, respectively. The rate increase methodology and additional percentage amounts for Fiscal Years 2012 and 2013 recommended in the 2011 Rate Study were enacted by the City Commission in September 2011 and became effective as of October 1, 2011. Effective October 1, 2011, the City adopted a rate increase for services of the Water and Sewer System of 6.75 % for Fiscal Year 2012 (i.e., 5.75% actual change in the CPI for May 2011, plus an additional 1.0%). For Fiscal Year 2013 the City determined that it would adopt an additional 6.75% rate increase by establishing an annual increase of 5.0%, plus an additional 1.75%). By Ordinance, effective October 1, 2014, the City Commission established a 5.0% rate increase for Fiscal Year 2014 and a 5.0% annual increase for each Fiscal Year thereafter.

As part of its approval of the rate increases described above, the City Commission expressly committed to performing annual financial reviews by April 30<sup>th</sup> of each year to determine if, as of September 30<sup>th</sup> of the prior year, taking into account adjusted rates for services of the Water and Sewer

System, projected Revenues shall be in an amount in excess of the amount needed, based on the following criteria relating to the Water and Sewer System:

1. annual revenues exceed annual expenses,
2. net revenue is at or above two times annual debt service expenses,
3. there is an operating reserve at least equal to 120 days of operating costs,
4. there is an unrestricted capital reserve of at least \$10 million, and
5. there is replacement and repair funding of at least \$10 million.

If the City Manager determines that projected Revenues are in excess of the amount needed, based on the five criteria set forth above, the current customers of the Water and Sewer System shall receive a proportionate rebate of the excess funds on their water/wastewater bill in the same Fiscal Year. Conversely, the annual review described above may identify the need for an additional rate increase to meet the financial requirements of the Water and Sewer System.

The current rates of the Water and Sewer System, which became effective on October 1, 2014, are set forth in the Feasibility Report. For more detailed information concerning projections of customers of the Water and Sewer System and the rates and charges expected to be charged such customers, see "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report," including specifically, Exhibit 6-10 of the Feasibility Report.

The City's contracts with the large users of the Sewer System specify the basis to be used for the annual calculation of regional wastewater treatment rates. These contracts specify that the rates will be based on the regional system's budgeted costs. Budgeted costs include a component for the CIP, based on a renewal and replacement analysis of the wastewater treatment facilities, which is updated annually. At the end of each Fiscal Year, the rates are recalculated and each user provided either a credit or additional charge to equate their total bill to their proportionate share of the regional system's total costs for that year. The contracts for bulk water service do not specify the basis for their rate calculations. As such, in between periodic cost of service or rate studies, the City adjusts the rates for bulk users of the Water System by the same annual rate increases applied to the Water System's retail customers.

### **Comparative Rate Survey**

The following table presents a comparison of the monthly residential water and sewer bills for selected cities within Broward County and for Broward County as of May 2014. The City's total monthly water and sewer bill for residential customers consuming 5,000 gallons of water per month is \$51.88. This figure is among the lowest of all of the other communities surveyed. A more complete list of monthly residential water and sewer bills for cities surveyed in Broward County is provided in the Feasibility Report. See "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report." Monthly water and sewer bills do not include other surcharges and utility taxes and do not reflect drought rates that may apply.

The total annual bill for residential water and sewer service in the City, assuming 5,000 gallons of water usage per month, would amount to \$622.00. This represents approximately 1.2% of the median household annual income in Broward County, as reported in 2012, of \$51,603.



**Monthly Bill Comparison With Other Communities  
For Residential Water and Sewer Service  
(Based on 5,000 Gallons/Month)  
(As of May 2014)**

<u>Local Jurisdiction</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Town of Davie	\$35.62	\$66.45	\$102.07
City of Dania Beach	35.00	58.82	93.82
City of Weston	42.19	51.48	93.67
City of Wilton Manors	50.80	40.42	91.22
City of Parkland	48.85	37.49	86.34
City of Margate	28.11	54.60	82.71
City of Hollywood	26.92	54.28	81.20
City of Sunrise	33.73	41.17	74.90
City of Coconut Creek	39.08	30.00	69.08
Cooper City	25.94	39.36	65.30
City of Tamarac	20.71	40.62	61.33
City of Hallandale Beach	24.36	34.76	59.12
City of Miramar	25.89	32.95	58.84
Broward County	21.83	36.66	58.49
City of Lauderdale Lakes	21.83	36.66	58.49
City of Coral Springs	18.95	36.59	55.54
City of Deerfield Beach	28.25	24.53	52.78
City of Plantation	19.65	32.30	51.95
City of Lauderhill	18.57	33.37	51.94
<b>City of Fort Lauderdale</b>	<b>19.39</b>	<b>32.49</b>	<b>51.88</b>
City of Pompano Beach	24.08	25.76	49.84
City of Pembroke Pines	<u>22.62</u>	<u>26.19</u>	<u>48.81</u>
<b>Average</b>	<b>\$28.74</b>	<b>\$39.41</b>	<b>\$ 68.15</b>

Source: The Feasibility Report.

**Billing and Collection**

The City bills customers for water, sewer, sanitation and stormwater service on a single monthly bill. Unpaid billings amounted to approximately 4.0% of total billings as of July 2014. The City, however, has not written off its unpaid accounts for a number of years, which has caused the uncollected billing amount to increase relative to prior periods. The City Commission recently adopted a set of founding financial principals. The City is currently in the process of updating all of its current financial policies and developing new policies to support the founding financial principles. The City has set an internal deadline

of March 2015 to complete a revenue collections policy, which will govern how the City will handle write-offs. The City's latest upgrade to its billing system was placed in service during calendar year 2010.

### Revenues and Expenses

Set forth below are actual and projected revenues, expenses and debt service coverage for the Water and Sewer System. For an explanation of the assumptions made by the Feasibility Consultants in connection with the projections provided in the following table and the reasons provided for such assumptions, see "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report."

#### Historical and Projected Revenues, Expenses, Debt and Debt Service Coverage

<u>Fiscal Year</u>	<u>Gross Revenues<sup>(1)</sup></u>	<u>Operating Expenses<sup>(2)</sup></u>	<u>Net Revenue Available for Debt Service<sup>(1)</sup></u>	<u>Debt Service for Revenue Bonds<sup>(3)</sup></u>	<u>Debt Service Coverage for Revenue Bonds</u>	<u>Debt Service for State Revolving Fund Loan<sup>(4)</sup></u>	<u>Debt Service Coverage for Revenue Bonds and State Revolving Fund Loan</u>
2010 <sup>(5)</sup>	\$103,156,000	\$55,207,000	\$47,949,000	\$22,548,000	2.13x	\$6,424,000	1.66x
2011 <sup>(5)</sup>	105,231,000	50,958,000	54,273,000	26,654,000	2.04	6,581,000	1.63
2012 <sup>(5)</sup>	106,017,000	57,299,000	48,718,000	25,883,000	1.88	5,438,000	1.56
2013 <sup>(5)</sup>	121,076,000	65,202,000	55,874,000	26,219,000	2.13	6,523,000	1.71
2014	116,515,190	61,571,290	54,943,900	24,550,731	2.13	6,084,495	1.79
2015	122,474,207	64,148,208	58,326,000	24,550,730	2.38	6,565,662	1.87
2016	128,357,771	65,293,666	63,064,105	25,758,450	2.45	6,565,662	1.95
2017	134,552,900	66,509,347	68,044,553	25,756,325	2.64	6,565,662	2.11
2018	141,346,257	67,783,282	73,562,975	25,761,031	2.86	6,565,662	2.28
2019	148,528,414	69,120,125	79,408,289	25,661,806	3.09	6,565,662	2.46

Source: Feasibility Report.

- (1) Does not include revenues from Impact Fees, extension charges or interest on Bond funds. Impact Fees are not available to pay debt service on the Series 2014 Bonds but are available to pay debt service on the State Revolving Fund Loan, subject to applicable law relating to the use of such fees.
- (2) Includes personal services, Current Expenses and other non-operating expenses and excludes depreciation, interfund administrative costs and other costs.
- (3) Includes the Principal and Interest Requirements on all (i) Outstanding Bonds and (ii) the Series 2014 Bonds, assuming issuance of the Series 2014 Bonds in the aggregate principal amount of \$97,495,000 at a true interest cost of 3.068% for the purpose of advance refunding \$31,865,000 in aggregate principal amount of the Series 2006 Bonds and \$72,120,000 in aggregate principal amount of the Series 2008 Bonds. See "INTRODUCTION" herein.

- (4) Although included in the table demonstrating the amount of Net Revenues available to make debt service payments, the State Revolving Fund Loans have a subordinate lien on Net Revenues. The interest rate for the five (5) State Revolving Fund Loans that have been executed by the City in an amount totaling approximately \$104,000,000 is at a weighted average rate of approximately [2.40%] per annum. No additional State Revolving Fund Loans for improvements to the Water and Sewer System are currently expected to be executed by the City. See "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report."
- (5) Debt Service for Revenue Bonds reflects amount of Principal and Interest Requirements recorded by the City for such Fiscal Years, based on accrual method of accounting.

## **CONCLUSIONS OF THE FEASIBILITY CONSULTANTS**

CH2M HILL, Inc. and Burton & Associates, Inc. have been engaged by the City to serve as feasibility consultants for the Water and Sewer System in connection with the issuance of the Series 2014 Bonds (collectively, the "Feasibility Consultants") and, in such capacity, have prepared the Feasibility Report. The Feasibility Report provides a summary of the overall condition of the Water and Sewer System to support the issuance of the Series 2014 Bonds. The information contained in the Feasibility Report is a combination of information obtained from recent investigations and discussions with management and operations personnel of the Water and Sewer System and includes a review of, among other sources, the CIP, the Master Plan, the 2007 Master Plan Update, the comprehensive annual financial reports of the City for Fiscal Years ended September 30, 2010 through 2013, the City's annual operating budgets for Fiscal Years September 30, 2010 through 2015, the City's SFWMD water use permit, the financial, billing and operating data of the City, the 2009 Rate Study, the 2011 Rate Study, and other files of the City and of the Water and Sewer System maintained by the Feasibility Consultants.

Set forth below are certain conclusions reached by the Feasibility Consultants in the Feasibility Report. Reference is made to the complete Feasibility Report for a more detailed discussion of the information relied upon by the Feasibility Consultants to reach the following conclusions and the assumptions upon which such conclusions are based. See "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report." In the opinion of the Feasibility Consultants, the assumptions upon which the following conclusions are based are reasonable.

1. The City's water treatment and distribution and wastewater collection and treatment system facilities are well maintained, well managed and in good operating condition. Effective planning policies provide for the inspection, repair, improvement and replacement of facilities and have enabled the City to meet state and federal regulations.

2. The Water System has sufficient physical capacity to meet existing and projected demands throughout the study period of the Feasibility Report (Fiscal Years 2015 through 2019) and the Sewer System, including the City's wastewater treatment facilities, has the capacity to handle projected flows throughout such study period. Regulatory approval of the expansion of the Sewer System treatment facilities' permitted capacity, up to its physical capacity, was approved by the FDEP on March 16, 2004. Projected wastewater flows presented in the 2007 Wastewater Master Plan Update anticipate wastewater flows reaching the wastewater treatment capacity of the Sewer System in 2016. However, other improvements being made to the Sewer System, together with recent reductions in population projections, are expected to extend the effective permitted capacity of the Lohmeyer WWTP. As a result, construction of an expansion of the Lohmeyer WWTP is not expected to be needed until at least after 2023.

3. The City is meeting all regulatory requirements for the Water and Sewer System and is planning for regulatory requirements that the City anticipates may be imposed on the Water and Sewer

System. The CIP includes improvements to address anticipated regulatory requirements and the financial plan for improvements to the Water and Sewer System, as described in the Feasibility Report, incorporates plans for funding of such improvements.

4. Key staff are well qualified and capable of managing current responsibilities and planning for implementation of future improvements.

5. The findings set forth in the Feasibility Report assume that the City will continue to adjust the rates charged customers of the Water and Sewer System annually, based on the approved indexing adjustment policy embodied in the City's rate ordinance and described in the Feasibility Report. Except in 2000, the City has been following a practice of increasing rates for the Water and Sewer System on an annual basis since 1993 to cover operating cost increases, with occasional supplemental increases as needed to cover other financial needs.

6. Revenues under the projected rates presented in the Feasibility Report will be sufficient to meet all operating and other expenses, including debt service payments, bond debt service reserve requirements and coverage requirements during the study period of the Feasibility Report. The projected rates will also provide sufficient funds for planned capital improvement expenditures that are expected to be funded from current revenues. The City's current Water and Sewer System rates are lower than those charged by most of the other municipalities in South Florida.

7. The projected expenses of the Water and Sewer System, revenues to be generated by the Water and Sewer System and the sources of funds projected to be available to fund scheduled or anticipated improvements throughout the study period of the Feasibility Report are reasonable.

8. Improvements to be made to the Water and Sewer System have been or are expected to be designed in accordance with usual and customary engineering practices and involve proven technology and proven configurations of that technology.

9. In the opinion of the Feasibility Consultants, the City's proposed issuance of the Series 2014 Bonds in the aggregate principal amount set forth in this Official Statement for the purposes described in the Feasibility Report is an advisable undertaking.

## **CAPITAL IMPROVEMENT PROGRAM**

### **General**

The 2007 Master Plan Update contains recommendations for improvements to the Water and Sewer System through Fiscal Year 2027. The proposed Water System capital improvements identified in the 2007 Master Plan Update consist of proposed water pumping, transmission and storage system improvements, including new, large water transmission lines, facilities improvements and large water main replacements. The proposed Sewer System capital improvements identified in the 2007 Master Plan Update include the proposed rehabilitation of numerous pump stations, force main replacements and facilities improvements. Most of the proposed capital improvements scheduled for construction prior to the end of Fiscal Year 2019 that are identified in the 2007 Master Plan Update primarily consist of improvements that are part of the City's existing regional wastewater treatment renewal and replacement program, or water supply or wastewater collection system renewal and replacement program.

## **Water System Improvements**

In addition to the renewal and replacement projects for the Water System contemplated in the 2007 Water Master Plan Update, the permit issued by the SFWMD for operation of the Water System provides for withdrawals of raw water from the Floridan Aquifer via 2 existing and 14 proposed withdrawal facilities, and from the Biscayne Aquifer via 64 existing and 2 proposed withdrawal facilities. The Floridan Aquifer withdrawals will require treatment by a new reverse osmosis system to be constructed at the Peele-Dixie WTP. Previously the new reverse osmosis facility was expected to be needed by 2013. However, because of reductions in population estimates and projections and other improvements to the facilities of the Water System, and as a result of a reduction in demand following various water conservation initiatives, the City's existing raw water supply and treatment facilities are expected to meet its service area demands through at least 2023.

If and when constructed, the new reverse osmosis facility is expected to have a finished water capacity of 6 mgd. Currently, expenditures for the treatment facility have been deferred until demands on the Water System dictate the need for the additional capacity. To meet future demands, the City is also studying the feasibility of several alternative water sources and offset projects, including additional Floridan Aquifer use, stormwater capture projects, reuse, and other alternative water supply projects. See "WATER AND SEWER SYSTEM - The Water System - Regulatory Impacts" herein.

Other planned improvements to the facilities of the Water System include a number of new, large water mains, raw water supply and treatment renewal and replacement projects, and large and small water main replacements. Planned improvements to the Water System during Fiscal Years 2015 through 2019 are expected to total approximately \$48.9 million. Such costs are expected to be paid from revenues of the Water and Sewer System.

## **Sewer System Improvements**

The proposed wastewater system improvements identified in the 2007 Wastewater Master Plan Update include renewal and replacements at the regional treatment facilities of the Sewer System and sewer line replacements. The City's recently completed *Waterworks 2011* capital improvement program replaced more than 42 miles of small water mains, installed 112 miles of gravity sewers and rehabilitated 60 miles of sewer lines. Current projections for ongoing repair and replacement of the Sewer System's wastewater collection and transmission facilities amount to approximately \$11.0 million during Fiscal Years 2015 through 2019. For the regional treatment facilities of the Sewer System during Fiscal Years 2015 through 2019, repair and replacement costs are estimated to total approximately \$27.7 million, with approximately \$6.2 million scheduled in Fiscal Year 2015 and approximately \$5.4 million scheduled for each of the Fiscal Years 2016 through 2019. All of such repair and replacement costs are expected to be paid from revenues of the Sewer System.

For a more detailed discussion of the improvements to the Water and Sewer System contemplated in the 2007 Master Plan Update or in the CIP and the sources of funds to be used to make such improvements, see "APPENDIX B - Series 2014 Water and Sewer Revenue Refunding Bonds Feasibility Report" and, in particular, see Section 5 of the Feasibility Report.

## **LITIGATION**

There is no litigation or administrative proceeding, other than as is disclosed in this Official Statement, of any nature, now pending or, to the best knowledge of the City, threatened against the City which, in the opinion of the City Attorney, will have any material adverse effect on the Revenues derived

by the City from the Water and Sewer System. At the time of the delivery of the Series 2014 Bonds, the City will deliver a certificate to the effect that no litigation or other proceedings are pending or, to the best knowledge of the City, threatened against the City in any way (1) restraining or enjoining the issuance, sale or delivery of the Series 2014 Bonds or (ii) questioning or affecting the validity of the Series 2014 Bonds or any proceedings of the City taken with respect to the authorization, sale, execution or issuance of the Series 2014 Bonds or of the pledge of any moneys or other security provided for the Series 2014 Bonds.

The City experiences routine litigation and claims incidental to the conduct of municipal affairs. In the opinion of the City, there are no lawsuits presently pending or, to the best of the City's knowledge, threatened, the adverse outcome of which would impair the City's ability to perform its obligations to the owners of the Series 2014 Bonds.

### LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2014 Bonds, including their legality and enforceability and the exclusion of interest on the Series 2014 Bonds from gross income for federal income tax purposes, are subject to the legal opinions of Greenberg Traurig, P.A., Fort Lauderdale, Florida, Bond Counsel, whose legal services as Bond Counsel have been retained by the City. The signed legal opinions of Bond Counsel, substantially in the form attached hereto as APPENDIX E, dated and premised on law in effect as of the original delivery of the Series 2014 Bonds, will be delivered to the City and the Underwriters on the date of issuance of the Series 2014 Bonds.

The actual legal opinions to be delivered may vary from the form attached hereto to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distribution of the opinions by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinions subsequent to their date of issuance.

Certain legal matters incident to the issuance of the Series 2014 Bonds relating to disclosure will be passed on for the City by the Law Offices of Steve E. Bullock, P.A., Miramar, Florida, whose legal services as Disclosure Counsel have been retained by the City. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2014 Bonds, will be delivered to the City and the Underwriters on the date of issuance of the Series 2014 Bonds.

The proposed text of the legal opinion of Disclosure Counsel is set forth as APPENDIX F to this Official Statement. The actual legal opinion to be delivered may vary from the text attached hereto if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Disclosure Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date of issuance.

Certain legal matters will be passed on for the City by Cynthia A. Everett, Esquire, Fort Lauderdale, Florida, City Attorney. Bond Counsel and Disclosure Counsel will receive fees for services provided in connection with the issuance of the Series 2014 Bonds, which fees are contingent upon the issuance of the Series 2014 Bonds.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Series 2014 Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated

by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Series 2014 Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Resolution and the Series 2014 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2014 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery and to general principles of equity (whether sought in a court of law or equity).

## **TAX MATTERS**

### **General**

In the opinion of Greenberg Traurig, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2014 Bonds. Failure to comply with such covenants could cause interest on the Series 2014 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2014 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2014 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75 percent of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Series 2014 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2014 Bonds. The extent of these other tax consequences will depend on such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2014 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2014 Bonds.

Bond Counsel is also of the opinion that, under existing State of Florida statutes, the Series 2014 Bonds and the income therefrom are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2014 Bonds under the laws of the State of Florida or any other state or jurisdiction.

### **Original Issue Discount**

The Series 2014 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

### **Original Issue Premium**

The Series 2014 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect



to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

### **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2014 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2014 Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2014 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2014 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2014 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2014 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2014 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2014 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES 2014 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2014 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2014 BONDS.**

### **CONTINUING DISCLOSURE**

For the benefit of the holders and beneficial owners from time to time of the Series 2014 Bonds, the City will covenant, in accordance with and as the only obligated person with respect to the Series 2014 Bonds under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), to provide or cause to be provided certain financial information and operating data relating to the City and the Net Revenues, not later than 243 days following the end of each Fiscal Year (the "Annual Report"), and notices of material events, in such manner as may be required for purposes of paragraph (b)(5) of the Rule. The Annual

Report and notices of material events will be electronically filed by the City with the Municipal Securities Rulemaking Board at <http://emma.msrb.org/>. The specific nature of the information to be contained in the Annual Report and the notices of material events are contained in "APPENDIX G - Form of Continuing Disclosure Commitment." The covenants of the Continuing Disclosure Commitment have been made in order to assist the Underwriters in complying with clause (b)(5) of the Rule.

Except as may be otherwise set forth below, the City has complied in all material respects with its previous undertakings made with respect to the Rule, and is currently in compliance with such undertakings. Any failure to comply with the provisions of the Continuing Disclosure Agreement shall not constitute a default under the Resolution and any failure of the City to comply with its previous continuing disclosure undertakings are not defaults under the authorizing resolutions or continuing disclosure commitments pursuant to which prior continuing disclosure undertakings were created.

The City has bonds outstanding that were originally insured by either MBIA Insurance Corporation ("MBIA Corp.") or Financial Guaranty Insurance Company ("FGIC"). On May 14, 2009 the City filed notice with appropriate information repositories of the ratings downgrades of MBIA Corp. and FGIC. On December 20, 2011, the City filed notice electronically with the MSRB of the ratings downgrades by Moody's (as hereinafter defined) of National Public Finance Guarantee Corporation and its parent company, MBIA Inc., and the placement of the ratings of MBIA Corp. under review for possible downgrade. No other notice filings were made by the City in connection with other announcements of ratings downgrades of either MBIA Corp. or FGIC. Following the amendments to the Rule which became effective on December 1, 2010 and which, among other things, changed the standard for the filing of material event notices, the City intends to file notices of future ratings downgrades of insurers providing a policy of insurance for any of the City's outstanding bonds. As a result, notice filings relating to insurer ratings changes were made by the City in 2012 and 2013.

In order to provide certain continuing disclosure with respect to the Series 2014 Bonds in accordance with the Rule, the City will retain the services Digital Assurance Certification, L.L.C. ("DAC") to serve as Dissemination Agent in accordance with the terms of the Continuing Disclosure Commitment. The obligation of DAC to deliver the information at the times, and with the contents described in the Continuing Disclosure Commitment is limited by and in all respects subject to the receipt by DAC of such information from the City in the time periods required for its delivery. The specific obligations and responsibilities of DAC with respect to the continuing disclosure requirements of the Rule and its duties and limitations of liability as Dissemination Agent under the Continuing Disclosure Commitment are described in "APPENDIX G - Form of Continuing Disclosure Commitment."

## PENSION PLANS

### Defined Benefit Plans

*General Employees Retirement System.* The General Employees Retirement System (the "GERS") is a single-employer defined benefit plan administered by an eight (8) member board of trustees. The GERS covers all City employees, except police and firefighters. Through collective bargaining with the general, supervisory and professional City employees, a new single-employer defined contribution pension plan was established for Teamster Union employees hired on or after October 1, 2007, Supervisory Union employees hired on or after November 7, 2007, and all other non-union employees hired on or after February 20, 2008. The GERS was then closed to new entrants.

Under Ordinance No. C-11-34 adopted by the City Commission on December 6, 2011, a Bonus Incentive Program was offered to members of the GERS eligible for either early or normal retirement as

of December 1, 2011. Eligible members were granted thirty (30) additional months of service for both benefit and eligibility purposes if, during the election period from December 7, 2011 through February 1, 2012, they elected to retire between December 14, 2011 and March 16, 2012. There were 134 members who elected to retire under the Bonus Incentive Program for GERS members. The impact of the Bonus Incentive Program reflects the replacement of twenty percent (20%) of the members who retired under the program with promotions of the highest-paid remaining active members. The salaries of expected promoted members were increased by five percent (5%).

The City's payroll for employees covered by the GERS after the plan change applicable to the September 30, 2012 actuarial valuation was approximately \$58,373,000. The total City payroll at that time was approximately \$163,886,800. As of the valuation date, employee membership data related to the GERS was as follows:

Retirees and beneficiaries currently receiving benefits	1,322
Terminated employees entitled to benefits but not yet receiving them	117
Fully, partially and non-vested active plan participants	985
Participants in DROP (as hereinafter defined)	22

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

Under the vesting provisions of the GERS, employees are entitled to one hundred percent (100%) of normal retirement benefits after five (5) years of service. Employees who are terminated prior to vesting are entitled to a refund of employee contributions, plus interest at three percent (3%) per year. Employees are eligible to retire after thirty (30) years of service, regardless of age, or at age fifty-five (55), with five (5) years of service. Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (the "DROP"). Each participant of the GERS in the DROP has an account credited with benefits not received, plus interest. Participation in the DROP must end no later than thirty-six (36) months after normal retirement. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to one hundred (100%) of normal retirement benefits after ten (10) years of service, beginning at age sixty-five (65).

Employees contribute from four to six percent (4% to 6%) of their earnings to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of September 30 each year. For the 2013 Fiscal Year, the City's contribution rate, as a percentage of annual covered payroll, was 274.0%.

Police and Firefighters Retirement System. The Police and Firefighters Retirement System (the "PFRS") is a single-employer defined benefit plan administered by an eight (8) member board of trustees. The PFRS covers all of the City's police and firefighters. **None of the employees of the Public Works Department or other individuals employed by the City to provide services for the Water and Sewer System are covered by or eligible to receive benefits from the PFRS.**

The City's payroll for employees covered by the PFRS applicable to the December 31, 2012 actuarial valuation was approximately \$69,706,576. The total City payroll at that time was approximately \$161,783,300. As of the valuation date, employee membership data related to the PFRS was as follows:

Retirees and beneficiaries currently receiving benefits	887
Terminated employees entitled to benefits but not yet receiving them	20
Fully, partially and non-vested active plan participants	785
Participants in DROP	85

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report  
for Fiscal Year Ended September 30, 2013.

Under the vesting provisions of the PFRS, employees are entitled to one hundred percent (100%) of normal retirement benefits after ten (10) years of service. Employees who are terminated prior to vesting are entitled to a refund of employee contributions, plus interest at three percent (3%) per year. Employees are eligible to retire after twenty (20) years of service, regardless of age, or at age fifty-five (55), with ten (10) years of service. Members who continue in employment after completion of twenty (20) years of service may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Each participant of the PFRS in the DROP has an account credited with benefits not received, plus interest. Participation in the DROP must end no later than sixty (60), seventy-two (72), eighty-four (84) or ninety-six (96) months after normal retirement, depending on years of service.

The City contributes \$400 per month for health insurance benefits to employees covered under the PFRS who retire after their normal retirement date. Effective October 1, 2009 employees who are granted a service incurred disability pension are also eligible to receive \$400 per month for health insurance benefits. The \$400 per month for health insurance benefit (i) becomes effective (a) beginning the month following an eligible employee's termination from employment with the City after the employee's normal retirement date or (b) upon an effective October 1, 2009 employee being granted a service incurred disability pension; and (ii) ceases upon such employee attaining Medicare eligibility. Police Officers hired on or after April 1, 2014 are not eligible to receive the \$400 per month for health insurance benefit provided under the PFRS.

Employees hired on or before April 18, 2010 contribute eight percent (8%) of their earnings to the plan. Employees hired after April 18, 2010 contribute eight and one-half percent (8.5%) of their earnings to the plan. In addition, contributions in the amount of \$6,352,818 were received from the State from fire and casualty insurance premium taxes. These on-behalf payments were also recognized as tax revenues and public safety expenditures in the General Fund. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of December 31 each year. For the 2013 Fiscal Year, the City's and the State's contribution rates, as percentages of annual covered payroll, were 288.2% and 9.7%, respectively.

The benefit provisions and all other requirements of the City's defined benefit plans are established by ordinance enacted by the City Commission.

*Annual Pension Cost and Funding Status.* Annual pension cost is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The annual pension cost for the GERS and the PFRS for the last three (3) Fiscal Years are as follows:

**City of Fort Lauderdale, Florida**  
**GERS Annual Pension Fund Costs**

Fiscal Year Ended <u>September 30</u>	Annual Pension <u>Cost</u>	Amount <u>Contributed</u>	Percent <u>Contributed</u>	Net Pension <u>Asset</u>
2011	\$21,498,801	\$ 21,498,801	100%	-
2012	22,369,549	22,369,549	100	-
2013*	13,560,634	159,943,525	1,179	\$(146,382,891)

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

\* Change in amounts for Fiscal Year 2013 reflects issuance of the \$337,755,000 City of Fort Lauderdale, Florida Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project) (the "Pension Bonds") on October 3, 2012 for the primary purpose of funding seventy-five percent (75%) of the unfunded actuarial accrued liability of the GERS and the PFRS (determined as of the most recent valuation date for the GERS and the PFRS, respectively, preceding issuance of the Pension Bonds) (the "UAAL"), including, without limitation, a repayment to the City of seventy-five percent (75%) of its contribution to the PFRS to prefund the City's UAAL portion of its Annual Required Contribution to the PFRS for Fiscal Year 2013 (collectively, the "Pension Funding Project").

**City of Fort Lauderdale, Florida**  
**PFRS Annual Pension Fund Costs**

Fiscal Year Ended <u>September 30</u>	Annual Pension <u>Cost</u>	Amount <u>Contributed</u>	Percent <u>Contributed</u>	Net Pension <u>Asset</u>
2011	\$30,441,767	\$ 30,441,767	100%	-
2012	30,684,942	30,684,942	100	-
2013*	17,799,540	188,241,999	1,058	\$(170,442,459)

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

\* Change in amounts for Fiscal Year 2013 reflects issuance by the City of the Pension Bonds on October 3, 2012 to finance the Pension Funding Project.

The City's net pension asset related to the GERS and the PFRS for the Fiscal Year ended September 30, 2013 is as follows:

**City of Fort Lauderdale, Florida  
GERS and PFRS Net Pension Asset  
for Fiscal Year 2013 \***

	<u>GERS</u>	<u>PFRS</u>	<u>Total Net Pension Asset</u>
Annual Required Contribution	\$ 13,560,634	\$ 17,799,540	\$ 31,360,174
Contribution Made	<u>159,943,525</u>	<u>188,241,999</u>	<u>348,185,524</u>
Increase in Net Pension Asset	(146,382,891)	(170,442,459)	(316,825,350)
Net Pension Asset (Beginning of Year)	<u>—</u>	<u>—</u>	<u>—</u>
Net Pension Asset (End of Year)	<u>\$(146,382,891)</u>	<u>\$(170,442,459)</u>	<u>\$(316,825,350)</u>

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

\* Reflects issuance by the City of the Pension Bonds on October 3, 2012 to finance the Pension Funding Project.

The funding status (in millions) for the GERS and for the PFRS, as of the three (3) most recent valuation dates for each plan, is as follows:

**City of Fort Lauderdale, Florida  
GERS Funding Status  
(in millions)**

<u>GERS Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
9/30/10	\$353.5	\$499.9	\$146.4	70.7%	\$71.4	205.0%
9/30/11	355.7	536.7	181.0	66.3	60.6	298.7
9/30/12	500.0	551.3	51.3	90.7	58.3	88.0

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

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**City of Fort Lauderdale, Florida**  
**PFRS Funding Status**  
(in millions)

<u>PFRS Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability Entry Age</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/10	\$482.2	\$674.2	\$192.0	71.5%	\$62.6	306.7%
12/31/11	669.4	724.1	54.7	92.4	65.3	83.8
12/31/12	692.5	733.3	40.8	94.4	69.7	58.5

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

For detailed information relating to the actuarial methods and assumptions used to determine annual required contributions for the GERS and the PFRS, see "APPENDIX C - Basic Financial Statements of the City for the Fiscal Year ended September 30, 2013" and, in particular, the subsection entitled "Actuarial Methods and Assumptions" in Note 15 of the Notes to the Financial Statements.

The GERS and the PFRS each issue separate financial statements which can be obtained from the board of trustees for the respective pension plans or from the City. Such financial statements are issued annually.

**Defined Contribution Plans**

*General Employees Defined Contribution Plan.* The General Employees Defined Contribution Plan is a single-employer defined contribution plan administered by the City. The plan covers all City employees hired on or after October 1, 2007, except police and firefighters. The City's 2013 Fiscal Year payroll for employees covered by the plan was approximately \$12,433,000. The total City payroll for the 2013 Fiscal Year was approximately \$158,475,000.

The City contribution requirement of nine percent (9%) on earnings of participants in the General Employees Defined Contribution Plan was paid on a biweekly basis and amounted to \$1,120,368 for the 2013 Fiscal Year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry.

*General Employees Special Class Plan.* The General Employees Special Class Plan is a single-employer defined contribution plan administered by the City. The plan is available to City employees, except police and firefighters, as an alternative to participation in the GERS. The City's 2013 Fiscal Year payroll for employees covered by the plan was approximately \$46,900. The total City payroll for the 2013 Fiscal Year was approximately \$158,475,000.

The City contribution requirement of 21.51% on earnings of participants in the General Employees Special Class Plan was paid on a biweekly basis and amounted to \$15,356 for the 2013 Fiscal Year.

Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry. The plan is no longer available to new entrants.

*Non-classified Employees Retirement Plan.* The Non-classified Employees Retirement Plan is a single-employer defined contribution plan administered by the City. The plan covers certain non-classified City employees who have elected not to participate in the GERS. The City's 2013 Fiscal Year payroll for employees covered by the plan was approximately \$2,771,000. The total City payroll for the 2011 Fiscal Year was approximately \$158,475,000.

The City contribution requirement of 19.89% on earnings of participants in the Non-classified Employees Retirement Plan was paid on a biweekly basis and amounted to \$568,200 for the 2013 Fiscal Year. Employee contributions are neither required nor permitted under the plan. Employees become fully vested in the plan upon entry. Effective October 1, 2012, the plan was closed to new entrants.

The benefit provisions and all other requirements of the City's defined contribution plans are established by ordinance enacted by the City Commission.

#### **GASB STATEMENT NO. 45**

The Government Accounting Standards Board ("GASB"), which establishes financial reporting and accounting requirements for governmental entities, issued its Statement No. 45 in June 2004 ("GASB 45"). GASB 45 details the financial reporting guidelines that require state and local governmental entities to report their unfunded actuarial accrued liabilities for health care and other non-pension post-employment benefits (collectively referred to as "OPEB") as well as their annual OPEB costs. Historically, governmental entities generally accounted for OPEB on a pay-as-you-go basis, reporting only the cost of OPEB due in the current fiscal year. As a result of GASB 45, governmental entities are required to utilize an actuarial method of accounting that takes into account unfunded liabilities related to OPEB. In order to receive a clean opinion in its annual audit, governmental entities have to comply with the requirements of GASB 45.

The City provides a post-employment health insurance benefit for its general employees, sworn police officers and certified firefighters. Employees entitled to the benefit are paid from \$100 to \$400 per month upon normal retirement for the purchase of health insurance. The benefit continues until age 65 and is currently funded on a pay-as-you-go basis. In addition, retiring general employees and certified firefighters are eligible to continue their participation in one of the City's health and/or dental insurance plans at the same premium applicable to active employees. Since retiree claims are expected to result in higher costs to the plans, on average, than those for active employees on an actuarial basis, there is an implicit subsidy included in the premiums for the retirees. As of September 30, 2013, there were 664 retired employees receiving a monthly benefit, with an additional 2,096 employees eligible for participation in the future. Payments made totaled \$4,290,664 for the year. Retiree implicit subsidies amounted to \$1,759,708 of that total.

Annual OPEB costs is a measure of the periodic cost of an employer's participation in a defined benefit OPEB plan. Set forth below is a description of the City's annual OPEB costs and net OPEB obligation for the Fiscal Year ended September 30, 2013:

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**City of Fort Lauderdale, Florida  
OPEB Annual Costs and  
Net Obligation for Fiscal Year 2013**

Annual Required Contribution	\$ 6,377,000
Interest on Net OPEB Obligation	476,000
Amortization of Net OPEB Obligation	<u>(524,000)</u>
Annual OPEB Cost	6,329,000
Actual Contributions Made	(4,290,664)
Increase in Net OPEB Obligation	2,038,336
Beginning of Year Net OPEB Obligation	<u>12,691,151</u>
End of Year Net OPEB Obligation	<u>\$14,729,487</u>

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

Set forth below is a description of the City's annual OPEB costs for the last three (3) Fiscal Years and the amount contributed annually by the City towards such costs.

**City of Fort Lauderdale, Florida  
OPEB Annual Costs and Contributions**

<u>Fiscal Year Ended September 30</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$6,316,000	\$2,841,073	45.0%	\$ 9,517,758
2012	6,021,000	2,847,607	47.3	12,691,151
2013	6,329,000	4,290,664	67.8	14,729,487

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

As of the September 30, 2013 valuation date, the actuarial accrued liability for benefits was \$67,243,000, all of which was unfunded. The payroll for active participating employees for that period was approximately \$138,748,958 and the unfunded accrued liability as a percentage of payroll was 48.5%.

Historically, the City has been able to satisfy its annual OPEB obligation and currently expects that it will continue to have funds available to satisfy such obligation in the foreseeable future. Also, the City's practice historically has been to provide approximately \$1,000,000 each year toward the unfunded liability portion of its actuarially determined OPEB annual required contribution. Such practice provides for an annual increase in such OPEB annual required contribution. For more detailed information concerning the City's OPEB, including the actuarial valuations and assumptions about future events relating to OPEB, see

“APPENDIX C - Basic Financial Statements of the City for the Fiscal Year ended September 30, 2013” and, in particular, the subsection entitled “Actuarial Methods and Assumptions” in Note 16 of the Notes to the Financial Statements.

In 2012, the City Commission enacted an Ordinance which, among other things, established that certain employees hired on or after October 1, 2012 are not entitled to receive any retiree health insurance benefits. Such Ordinance reduced the actuarial assumptions for future employees of the City and the benefits to which such employees are entitled. The Ordinance is intended to have a significant, positive impact on the reduction of the City’s OPEB unfunded liability.

In addition, during Fiscal Year 2013, the City Commission established a trust fund to be used solely for the purpose of receiving and investing contributions made by the City to reduce the City’s net OPEB obligation. Upon creation of the OPEB trust fund the City deposited approximately \$8.6 million held in reserve from prior year deposits by the City of the unfunded portion of its actuarially determined OPEB annual required contribution.

### **FINANCIAL STATEMENTS**

The basic financial statements of the City for the Fiscal Year ended September 30, 2013 and the report of Crowe Horwath LLP, independent certified public accountants, in connection therewith, dated March 13, 2014, are included in Appendix C as part of the public records of the City. The consent of Crowe Horwath LLP was not requested for the reproduction of its audit report in this Official Statement. The auditor has performed no services in connection with the preparation of this Official Statement and is not associated with the offering of the Series 2014 Bonds.

### **RATINGS**

Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”) have assigned ratings of “\_\_\_” and “\_\_\_,” respectively, to the Series 2014 Bonds. Such ratings reflect the view of such organizations and an explanation of the significance of such ratings may be obtained only from Moody’s and S&P, respectively. An explanation of the ratings given by Moody’s may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York 10007, (212) 553-0300. An explanation of the ratings given by S&P may be obtained from S&P at 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041, (212) 438-2124.

There is no assurance that the ratings provided by Moody’s and S&P, respectively, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2014 Bonds.

### **FINANCIAL ADVISOR**

First Southwest Company, Orlando, Florida, is serving as financial advisor to the City with respect to the sale of the Series 2014 Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2014 Bonds and provided other advice. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

## EXPERTS

The references herein to CH2M HILL, Inc. and Burton & Associates, as the Feasibility Consultants, have been approved by such firms. The Feasibility Report of such firms on the Water and Sewer System has been included as Appendix B to this Official Statement in reliance upon such Feasibility Report and upon such firms as experts, as applicable, in engineering, planning and financial analysis. References to and excerpts herein from the Feasibility Report do not purport to be adequate summaries of such Report or complete in all respects. The Feasibility Report is an integral part of this Official Statement and should be read in its entirety for complete information with respect to the subjects discussed therein.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor relating to the computation of forecasted receipts of principal and interest on the Government Obligations and the forecasted payments of principal and interest to pay or redeem, as applicable, the Refunded Bonds and supporting the conclusion of Bond Counsel that the Series 2014 Bonds do not constitute "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, was verified by GNP Services, CPA, P.A., Orange Park, Florida, as the Verification Agent. Such computations were based solely upon assumptions and information supplied by the Financial Advisor. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted results.

## UNDERWRITING

The Series 2014 Bonds are being purchased by \_\_\_\_\_ (the "Underwriters"), subject to certain terms and conditions set forth in the Official Notice of Bond Sale, including the approval of certain legal matters by Bond Counsel, delivery of a certificate from the City regarding information set forth in this Official Statement, and the existence of no material adverse change in the condition of the City from that set forth in this Official Statement.

The net aggregate purchase price payable by the Underwriters for the Series 2014 Bonds is \$ \_\_\_\_\_ (equal to the principal amount of the Series 2014 Bonds, [plus/minus a net original issue premium/discount] of \$ \_\_\_\_\_, minus an Underwriters' discount of \$ \_\_\_\_\_). The Series 2014 Bonds are offered for sale to the public at the prices or yields set forth on the inside cover page of this Official Statement. The Series 2014 Bonds may be offered and sold to certain dealers at prices lower than or yields higher than such offering prices or yields, and such public offering prices and yields may be changed, from time to time, by the Underwriters.

## DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and Rule 3E400.003, Florida Administrative Code, requires the City to disclose each and every default as to payment of principal and interest after December 31, 1975 with respect to obligations issued or guaranteed by the City. Rule 3E400.003 further provides, however, that if the City in good faith believes that such disclosure would not be considered material by reasonable investors, such disclosure may be omitted. Certain obligations issued by the City in which the City has acted merely as a conduit for payment do not constitute an actual debt, liability or obligation of the City, but are instead secured by payments to be made from certain users of bond financed property. Because

such other obligations are not dependent upon the City for repayment, they do not affect or reflect the strength of the City. Accordingly, any prior default with respect to such obligations issued by the City would not in the City's judgment be considered material by reasonable investors in the Series 2014 Bonds. Accordingly, the City has not taken affirmative steps to contact the various trustees of conduit bond issues of the City to determine the existence of prior defaults.

Although no affirmative steps have been taken to determine if any defaults occurred with conduit issues of the City, the City has been provided notice of the occurrence of a default with respect to one of its prior conduit issues. The City's \$3,675,000 Industrial Development Revenue Bonds, Series 1982 (Days Inn of America, Inc. Project) (the "Days Inn Bonds") went into default as to the payment of principal and interest on September 15, 1991. On November 3, 1997, First Union National Bank, as Indenture Trustee for the Days Inn Bonds, issued a "Notice of Final Distribution" as to the Days Inn Bonds. The Days Inn Bonds were special, limited obligations of the City payable solely from the revenues and other amounts derived by the City from the loan agreement with the borrower of the proceeds of the Days Inn Bonds or otherwise from the project in respect of which the Days Inn Bonds were issued. Neither the faith and credit nor the taxing power of the City was pledged to the payment of the Days Inn Bonds. There was no lien upon any property owned by or situated within the jurisdictional limits of the City, except the project in respect of which the Days Inn Bonds were issued. For the foregoing reasons, the City has concluded that all disclosures required by the aforementioned Rule pertaining to the Days Inn Bonds are not deemed material to a reasonable investor.

Except as described in the preceding paragraph, to the best knowledge of the Director of Finance of the City, the City has not received actual notice of a default in the payment of principal or interest after December 31, 1975 with respect to any obligations issued or guaranteed by the City.

#### **AUTHORIZATION OF OFFICIAL STATEMENT**

The delivery of this Official Statement has been duly authorized by the City Commission. At the time of the delivery of the Series 2014 Bonds, the Mayor and City Manager of the City will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that this Official Statement (excluding information under the caption "DESCRIPTION OF THE SERIES 2014 BONDS - Book-Entry Only System"), as of its date and as of the date of delivery of the Series 2014 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which this Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

A limited number of copies of the final Official Statement will be provided, at the City's expense, on a timely basis.

#### **CONCLUDING STATEMENT**

All information included herein has been provided by the City, except where attributed to other sources. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. The information herein has been compiled from official and other sources and, while not guaranteed by the City, is believed to be correct. To the extent that any statements made in this Official Statement and the appendices attached hereto involve matters of opinion or of estimates, whether or not expressly stated, they

are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement has been duly executed and delivered by the Mayor, the City Manager and the Director of Finance of the City of Fort Lauderdale, Florida.

CITY OF FORT LAUDERDALE, FLORIDA

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Mayor

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City Manager

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Director of Finance

**APPENDIX A**

**General Information regarding the City of**

**Fort Lauderdale, Florida and Broward County, Florida**

## GENERAL INFORMATION

### Introduction

Founded in 1911, the City of Fort Lauderdale (the "City") is located in the heart of a robust, diversified growth region on the southeast coast of Florida midway between Miami and West Palm Beach. The City encompasses approximately 36 square miles with a population of approximately 172,389, as of April 1, 2014. Fort Lauderdale ranks as the seventh largest city in Florida and the largest municipality in Broward County, a metropolitan area that includes 31 cities and more than 1.8 million people.

Embraced by the Atlantic Ocean, New River and a myriad of scenic inland waterways, Fort Lauderdale truly lives up to its designation as the *Venice of America*. With an average temperature of 77 degrees, nearly seven miles of beautiful beaches and 3,000 hours of sunshine per year, Fort Lauderdale attracts millions of visitors each year for business, recreation and relaxation.

The City offers an array of cultural, recreational and entertainment amenities, combined with an exceptional economic climate and an outstanding quality of life. Fort Lauderdale features a thriving uptown and downtown business district; a revitalized beachfront; picturesque Riverwalk; vibrant arts, science and historic district; and an array of upscale shopping, dining and entertainment venues.

All of these assets combine to make Fort Lauderdale a year round, world-class family resort and business center.

### Vision

The City is committed to improving productivity, streamlining expenses and developing a stronger, more effective organization. The City has embraced a new vision that is based on fiscal responsibility, accountability and quality delivery of services. It is a vision that rewards excellence, not mediocrity, and, above all, places the people of Fort Lauderdale first.

As the City moves forward, it will continue to work in partnership with its most important asset -- its citizens -- to develop the strategies necessary to ensure a safe and secure community; provide quality programs and services; enhance quality of life; protect the environment, promote smart growth; and maintain fiscal responsibility.

By remaining focused on its mission, the City is confident that it can address the challenges that lie ahead, and work to preserve and enhance the unique characteristics that make Fort Lauderdale such a special City.

### Administration

The City has been operating under a Commission-Manager form of government since 1925. The City Commission is comprised of the Mayor, who is elected at-large, and four Commissioners, who are elected in non-partisan district races. Elections take place every three years and each elected official is eligible to serve three consecutive three-year terms. The next election will take place in March 2015. As the City's legislative body, the City Commission sets policy, enacts ordinances, adopts resolutions and makes appointments to advisory boards and committees.

The City Manager is appointed by and reports directly to the City Commission. As Chief Executive Officer, the City Manager is responsible for directing the City's day-to-day operations and carrying out the

policies set forth by the Commission. Lee R. Feldman, Fort Lauderdale's current City Manager, began his service as City Manager on June 13, 2011.

The City's departmental structure is comprised of the offices of the City Commission, City Manager, City Attorney, City Auditor and City Clerk, along with the following nine departments that are responsible for the provision and delivery of municipal services: Finance, Fire-Rescue, Human Resources, Information Technology Services, Parks and Recreation, Police, Public Works, Sustainable Development, and Transportation and Mobility.

As of September 30, 2013, the City employed a full-time work force of nearly 2,200 employees, approximately 1,960 of which are represented by four bargaining agents: Fraternal Order of Police, Lodge 31 ("FOP"), International Brotherhood of Teamsters Local 769 ("Teamsters"), Federation of Public Employees ("Federation") and International Association of Fire Fighters ("IAFF"). The collective bargaining agreements for Teamsters and Federation each expired on September 30, 2013. The IAFF collective bargaining agreement expired on September 30, 2012. The City is currently in negotiations with Teamsters, Federation and IAFF for the terms of a new contract. The new contracts will become effective upon ratification.

The City has entered into two collective bargaining agreements with FOP on behalf of (i) Police Officers and Sergeants and (ii) Police Lieutenants and Captains. The new contracts have an effective date of October 1, 2013 and expire on September 30, 2016.

The City's current operating budget is \$571,805,176, through which the City provides a full range of municipal programs and services.

## **Resumes**

Mayor John P. "Jack" Seiler was sworn in as Mayor of the City on March 17, 2009 and reelected in 2012. Prior to his election as Mayor of the City, Mayor Seiler served eight years in the Florida House of Representatives. During his tenure as a State Representative, he chaired the Broward Legislative Delegation in 2007-2008 and was Vice Chair of the Delegation in 2006-2007. Mayor Seiler is a graduate of the University of Notre Dame, where he received his B.B.A. and a graduate of the University of Miami, where he received his Juris Doctorate. Mayor Seiler has been in elected public service since 1993. He has served and continues to serve on numerous boards and organizations and is the recipient of numerous awards and recognitions. Mayor Seiler is a practicing attorney at the firm of Seiler, Sautter, Zaden, Rimes & Weihe. He is married and has four children.

Vice Mayor Romney Rogers was elected to the City Commission on March 10, 2009 and reelected in 2012. He received a bachelor's degree in business administration from Rutgers University in 1975 and a Juris Doctorate from Mercer University Law School in 1978. He has been a partner in the law firm of Rogers, Morris & Ziegler since 1981. A native of Fort Lauderdale, Vice Mayor Rogers has been actively involved in the community for more than three decades. His professional and civic affiliations include serving as a President of the Broward County Bar Association, young lawyer section, and as a board member or chair of numerous business and community organizations. He has served as Secretary/Trustee of the City of Fort Lauderdale's Police and Fire Pension Board, overseeing a \$500 million pension fund. He is a founding member of the Board of Directors for the Broward Housing Partnership, Co-Chair of the Fort Lauderdale Mayor's Prayer Breakfast Committee and a member of the Board of Directors of SunTrust Bank/South Florida. As President of Stranahan House, Vice Mayor Rogers initiated an endowment to ensure its continued maintenance and support. During his tenure as President of the Fort Lauderdale Rotary Club, he established a partnership with the City and neighborhood residents to create Virginia Young Park.



He has served on the City's Historic Preservation Board and coached youth soccer, football and baseball in the City for 14 years. Professionally, Vice Mayor Rogers has served as the City Attorney for two separate cities. He is an active member of First Baptist Church of Fort Lauderdale, where he has served as Chairman of the Deacons and as a trustee.

Commissioner Bobby B. DuBose was elected to the City Commission on March 10, 2009 and reelected in 2012. Commissioner DuBose received his Bachelors of Arts degree in Economics from the University of Florida. A native of Fort Lauderdale, Commissioner DuBose has devoted his time to serve many civic organizations, including, among other organizations, serving as President of the Fort Lauderdale NAACP Youth Council, President of the Fort Lauderdale Alumni Chapter of Kappa Alpha Psi, Executive Committee Member and Co-Chair for the NAACP's Friends of the Afro-Academic, Cultural, Technological and Scientific Olympics, and board member of the Broward County Living Wage Advisory Board, the City of Fort Lauderdale Marine Advisory Board and the Florida Ocean Sciences Institute Board. Since his election to the City Commission, Commissioner DuBose was appointed as the City's representative to the Broward League of Cities and to the South Florida Regional Planning Council's State Road 7 Collaborative Steering Committee. Commissioner DeBose is self-employed in the insurance industry and also operates his own company, DuBose Ventures, LLC.

Commissioner Bruce G. Roberts was elected to the City Commission on March 10, 2009 and reelected in 2012. Commissioner Roberts graduated from Cardinal Gibbons High School in Fort Lauderdale, holds a bachelor's degree in Public Administration Criminal Justice from St. Thomas University and is a graduate of the University of Louisville's Southern Police Institute, Command Officers Development Course. He entered the law enforcement profession as a police officer for the City in 1973, was promoted to detective and, thereafter, through the ranks of law enforcement, culminating with his appointment as Chief of Police from October 2001 until May 2008. He has served professional and civic organizations, including the Greater Fort Lauderdale Chamber of Commerce, the Florida and Broward County Police Chiefs Associations, the Advisory Board of the Broward County Crime Commission, the Broward County Commission on Substance Abuse, the Broward Workshop Criminal Justice Committee, the Fort Lauderdale Police Officers Association and the Fraternal Order of Police. Present appointments include the Broward County Metropolitan Planning Organization, the Transportation Management Association and the Florida League of Cities - Urban Administration Committee.

Commissioner Dean J. Trantalis was elected to the City Commission in March 2013. Commissioner Trantalis previously served on the City Commission from 2003 to 2006 and held the position of vice mayor between 2005 and 2006. Since returning to the City Commission, his colleagues have selected him to represent the City on the board of directors of the Broward League of Cities, the Broward County Homeless Continuum of Care Task Force and the Broward County-Palm Beach County Joint C-51 Reservoir Work Group. Born and raised in Norwich, Connecticut, Commissioner Trantalis attended high school at Norwich Free Academy before moving on to Boston University where he majored in political science. He received a Juris Doctorate in 1979 from Stetson University School of Law. Commissioner Trantalis has practiced law in Broward County since 1982. He currently maintains a successful general law practice in Broward County with some emphasis in the areas of real estate, probate, estate planning, bankruptcy, and corporate matters. Commissioner Trantalis has been extremely active in the community, serving on numerous boards and committees, including the Fort Lauderdale Citizen Review Board, Broward House, Dolphin Democrats, Riviera Towers Co-Operative Board, Broward County Planning Council, and John Graves Foundation Board of Trustees. Commissioner Trantalis also received the Small Business Award from the Greater Fort Lauderdale Chamber of Commerce in 2007.

Lee R. Feldman, ICMA-CM - City Manager for the City of Fort Lauderdale (June 2011 - Present), served as City Manager from October 2002 for the City of Palm Bay, Florida prior to accepting the position

of City Manager for the City of Fort Lauderdale. Prior to his appointment as the Palm Bay City Manager, Mr. Feldman was employed by the City of North Miami, Florida, where he served as the City Manager from May 1996 to October 2002 and as the Deputy City Manager beginning in 1989. Mr. Feldman also served as an Assistant to the City Manager and as Assistant City Manager to the City of North Miami Beach. He is a graduate of Washington and Lee University, where he received a Bachelor of Arts in Liberal Arts, and he earned a Master's Degree in Governmental Administration from the Fels Center of Government at the University of Pennsylvania. Additionally, he has completed the Senior Executive in State and Local Government Program at Harvard's Kennedy School of Government.

Mr. Feldman has served as a Vice President (Southeast Region) of the International City and County Management Association, has served as the President of the Florida City and County Management Association and was named the Florida League of Cities' "City Manager of the Year" in 2006. Mr. Feldman is a member of the United States Federal Emergency Management Agency National Advisory Council, served as Chair, and is currently a member, of the National League of Cities' City Futures Panel on Public Finance and serves as a member of the National League of Cities Steering Committee on Public Safety and Crime Prevention and Advocacy. He chaired the International City and County Management Association's Governmental Affairs and Policy Committee, currently chairs the Association's Sustainability Advisory Group and has served on the Association's Task Force on Community Tools for Ending Racism. Additionally, he teaches newly elected municipal officials the principles of finance and taxation in Florida and is frequently called upon to speak to professional groups on a variety of municipal issues.

Cynthia A. Everett, Esquire - City Attorney for the City of Fort Lauderdale (July 2013 - Present), is an AV-rated attorney with over 30 years of legal experience counseling and representing government and private-sector clients in the areas of land use and zoning, labor and employment, contracts, public records, real estate, insurance and public finance. She is a member of the Bar in Florida and the District of Columbia, and she is admitted to practice in the United States District Courts for the Southern and Middle Districts of Florida, the 11<sup>th</sup> Circuit Court of Appeals and the United States Supreme Court. Ms. Everett is Board Certified in Labor and Employment Law by The Florida Bar and currently serves as a board member of the Florida Municipal Attorneys Association. Ms. Everett received her Bachelor of Arts degree from The Florida State University and her Juris Doctor degree from The George Washington University.

John C. Herbst, C.P.A., CGFO, CGMA - City Auditor for the City of Fort Lauderdale (August 2006 - Present), is the first individual to hold the position of independent City Auditor created through a charter revision in 2004. Mr. Herbst has over 28 years of diversified audit, accounting and finance experience in both the public and private sectors. Prior to coming to the City of Fort Lauderdale, he held several positions with the City of Jacksonville, Florida, including Chief Financial Officer for the Jacksonville Housing Commission, Director of Finance for the Jacksonville Children's Commission and Principal Budget Analyst for the City of Jacksonville. Mr. Herbst holds a Bachelors of Business Administration in Accounting from Bernard M. Baruch College - City University of New York and a Masters of Business Administration from the University of North Florida. In addition to being a Florida licensed Certified Public Accountant, he also holds the designation of Certified Government Finance Officer from the Florida Government Finance Officers Association.

Jonda K. Joseph - City Clerk for the City of Fort Lauderdale (May 2004 - Present), is a 36-year veteran in the public sector. She was hired by the City Commission from the Town of Lauderdale-By-The-Sea, where she served as Town Clerk. Ms. Joseph also served as City Clerk of Coral Springs for nearly 21 years and is a member of the International Institute of Municipal Clerks and the Florida Association of City Clerks. She has a Bachelor of Arts degree in Public Management from Florida Atlantic University.

Kirk W. Buffington, CPPO, C.P.M. - Director of Finance for the City of Fort Lauderdale (January 2014 - Present), has over 22 years of government and private sector procurement experience. Prior to becoming the Director of Finance for the City, Mr. Buffington served as the Deputy Director of Finance for approximately two years. Prior to accepting a position in the City's Department of Finance, Mr. Buffington served as Director of Procurement Services for the City, and was also the Assistant Director of Administrative Services. He is a Past President of the National Institute of Governmental Purchasing. He holds a Bachelors of Science in Business from Florida State University and an MBA from Webster University. Mr. Buffington is an Adjunct Instructor at Florida Atlantic University in the School of Public Administration. He is a Certified Public Purchasing Officer and a Certified Purchasing Manager.

Linda A. Logan-Short - Deputy Director of Finance/Chief Financial Officer for the City of Fort Lauderdale (February 2014 - Present), has over 19 years of accounting and finance experience with both the public and private sectors. Ms. Logan-Short joined the City as its Controller in May 2012 until accepting the position as the City's Deputy Director of Finance/Chief Financial Officer. Prior to joining the City, Ms. Logan-Short was the Assistant Finance Director for the City of Palm Bay, Florida. Ms. Logan-Short holds a Bachelors of Science in Accounting from Saint Leo University. For the past four years she has served as a member of the Government Finance Officers Association (GFOA) - Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program.

Laura L. Garcia - Acting Controller for the City of Fort Lauderdale (February 2014 - Present), has over 23 years of banking, accounting and finance experience with both the public and private sectors. Ms. Garcia joined the City as a Senior Accountant in January 2013. Prior to joining the City, Ms. Garcia was the Budget Administrator for the City of Palm Bay, Florida. Ms. Garcia holds a Bachelors of Business Administration from Universidad Metropolitana (UMET). She currently serves as a reviewer for the Government Finance Officers Association (GFOA) Award for Outstanding Achievement - Popular Annual Financial Reporting Program.

### **Economy and Business**

An advantageous economic climate coupled with an exceptional quality of life is helping the City establish itself as a world-class center for international commerce and one of the most desirable locations for new, expanding or relocating businesses. Once known strictly as a tourism-based economy, Fort Lauderdale now supports a diverse range of industries, including marine, manufacturing, finance, healthcare, insurance, real estate, high technology, avionics/aerospace, film and television production.

Marine Industry. The marine industry is the largest industry in the Greater Fort Lauderdale area, accounting for more than 134,000 jobs, gross wages and earnings of approximately \$3.7 billion and \$13.6 billion of total economic impact in South Florida. The City hosts the Fort Lauderdale International Boat Show which, each year, has a regional economic impact of approximately \$500 million.

With more than 300 miles of waterways, marinas and marine manufacturing and repair facilities, Greater Fort Lauderdale is a world-renowned port of call for the yachting industry.

Tourism. Tourism is the second largest industry for the Greater Fort Lauderdale area, employing more than 114,000 individuals in the area. New hotels and related venues are consistently being constructed and renovated in South Florida to accommodate the area's extensive tourism industry. The Greater Fort Lauderdale Convention and Visitors Bureau reports that the area hosted more than 13.0 million visitors in 2013 and such visitors spent an estimated \$10.6 billion. Based on hotel bed tax revenues, tourism generated \$47.6 million in tax revenues in 2013.

Trade and Business Development. Fort Lauderdale has emerged as one of the fastest growing markets for global trade, with more than 40% of local businesses engaged in or supporting international commerce. The City also remains at the forefront of South Florida's emerging *InternetCoast*, a region that is home to more than 6,000 high technology firms. In addition, a growing list of nationally-recognized corporations have established business operations in Fort Lauderdale with corporate or Latin American headquarters, including: AT&T, AutoNation, BankAtlantic, Citicorp, Citrix Systems, Galaxy Latin America, Hewlett-Packard, Microsoft Latin American, Motorola Latin America, Republic Industries, South African Airways, Spherion Corporation, SportsLine.com , and Voicestream Wireless.

Including Fort Lauderdale in its July 2, 2008 article entitled "100 Best Places to Live and Launch," CNN/Money reported:

"...Fort Lauderdale has felt less impact (from the real estate market) than the regions in and around Miami. The hottest businesses here are a reflection of the subtropical climate and locale. Pleasure boat construction and services are a major sector, while the tourism industry, in general, stays strong, thanks in large part to the Canadians and Europeans attracted to the weak dollar. What's more, a 600,000 square foot convention center plays host to trade shows that bring a variety of industrial leaders from all over the country in contact with local businesses. Besides the usual pleasure to be expected from a city by the sea (sun, surf, sailing and swimming), Fort Lauderdale offers a lively downtown, with museums, galleries, live music, theater and fine restaurants. And for sports-crazed fans, there are no less than seven pro teams to root for in the surrounding area."

### **Growth and Development**

During the last several years, Fort Lauderdale experienced growth and development at a pace that rivaled any other period in its history. Such growth slowed during the economic downturn but has increased from the slower period experienced in 2009 through 2011. Projections for population growth in the City were recently revised to reflect slightly slower growth than was projected previously. Economic growth and development, however, is expected to continue at a relatively high rate.

In the coming years, to meet the challenge of maintaining consistent growth and development in the face of change and continued competition, the City plans to concentrate on strengthening the assets that diversify the City's economy, while focusing on quality of life issues. The City expect to improve its infrastructure and neighborhoods and to expand transit, cultural and recreational opportunities. The success of such concentration and focus will play an integral role in helping the City continue the successful growth and development it has experienced historically. Many of these efforts are identified by existing studies and plans that have been implemented or are expected to be implemented in the near future. The results of the implementation of certain of these efforts are visible through various public and private investments in public spaces, parks, streets, waterways, transit and other urban amenities and infrastructure improvements that have occurred throughout the City in recent years.

Property Values and Housing. Fort Lauderdale has benefitted from a steady increase in assessed property values. According to the Broward County Property Appraiser's Office, the assessed value for operations of taxable property in the City increased from a record \$23.7 billion in 2006 to a record \$31.3 billion in 2008. However, total taxable assessed values decreased each year following Fiscal Year 2008 until a slight increase occurred in Fiscal Year 2013. Moderate growth is expected to resume in the coming years as new construction is added to the tax rolls.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (hereinafter referred to as "Amendment 1") was placed on

the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009. Based on information received from the Broward County Property Appraiser's Office, the estimated annual loss of property tax revenues for the City from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$4.1 million.

Downtown. Although not as rapid as in prior years, development has continued to occur in downtown Fort Lauderdale. Numerous commercial, residential and mixed-use projects have been completed or are in various stages of development, including several that obtained extensions on their development plans. These projects have increased and are expected to continue to increase the tax base of the downtown area of the City and will help to create a vibrant urban lifestyle for residents and visitors in South Florida.

Beach Area. Several significant residential/hotel projects are either under construction or have been approved for construction on the barrier island. Additionally, a large scale development project at the existing Bahia Mar site is under consideration.

Fort Lauderdale Community Redevelopment Agency ("CRA"). The CRA consist of three redevelopment areas, the Central Beach Community Redevelopment Area, the Central City Community Redevelopment Area and the Northwest-Progresso-Flagler Heights Community Redevelopment Area. The central beach area of the City has experienced a revitalization resulting from the investment by the CRA in improvements to inspire commercial and residential development in that area. In addition, several large improvement projects are currently planned or underway in the Northwest-Progresso-Flagler Heights Community Redevelopment Area of the CRA and projects for development in the Central City Community Redevelopment Area are also being planned. Within the three redevelopment areas of the CRA, an estimated \$200 million worth of projects are currently planned or have commenced.

WaterWorks 2011. *WaterWorks 2011*, the City's comprehensive, originally estimated \$500 million (in Fiscal-Year 2001 dollars) water and sewer infrastructure modernization project, completed design and/or construction work for 330 water system projects, valued at \$178.8 million, and 367 sewer system projects, valued at \$321.3 million, by the end of Fiscal Year 2010. Improvements to the City's water and sewer system under *WaterWorks 2011* have resulted in (i) a significant upgrade of the City's Peele-Dixie Water Treatment Plant, which upgrade was designed to improve the quality and reliability of drinking water for all of the City's water customers, and (ii) the extension of the sanitary sewer system to the vast majority

of the areas of the City that did not receive sanitary sewer system service prior to the implementation of *WaterWorks* 2011.

## **Transportation**

The City offers an extensive transportation network that includes Fort Lauderdale/Hollywood International Airport, Port Everglades, Fort Lauderdale Executive Airport, a Water Taxi system, two major railways and an extensive highway and mass transit system.

Surface Transportation. The City is served by three bus lines, two railroads (Florida East Coast Railway and CSX) and major freight carriers. The road system in Broward County totals approximately 4,800 miles and includes more than 140 miles of interstate and other expressways (I-95, I-75, I-595, Florida Turnpike and Sawgrass Expressway) and approximately 375 miles of divided highways. The County operated bus system includes an active fleet of 275 transit vehicles that serve approximately 40 million passengers annually.

Tri-Rail, a commuter rail system, provides service along a 72-mile corridor from Miami-Dade County to Palm Beach County. Tri-Rail recently completed the expansion of its system to double tracks along the entire corridor, enabling an expanded schedule and increased ridership. Connecting buses are available at all stations, with designated shuttles at Fort Lauderdale/Hollywood Airport and other regional airports. The Amtrak Silver Service links Fort Lauderdale to the rest of the nation, including daily trips to New York.

The Fort Lauderdale Downtown Development Authority is currently working to develop and implement a light rail system that would provide an additional public transportation option in the City. The light rail system would help to alleviate traffic congestion in the downtown areas of the City as more people relocate to the City's urban center in the coming years.

"All Aboard Florida" is an intercity passenger rail project that will connect Miami to Orlando with intermediate stations in Fort Lauderdale and West Palm Beach. The rail service will provide Floridians and visitors a viable transportation alternative to congested highways and airport terminals. All Aboard Florida will provide a high quality travel experience for passengers and will be the first privately owned, operated and maintained passenger rail system in the United States.

All Aboard Florida's downtown Fort Lauderdale station will provide a new gateway into the City and Broward County. Poised to further Fort Lauderdale's position as a fully connected "City of Tomorrow," the planned 60,000 square foot station and platform includes a modern, multi-story lobby spanning, an elevated passenger lounge area for travelers, and parking facilities. The Fort Lauderdale station for All Aboard Florida is expected to:

- Connect to the Sun Trolley, Broward County Transit system, future Wave Streetcar in downtown Fort Lauderdale and planned Tri-Rail station;
- Stimulate a currently underutilized area, driving new visitors into downtown Fort Lauderdale and the surrounding cultural, economic and shopping destinations;
- Create more than \$333 million in economic impact for Broward County through 2021, generating over \$34 million in additional tax revenue and 800 jobs in Broward County through the construction of the station and rail line.

All Aboard Florida is expected to be completed during Fiscal Year 2017.

Fort Lauderdale/Hollywood International Airport. Fort Lauderdale/Hollywood International Airport ranks as one of the fastest growing airports in the United States, with over 23.5 million travelers passing through the airport in 2013. The airport averages over 600 domestic and international flights per day and is the second largest carrier of international passengers in Florida. The airport serves as a major economic force for greater Fort Lauderdale, contributing over \$2.7 billion to the local economy and generating more than 37,000 jobs. The airport is located three miles from downtown Fort Lauderdale with easy access to I-95, I-595 and Port Everglades.

Fort Lauderdale Executive Airport. Owned and operated by the City, Fort Lauderdale Executive Airport ranks as one of the nation's 10 busiest general aviation airports. Fort Lauderdale Executive Airport generates approximately \$7.0 million in annual revenue and \$3.0 million in annual tax revenues from airport leases. Total annual economic activity of Fort Lauderdale Executive Airport, as determined by the Florida Department of Transportation, is \$815,788,400. Fort Lauderdale Executive Airport generates a total of approximately 5,090 jobs. The facility operates a 200 acre Industrial Airpark, with approximately 2.0 million square feet of office and warehouse space, and the Downtown Fort Lauderdale John Fuhrer Heli-stop. Fort Lauderdale Executive Airport is home to 6 full service, fixed-base operators, 700 aircraft, 115 jets and 40 helicopters. The facility handles approximately 150,000 takeoffs and landings per year.

Fort Lauderdale Executive Airport also serves as the hub site for the City's Foreign-Trade Zone #241. The Foreign-Trade Zone, which includes five sites and encompasses nearly 915 acres, offers businesses significant cost savings and economic incentives, while promoting job retention and growth for the City and surrounding communities.

Port Everglades. Port Everglades, the deepest commercial port in the United States south of Norfolk, Virginia and one of the world's leading international cruise ports, is located in Broward County and administered by a separate governing body with separate taxing authority. The port generates approximately \$26 billion in business activity annually and, through its cruise travel and international trade activity, provides approximately 200,000 jobs statewide annually. The port handles nearly 4.0 million cruise ship passengers annually and more than 22.0 million tons of cargo. The port generates annual revenue of approximately \$147 million without utilizing any local property tax dollars.

Port Everglades is home to Florida's first Foreign-Trade Zone (FTZ), where foreign components can be assembled, packaged and shipped without usual customs duties. The FTZ now includes five sites within and outside the boundaries of Port Everglades and encompasses a total of 250 acres.

Water Taxi. Fort Lauderdale features a unique Water Taxi system, which transports passengers to and from the downtown area via the City's New River and network of inland waterways.

## **Education**

The Broward County Public School system is an operating and taxing entity that is separate from the City and the County. The Broward County School District ranks as the sixth largest in the United States, second largest in Florida and the largest fully accredited school district in the nation. For the 2012-2013 School Year, Broward County Public Schools educated approximately 261,000 students with an operating budget of approximately \$2.90 billion. Currently, the Broward County School District is home to 141 elementary schools, 40 middle schools, 30 high schools, 5 alternative/adult high schools, 3 multi-level schools and 3 virtual programs (one each for elementary, middle and high school). In addition, the

Broward County Public School system has 100 charter schools and 21 other facilities for adult community and vocational training and community learning centers.

There are three four-year colleges and universities in the Broward County: Florida Atlantic University and Florida International University, which are public, and Nova Southeastern University, which is private. Florida Atlantic University and Florida International University are two of the nine universities in the State of Florida University system. The campuses of Florida Atlantic University and Florida International University are located in downtown Fort Lauderdale, as is the campus of Broward College (formerly Broward Community College). Broward College, Prospect Hall College, City College, Fort Lauderdale College, the Art Institute of Fort Lauderdale, and Keiser Institute of Technology are each two-year colleges located in Broward County. There are also seven educational institutions in the County with degree or certificate programs providing vocational and technical education

### **Quality of Life**

Fort Lauderdale offers an outstanding quality of life, highlighted by a semi-tropical climate, rich natural beauty and an array of cultural, entertainment and educational amenities. World famous Fort Lauderdale Beach offers premier opportunities for recreation, relaxation and enjoyment. The picturesque Riverwalk serves as the cornerstone of the City's arts, science, cultural and historic district which features the Broward Center for the Performing Arts, Museum of Discovery and Science, Museum of Art and Old Fort Lauderdale Village and Museum. Las Olas Boulevard has gained international acclaim as Fort Lauderdale's centerpiece of fashion, fine dining and entertainment. In addition, the City's downtown area is home to Broward College, Florida Atlantic University, Florida International University, the award-winning Broward County Main Library, and to federal, county and Broward County School District offices.

Through the cooperative efforts of residents, businesses and local government, Fort Lauderdale has evolved into a City that offers the best of both worlds - an attractive business environment and an outstanding quality of life. Fort Lauderdale looks forward to continuing to build upon its success to meet the challenges of the 21<sup>st</sup> Century and beyond.

For more information about the City of Fort Lauderdale, visit the City's website at [www.fortlauderdale.gov](http://www.fortlauderdale.gov).

### **Population**

From its origination in 1911 with a population of 300 people, Fort Lauderdale has grown to an estimated 170,065 people, as of September 30, 2013, and is currently ranked seventh among cities within the State of Florida.

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**City of Fort Lauderdale, Florida  
Population, Personal Income and Unemployment<sup>(1)</sup>**

Fiscal Year Ended <u>September 30</u>	Fort Lauderdale <u>Population</u>	Broward County <u>Population</u>	Broward County Personal <u>Income<sup>(2)</sup></u>	County Per Capita Personal <u>Income</u>	Unemploy- ment Rate
2004	169,000	1,753,000	\$59,615,576	\$34,008	4.4%
2005	170,300	1,753,000	65,213,329	37,201	3.5
2006	175,300	1,751,100	65,213,329	37,241	3.1
2007	175,500	1,751,100	65,213,329	37,241	4.2
2008	179,700	1,763,600	70,454,147	39,743	6.4
2009	180,100	1,756,500	71,994,871	41,169	10.9
2010	180,400	1,742,900	73,590,969	41,974	12.1
2011 <sup>(3)</sup>	165,500	1,748,100	72,752,112	41,618	10.7
2012	166,200	1,753,162	76,133,577	42,426	8.5
2013	170,065	1,815,137	78,687,882	43,351	5.2

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

- (1) Fort Lauderdale population obtained from the Bureau of Economic and Business Research, University of Florida. Broward County population and personal income obtained from the Bureau of Economic Analysis, United States Department of Commerce (as of 2009). Unemployment rates obtained from the Bureau of Labor Statistics, United States Department of Labor.
- (2) Personal income in thousands of dollars.
- (3) Reduction in population for Fiscal Year 2011 is the result of lower population estimates provided from the United States census conducted for 2010.

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**City of Fort Lauderdale, Florida**  
**General Revenues by Source<sup>(1)</sup>**

<u>Fiscal Year Ended Sept. 30</u>	<u>Property Taxes</u>	<u>Utility Taxes</u>	<u>Franchise Taxes</u>	<u>Insurance Premium Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Other</u>	<u>Total <sup>(2)</sup></u>
2004	\$ 89,592	\$33,622	\$13,434	\$4,105	\$ 10,675	\$5,212	\$ 42,170	\$17,545	\$35,647	\$252,001
2005	111,804	33,468	14,419	3,950	11,274	3,353	50,218	17,477	41,632	287,595
2006 <sup>(3)</sup>	124,356	33,546	17,250	4,216	12,884	3,336	101,391	17,877	48,971	363,829
2007	138,104	33,344	18,247	5,873	13,351	3,630	50,650	19,013	51,638	333,849
2008	127,981	33,936	18,192	5,262	10,994	6,643	42,315	17,792	50,606	313,721
2009	124,597	35,441	18,059	4,410	8,374	2,518	49,339	16,746	53,414	312,899
2010	112,812	34,754	18,225	4,817	8,032	2,534	50,969	17,859	52,772	302,774
2011	101,788	34,726	16,439	4,736	13,734	3,769	50,170	19,639	51,915	296,916
2012	96,618	35,386	15,872	5,321	14,913	3,537	51,666	20,401	67,503	311,216
2013	99,537	35,882	15,380	6,353	17,375	5,019	42,816	20,651	76,084	319,098

Source: City of Fort Lauderdale, Florida Comprehensive Annual Financial Report, September 30, 2011.

- (1) Includes all governmental fund types. Amounts reflected are in thousands of dollars.
- (2) Totals may not add due to rounding.
- (3) In Fiscal Year 2006 intergovernmental revenues show a significant increase due to cleanup and repair costs resulting from Hurricanes Katrina and Wilma and related reimbursements from federal and state sources.

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**City of Fort Lauderdale, Florida  
Property Tax Millage Rate<sup>(1)</sup>  
Direct and Overlapping Governments**

FISCAL YEAR ENDED SEPTEMBER 30	TAX ROLL YEAR	OVERLAPPING RATES <sup>(2)</sup>																
		FORT LAUDERDALE							OTHER TAXING DISTRICTS							SPECIAL DISTRICTS <sup>(3)</sup>		
		OPERATING	DEBT SERVICE	TOTAL CITY	BROWARD COUNTY	BROWARD COUNTY SCHOOLS	SO. FLORIDA WATER MANAGEMENT DISTRICT	FLORIDA INLAND NAVIGATION DISTRICT	BROWARD CHILDREN'S SERVICES COUNCIL	TOTAL CITY-WIDE	OPERATING	DEBT SERVICE	DOWNTOWN DEVELOPMENT AUTHORITY	NORTH BROWARD HOSPITAL DISTRICT	HILLSBORO INLET			
2004	2003	4.8288	0.3682	5.1970	7.1880	8.8096	0.6970	0.0385	0.3316	22.2617	0.6279	0.6000	2.5000	0.2490				
2005	2004	5.4066	0.3632	5.7698	7.0230	8.2695	0.6970	0.0385	0.3920	22.1898	0.6279	0.6000	2.4803	0.1845				
2006	2005	5.0924	0.3389	5.4313	6.7830	8.0623	0.6970	0.0385	0.4231	21.4352	0.6750	0.4200	2.1746	0.1845				
2007	2006	4.8066	0.2760	5.0826	6.0661	7.8687	0.6970	0.0385	0.4073	20.1602	0.6150	0.4800	1.8317	0.1170				
2008	2007	4.1193	0.1289	4.2482	5.2868	7.6484	0.6240	0.0345	0.3572	18.1991	0.4933	0.6089	1.6255	0.0860				
2009	2008	4.1193	0.1302	4.2495	5.3145	7.4170	0.6240	0.0345	0.3754	18.0149	0.4802	0.4289	1.7059	0.0860				
2010	2009	4.1193	0.1343	4.2536	5.3889	7.4310	0.6240	0.0345	0.4243	18.1563	0.4970	0.4313	1.7059	0.0860				
2011	2010	4.1193	0.2173	4.3366	5.5330	7.6310	0.6240	0.0345	0.4696	18.6487	0.4970	0.4313	1.8750	0.0860				
2012	2011	4.1193	0.1695	4.2888	5.5330	7.4180	0.4363	0.0345	0.4789	18.2095	0.5171	0.4489	1.8750	0.0860				
2013	2012	4.1193	0.2149	4.3342	5.5330	7.4560	0.4289	0.0345	0.4902	18.2968	0.5020	0.5302	1.8564	0.0860				

Source: Broward County Property Appraiser.

- (1) State law requires all counties to assess at 100% valuation and limits millage for operating purposes to ten mills.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners (e.g., the rates for special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).
- (3) Special Districts are taxing entities that levy taxes on limited areas within the City of Fort Lauderdale city limits.

**City of Fort Lauderdale, Florida  
Building Permit Activity**

<u>Fiscal Year Ended</u>	<u>Building Permits Issued</u>	<u>Estimated Building Permit Value</u>
9/30/04	26,046	\$1,774,323,254 <sup>(1)</sup>
9/30/05	28,809	909,684,623
9/30/06	31,870	1,446,456,647
9/30/07	27,831	1,104,690,206
9/30/08	22,246	626,995,334 <sup>(2)</sup>
9/30/09	21,748	408,859,952 <sup>(2)</sup>
9/30/10	21,543	421,617,819 <sup>(2)</sup>
9/30/11	23,166	783,220,377 <sup>(2)</sup>
9/30/12	22,404	589,997,269 <sup>(2)</sup>
9/30/13	23,095	676,757,795 <sup>(2)</sup>

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Source: City of Fort Lauderdale, Florida, Department of Sustainable Development, Building Services Division.

- (1) Larger amount in Fiscal Year 2004 is due to large residential and commercial projects pursuant to development plans concentrated in the central beach and downtown areas of the City and to the annexation into the City of an approximately three mile area in September 2002.
- (2) Decrease in Fiscal Years 2008 through 2013 is due to delayed construction completions and extensions granted for development plans for large residential and commercial projects and the effects of the national downturn in the economy.

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**APPENDIX B**

**Series 2014 Water and Sewer Revenue**

**Refunding Bonds Feasibility Report**

**APPENDIX C**

**Basic Financial Statements of the City  
for the Fiscal Year Ended September 30, 2013**

**APPENDIX D**

**The Resolution**

**APPENDIX E**

**Proposed Form of Opinion of Bond Counsel**



**APPENDIX F**

**Proposed Form of Opinion of Disclosure Counsel**

Date of Delivery

City Commission of the  
City of Fort Lauderdale, Florida  
100 North Andrews Avenue  
Fort Lauderdale, Florida 33301

§ \_\_\_\_\_  
**City of Fort Lauderdale, Florida**  
**Water and Sewer Revenue Refunding Bonds**  
**Series 2014**

Ladies and Gentlemen:

We have served as Disclosure Counsel in connection with the issuance by the City of Fort Lauderdale, Florida (the "City") of its \$ \_\_\_\_\_ in aggregate principal amount of Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2014 Bonds are being issued with the terms, for the purposes and subject to the conditions set forth in Resolution No. 03-29 adopted by the City Commission of the City (the "City Commission") on February 18, 2003 (the "Bond Resolution"), as supplemented by Resolution No. 14-\_\_\_\_ adopted by the City Commission on November \_\_\_\_, 2014 (the "Series Resolution" and, together with the Bond Resolution, the "Resolution"), as described in the Official Statement dated December \_\_\_\_, 2014 relating to the Series 2014 Bonds (the "Official Statement"). All capitalized terms used in this opinion that are not defined herein and not normally capitalized shall have the meaning ascribed to such terms in the Official Statement.

In connection with the issuance and delivery of this opinion, we have considered such matters of law and fact and have relied upon such certificates and other information furnished to us as we have deemed appropriate. We are not expressing any opinion or views herein on the authorization, issuance, delivery or validity of the Series 2014 Bonds. To the extent that the opinions expressed herein relate to or are dependent upon the determination that the proceedings and actions related to the authorization, issuance and sale of the Series 2014 Bonds are lawful and valid under the laws of the State of Florida, or that the Series 2014 Bonds are valid and binding obligations of the City enforceable in accordance with their terms, or that interest on the Series 2014 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes, we understand that you are relying upon the opinions delivered on the date hereof of Greenberg Traurig, P.A. and no opinion is expressed herein as to such matters.

The scope of our engagement with respect to the issuance of the Series 2014 Bonds was not to establish factual matters and, because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Official Statement, we are not passing on and do not assume any responsibility for, except as set forth in the last sentence of this paragraph, the accuracy or completeness of the contents of the Official Statement (including, without limitation, its appendices) and we make no representation that we have independently verified the accuracy, completeness or fairness of such contents. As your counsel, we have participated in the preparation of the Official Statement and in discussions and conferences with officials of the City, Bond Counsel for the City, the Feasibility Consultants for the City and the Financial Advisor for the City, in which the contents of the Official Statement and related matters were discussed. Solely on the basis of our participation in the preparation

of the Official Statement, our examination of certificates, documents, instruments and records relating to the City and the issuance of the Series 2014 Bonds and the above-mentioned discussions, nothing has come to our attention which would lead us to believe that the Official Statement (except for the financial, statistical and demographic data and information in the Official Statement, including, without limitation, the appendices thereto, and the information relating to DTC, its operations and the book-entry only system, as to which no opinion is expressed) contains an untrue statement of a material fact or omits to state a material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are also of the opinion that the continuing disclosure undertaking set forth in the Resolution and in the Continuing Disclosure Commitment of the City dated December \_\_\_\_, 2014 and delivered at the closing for the Series 2014 Bonds, satisfies the requirements set forth in Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission, as such requirements apply to the issuance of the Series 2014 Bonds.

In reaching the conclusions expressed herein we have, with your concurrence, assumed and relied on, without independent verification, the genuineness and authenticity of all signatures not witnessed by us, the authenticity of all documents, records, instruments and letters submitted to us as originals, the conformity to originals of all items submitted to us as certified or photostatic copies, the legal capacity and authority of the persons who executed such items, the accuracy of all warranties, representations and statements of fact contained in the documents and instruments submitted to us, and the continuing accuracy on this date of any certificates or other items supplied to us regarding the matters addressed herein. As to questions of fact material to our opinions, we have relied upon and assumed the correctness of the public records and certificates by, and representations of, public officials and other officers, and representatives of the parties to this transaction. We have no actual knowledge of any factual information that would lead us to form a legal opinion that the public records or certificates which we have relied upon contain any untrue statement of a material fact.

The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation. We assume no obligation to supplement this opinion if any applicable laws change after the date hereof or if we become aware of any facts that might change the opinions expressed herein after the date hereof. The opinions expressed herein represent our professional judgment, are not a guarantee of result, and are limited to the laws of the State of Florida and the United States of America.

The opinions expressed herein are furnished by us as Disclosure Counsel to our client, the City, and solely for the use of the addressee named above. Such opinions shall not extend to, and may not be relied upon by, any other persons, firms, or corporations without our express prior written consent. The opinions expressed herein are limited to the matters set forth herein, and to the documents referred to herein, and do not extend to any other agreements, documents or instruments executed by the City. No other opinion should be inferred beyond the matters expressly stated herein.

Respectfully submitted,

LAW OFFICES OF STEVE E. BULLOCK, P.A.

**APPENDIX G**

**Form of Continuing Disclosure Commitment**

## CONTINUING DISCLOSURE COMMITMENT

This CONTINUING DISCLOSURE COMMITMENT dated as of December \_\_, 2014 is executed and delivered by the CITY OF FORT LAUDERDALE, FLORIDA (the "City"), a municipal corporation and public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Florida in connection with the issuance of \$ \_\_\_\_\_ in aggregate principal amount of City of Fort Lauderdale, Florida Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2014 Bonds are being issued pursuant to Resolution No. 03-29 adopted by the City Commission of the City (the "City Commission") on February 18, 2003 (the "Bond Resolution"), as supplemented by Resolution No. 14-\_\_ adopted by the City Commission on November \_\_, 2014 (the "Series Resolution" and, together with the Bond Resolution, the "Resolution"). The City covenants and agrees as follows:

SECTION 1. Purpose of Disclosure Commitment. This Disclosure Commitment is being executed and delivered by the City in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC"). This Disclosure Commitment, together with Section 12 of the Series Resolution (collectively, the "Disclosure Agreement") shall constitute the continuing disclosure agreement of the City in accordance with the requirements of the Rule for the benefit of the Beneficial Owners.

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014 Bonds (including persons holding Series 2014 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2014 Bonds for federal income tax purposes.

"Business Day" shall mean any day other than a Saturday, Sunday or a day when banks in the City of New York, New York, or in the City of Fort Lauderdale, Florida, or in the city in which the principal offices of the Bond Registrar are required or authorized by law to be closed or on which the New York Stock Exchange is closed.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor or alternate Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Dissemination Agent or the MSRB is located, or acts of any

government, regulatory or any other competent authority the effect of which is to prohibit the Dissemination Agent from the performance of its obligations under the Disclosure Agreement.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Commitment.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2014 Bonds required to comply with the Rule in connection with the offering of the Series 2014 Bonds.

“Repository” shall mean any municipal securities information repository approved from time to time by the SEC, or otherwise established by law or regulation, where information is required to be filed in accordance with the Rule and initially shall constitute the entity set forth on Exhibit A of this Disclosure Commitment.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the 243<sup>rd</sup> day following the end of each Fiscal Year, commencing with the Fiscal Year ended September 30, 2014, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Commitment (provided, however, that the information referred to in Section 4(b) may be provided no later than September 1 of each year, commencing September 1, 2015 with respect to the report for the 2013-2014 Fiscal Year). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Commitment; provided, however, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than ten (10) Business Days prior to the date the Annual Report is to be filed with each Repository, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). ~~If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a) of this Section, or if the City shall fail to provide the Annual Report to the Dissemination Agent in time for the Dissemination Agent to deliver the Annual Report to the Repository by the date required in subsection (a) of this Section, the City or the Dissemination Agent, as applicable, shall send a notice to each Repository in substantially the form attached as Exhibit B to this Disclosure Commitment.~~

(c) In addition to filing the notice required by subsection (b) of this Section, as applicable, the Dissemination Agent shall:

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

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, which may be a part of the City's comprehensive audited financial report. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement for the Series 2014 Bonds, if available, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Any portion of an annual report of the Consulting Engineers relating to the Water and Sewer System, prepared in accordance with Section 703 of the Bond Resolution (or pursuant to any other requirements of the Water and Sewer System for the preparation of a similar study or report), to the extent such report or a portion thereof (i) updates information provided in the Official Statement prepared in connection with the issuance of the Series 2014 Bonds and (ii) is filed with the City (the "Engineer's Report").

(c) To the extent such information is not otherwise included as part of the annual audited financial statements of the City or the Engineer's Report, updated information from that set forth in the Official Statement for the Series 2014 Bonds under the subheadings "History," "Organizational Structure" and "Governmental Regulations" of the section "WATER AND SEWER SYSTEM," the annual pension cost and funding status information under the caption "PENSION PLANS" and the annual cost and contribution information under the caption "GASB STATEMENT NO. 45."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each Repository or to the SEC. If the document included by reference is a final official statement, such final official statement must be available in electronic format from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2014 Bonds within ten (10) Business Days of the occurrence of the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on the credit enhancements reflecting financial difficulties.
5. substitution of the credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2014 Bonds, or other material events affecting the tax status of the Series 2014 Bonds;
7. modifications to rights of Bondholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Series 2014 Bonds, if material;
11. rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;

*Note: for the purposes of the event identified in this subsection 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional Bond Registrar, Paying Agent or trustee or the change of name of a Bond Registrar, Paying Agent or trustee, if material.

(b) Notice to the Dissemination Agent of any Listed Event shall be in writing. Such notice shall (i) identify the Listed Event that has occurred; (ii) include the text of the disclosure that the City desires to make; (iii) contain the written authorization of the City for the Dissemination



Agent to disseminate such information, and (iv) identify the date the City desires the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10<sup>th</sup>) Business Day after the occurrence of the Listed Event).

(c) The Dissemination Agent is not obligated to notify the City of an event that may constitute a Listed Event. In the event the Dissemination Agent so notifies the City, the City shall, within two (2) Business Days of receipt of such notice (but in any event not later than the tenth (10<sup>th</sup>) Business Day after the occurrence of the Listed Event, if the City determines that a Listed Event has occurred), instruct the Dissemination Agent that a Listed Event either (i) has not occurred and no filing is to be made or (ii) has occurred and the Dissemination Agent shall be provided notice thereof in the manner provided in Section 5(b).

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Agreement shall remain in effect only for such period that the Series 2014 Bonds are outstanding in accordance with their terms and the terms of the Resolution and the City remains an obligated person with respect to the Series 2014 Bonds within the meaning of the Rule. The obligation of the City to provide the Annual Report and notices of Listed Events shall terminate if and when the City no longer remains such an obligated person. The Disclosure Agreement also shall terminate upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the City may amend the Disclosure Agreement, and non-compliance with any provision of the Disclosure Agreement may be waived, provided the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) hereof (unless the amendment or waiver is necessary or appropriate for the City to achieve compliance with any applicable federal law or rule, or to cure any ambiguity, inconsistency, formal defect or omission in the provisions of the Disclosure Agreement), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2014 Bonds, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2014 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2014 Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners.

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

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

SECTION 8. Additional Information. Nothing in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Commitment or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Remedy for Breach. The Disclosure Agreement shall be solely for the benefit of the Beneficial Owners from time to time of the Series 2014 Bonds. The exclusive remedy for any breach of the Disclosure Agreement by the City shall be limited, to the extent permitted by law, to a right of Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under the Disclosure Agreement. Any holder or beneficial owner may exercise individually any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Notwithstanding any other provisions of the Resolution or the Disclosure Agreement, any failure by the City to comply with any provision of the Disclosure Agreement shall not constitute a default under the Series 2014 Bonds or under the Resolution.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The services provided by the Dissemination Agent under or pursuant to the Disclosure Agreement shall solely relate to the execution of instructions received by the Dissemination Agent from the City and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). The Dissemination Agent shall not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product," as such terms are defined in Dodd-Frank, and nothing in the Disclosure Agreement shall be interpreted to the contrary.

(b) For purposes of satisfying the reporting requirements of the Disclosure Agreement, the City has delegated to the Dissemination Agent the duties, functions and responsibilities of disclosing information undertaken by the City in the Disclosure Agreement. The City may, from time to time, appoint or engage an alternate or substitute Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor, alternate or substitute Dissemination Agent. The Dissemination Agent (other than the City) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Agreement.

(c) Any information received by the Dissemination Agent before 6:00 p.m. Eastern time on any Business Day that it is required to file with the MSRB pursuant to the terms of the Disclosure Agreement will be filed by the Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same Business Day; provided, however, the Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure

Event, provided that the Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(d) The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2014 Bonds.

SECTION 11. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the City contained in the Disclosure Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the City contained in the Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the City in other than that person's official capacity.

SECTION 12. Obligated Persons. If any person, other than the City, becomes an "obligated person" with respect to the Series 2014 Bonds within the meaning of the Rule, the City shall use its best efforts to require such "obligated person" to comply with all provisions of the Rule applicable to such "obligated person."

SECTION 13. Electronic Filing. Any filing under the Disclosure Agreement with a Repository shall be made in compliance with the formal rules, notices or releases for such filings, as established by the SEC or the MSRB and, until established otherwise by such rules, notices or releases, any filing under the Disclosure Agreement shall be made electronically at <http://emma.msrb.org/> in accordance with the procedures of the MSRB for such filings.

SECTION 14. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 15. Severability. In case any section or provision of the Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Headings. The headings preceding the text of the sections of this Disclosure Commitment are solely for convenience of reference and shall not affect the meaning, construction or effect of any of the provisions of the Disclosure Agreement.

IN WITNESS WHEREOF, the City has caused this Disclosure Commitment to be executed by its duly authorized officer and delivered to the Participating Underwriter in connection with the original issuance and delivery of the Series 2014 Bonds, all as of the date set forth above, and the Beneficial Owners and Holders of the Series 2014 Bonds from time to time shall be deemed to have accepted the Disclosure Agreement, as contained in Section 12 of the Series Resolution and further described and specified herein, in accordance with the Rule.

CITY OF FORT LAUDERDALE, FLORIDA

By: \_\_\_\_\_  
KIRK W. BUFFINGTON  
Director of Finance

EXHIBIT A

Municipal Securities Information Repositories approved by the United States Securities and Exchange Commission:

Municipal Securities Rulemaking Board:  
<http://emma.msrb.org/>

A list of names and addresses of all designated Municipal Securities Information Repositories as of any point in time is available by visiting the SEC's website at <http://www.sec.gov/info/municipal.shtml>.

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Fort Lauderdale, Florida

Name of Bond Issue: Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds")

Date of Issuance: December \_\_\_\_, 2014

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the Series 2014 Bonds as required by Section 12 of the Series Resolution adopted by the City Commission of the City in connection with the issuance of the Series 2014 Bonds. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

[Dissemination Agent]

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

**EXHIBIT "D"**  
**PAYING AGENT AND BOND REGISTRAR AGREEMENT**

**PAYING AGENT AND BOND REGISTRAR AGREEMENT**

THIS PAYING AGENT AND BOND REGISTRAR AGREEMENT (the "Agreement") is entered into as of the \_\_\_<sup>th</sup> day of December, 2014, by and between the CITY OF FORT LAUDERDALE, FLORIDA (the "City"), and REGIONS BANK, a banking corporation duly organized and existing under the laws of the State of Alabama having its designated corporate trust office in Jacksonville, Florida (the "Bank").

**WITNESSETH:**

**WHEREAS**, the City has determined to issue \$\_\_\_\_\_ in aggregate principal amount of its City of Fort Lauderdale, Florida Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Bonds" or the "Series 2014 Bonds"), pursuant to the provisions of Resolution No. 03-29 adopted by the City Commission of the City (the "City Commission") on February 18, 2003, as previously supplemented, and as further supplemented by Resolution No. 14-\_\_\_, adopted by the City Commission on November \_\_\_, 2014 (collectively, the "Bond Resolution"); and

**WHEREAS**, the City represents that all things necessary to make the Series 2014 Bonds the valid obligations of the City, in accordance with their terms, will be or have been taken upon the issuance and delivery thereof; and

**WHEREAS**, the City has previously issued pursuant to the Bond Resolution, and has currently outstanding its (i) Water and Sewer Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), (ii) Water and Sewer Revenue Bonds, Series 2008 (the "Series 2008 Bonds"), (iii) Water and Sewer Revenue Bonds, Series 2010 (the "Series 2010 Bonds") and (iv) Water and Sewer Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds" and, together with the Series 2006 Bonds, the Series 2008 Bonds, the Series 2010 Bonds and the Series 2014 Bonds, the "Bonds"); and

**WHEREAS**, the City desires that the Bank act as the Paying Agent of the City in paying the principal of and interest on the Series 2014 Bonds, in accordance with the terms thereof, and that the Bank act as the Bond Registrar for the Series 2014 Bonds (collectively, the "Bond Registrar") pursuant to the Bond Resolution; and

**WHEREAS**, the Bank has represented that it is duly qualified to perform the duties described herein as Bond Registrar; and

**WHEREAS**, the City and the Bank each have duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the City and the Bank, in accordance with its terms, have been done;

**NOW, THEREFORE**, for and in consideration of the premises and the covenants herein contained, the City and the Bank hereby agree as follows:



## ARTICLE I

### APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

#### SECTION 1.01. Appointment.

The City hereby appoints the Bank to act as "Paying Agent" with respect to the Series 2014 Bonds and as the "Bond Registrar" as such term is defined in the Bond Resolution.

The Bank hereby accepts its appointment, and agrees to act as the Paying Agent and the Bond Registrar for the Series 2014 Bonds, and as such, to perform the functions of Paying Agent and Bond Registrar, as described herein and in the Bond Resolution, and in the event of conflict, the terms of the Bond Resolution shall govern.

#### SECTION 1.02. Compensation.

As compensation for the Bank's services as Paying Agent and Bond Registrar, the City hereby agrees to pay the Bank the fees and amounts set forth in Exhibit A hereto.

In addition, the City agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any of the provisions hereof. Such fees and expenses shall be paid to the Bank as billed.

## ARTICLE II

### DEFINITIONS

#### SECTION 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided, or unless the context otherwise requires:

"Authorized Representative" shall mean an authorized representative of the City, as designated by the City Commission from time to time and shall initially include the Mayor, City Clerk, City Manager, the Director of Finance, Deputy Director of Finance, and Senior Accountant.

"Bond Register" shall mean the registration books maintained by the Bond Registrar for the Series 2014 Bonds.

"Bondholder" shall mean a Person in whose name a Bond is registered in the Bond Register.

"Cost of Issuance Account" shall mean the City of Fort Lauderdale, Florida Water and Sewer Revenue Refunding Bonds, Series 2014 Cost of Issuance Account created under the Bond Resolution.

“Paying Agent” shall mean such Person appointed by the City to pay to the Bondholders the principal of and interest on all or any of the Series 2014 Bonds as the same shall become due and payable.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Bonds” of any particular Bond shall mean every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (for the purposes of this definition, any Bond registered and delivered under the provisions of the Bond Resolution in lieu of a mutilated, lost, destroyed, or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond).

“Record Date” shall mean the fifteenth day (whether or not a business day) of the month next preceding the applicable interest payment date.

“Responsible Officer” when used with respect to the Bank shall mean the President, any Vice President, any Trust Officer, Assistant Trust Officer or Client Service Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of or familiarity with the particular subject.

“Stated Maturity” shall mean the date specified as the fixed date on which the principal of a Bond is due and payable.

SECTION 2.02. **Other Definitions.**

The terms “Bank”, “City”, “Bond Resolution” and “Bonds” have the meaning assigned to them in the opening paragraph of this Agreement or in the preamble hereto.

The term “Bond Registrar” refers to the Bank when it is performing the functions set forth in this Agreement.

**ARTICLE III**

**THE BONDS**

SECTION 3.01. **Forms Generally.**

The Series 2014 Bonds, the certificate of authentication and the assignment to be printed on each of the Series 2014 Bonds, shall be in the forms set forth in the Bond Resolution, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Bond Resolution and approved by an Authorized Representative.

SECTION 3.02. **Execution, Registration, Delivery, and Dating.**

The Series 2014 Bonds shall be executed on behalf of the City as directed by the Bond Resolution. The signature of any of the officers of the City on the Series 2014 Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the City shall bind the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the certification of registration and delivery of the Series 2014 Bonds or shall not have held such offices at the date of the Series 2014 Bonds.

At any time and from time to time after the execution and delivery of this Agreement, the Bondholder may deliver to the Bank for transfer or exchange Bonds accompanied by instructions designating the Persons, maturities, and principal amounts to and in which such Bonds are to be transferred, and the Bank shall thereupon, within not more than three (3) business days, register and deliver such Bonds as provided herein and in such instructions. Every Bond surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Bondholder thereof or his attorney duly authorized in writing.

All Bonds registered and delivered by the Bank hereunder shall be dated as provided in the Bond Resolution.

No Bond shall be entitled to any right or benefit under this Agreement, or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided in the Bond Resolution, executed by the Bank by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or registered and delivered.

SECTION 3.03. **Person Deemed Owners.**

The City, the Bank, and any agent of the City or the Bank may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes whatsoever whether or not such Bond be overdue, and, to the extent permitted by law, the City, the Bank, and any such agent shall not be affected by notice to the contrary.

**ARTICLE IV**

**PAYING AGENT**

SECTION 4.01. **Duties of Paying Agent.**

As Paying Agent the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the City, pay on the behalf of the City the principal of the Series 2014 Bonds at their Stated Maturity to the Bondholder upon surrender of the Series 2014 Bonds to the Bank.

As Paying Agent the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the City, pay on behalf of the City on the payment date the interest on the Series 2014 Bonds when due by computing the amount of interest to be paid each Bondholder and (i) preparing and mailing checks by first-class mail, postage prepaid, to the Bondholders of the Series 2014 Bonds (or their Predecessor Bonds) on the Record Date, addressed to their address appearing on the Bond Register; provided, however, that if ownership of the Series 2014 Bonds is maintained in a book-entry only system by a securities depository, such payment may be made by automated wire transfer to such securities depository or its nominee or (ii) wiring funds to the Bondholders who have requested payment by wire transfer in accordance with Section 2.02 of the Bond Resolution, or (iii) utilizing such other customary banking arrangements to which the Bondholders and the Bank agree.

The Bank expressly acknowledges its understanding and acceptance of its duties as Paying Agent in the Bond Resolution.

**SECTION 4.02. Payment Dates.**

The City hereby instructs the Bank to pay the principal of and interest on the Series 2014 Bonds on the dates specified or provided for in the Bond Resolution and other pertinent documents relating to the Series 2014 Bonds.

**ARTICLE V**

**BOND REGISTRAR**

**SECTION 5.01. Transfer and Exchange.**

The City shall keep and maintain at the Bank the Bond Register to provide for the registration and transfers of the Series 2014 Bonds. The Bank is hereby appointed "Bond Registrar" for the purpose of registering Bonds and transfers of Bonds as herein provided. The Bank agrees to maintain the Bond Register while it is Bond Registrar.

Upon surrender for transfer of any Bond at the designated corporate trust office of the Bank, the Bank shall, not more than three (3) business days after request and presentation, register and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same series, same maturity, of any authorized denominations, and of a like aggregate principal amount. To the extent so provided with respect to the Series 2014 Bonds, at the option of the Bondholder, Bonds may be exchanged for other Bonds of the same series, same maturity, of any authorized denominations, and of like aggregate principal amount, upon surrender of the Series 2014 Bonds to be exchanged at the corporate trust office of the Bank. Whenever any Bonds are to be surrendered for exchange, the City shall execute and the Bank shall authenticate, register and deliver, the Series 2014 Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange, after authentication by the Bank, shall be the valid obligations of the City, evidencing the same debt, and entitled to the same benefits

hereunder and under the Bond Resolution, as the Series 2014 Bonds surrendered upon such transfer or exchange.

Every Bond surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Bondholder thereof or his attorney duly authorized in writing, and shall be numbered in order of their authentication by the Bank. The Bond Registrar may request any supporting documentation necessary to effect a re-registration.

No service charge shall be made to the Bondholder for any registration, transfer, or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

SECTION 5.02.     **Certificates.**

In the event that the book-only entry system for the Series 2014 Bonds is terminated, the City shall provide an adequate inventory of unauthenticated Bond certificates to facilitate transfers of the Series 2014 Bonds. The Bank covenants that it will maintain any such Bond certificates in safekeeping and will use reasonable care in maintaining such Bonds in safekeeping, being not less than the care which it takes in connection with other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

SECTION 5.03.     **Form of Bond Register.**

The Bank, as Bond Registrar, will maintain the record of the Bond Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Bond Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Bond Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

SECTION 5.04.     **List of Bondholders.**

The Bank will provide the City, at any time requested by the City, upon payment of any copying costs and costs of any reports, a copy of the information contained in the Bond Register. The City may also inspect the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up to date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any person other than to, or at the written request of, an Authorized Representative or employee of the City, except upon receipt of a subpoena or court order. Upon receipt of a subpoena or court order the Bank will notify the City so that the City may contest such subpoena or court order.

SECTION 5.05. **Return of Cancelled Certificates.**

The Bank will surrender to the City, at such reasonable intervals as it determines, certificates of destruction in lieu of which or in exchange for which other Bonds have been issued, or which have been paid.

SECTION 5.06. **Mutilated, Destroyed, Lost, or Stolen Bonds.**

The City hereby instructs the Bank to authenticate and deliver Bonds in exchange for or in lieu of mutilated, destroyed, lost, or stolen Bonds as long as the same does not result in an over-issuance, all in conformance with the requirements of the Bond Resolution.

The Bank will authenticate and deliver a new Bond in exchange for a mutilated Bond surrendered to it. The Bank will issue a new Bond in lieu of a Bond for which it received written representation from the Bondholder that the certificate representing such Bond is destroyed, lost or stolen, without the surrender or production of the original certificate. The Bank will pay on behalf of the City the principal of a Bond for which it receives written representation that such Bond is destroyed, lost or stolen following the Stated Maturity of the Bond, without surrender or production of the original certificate.

The Bank will not issue a replacement Bond or pay such replacement Bond unless there is delivered to the Bank such security or indemnity as it may require (which may be by the Bank's blanket bond) to save both the Bank and the City harmless.

On satisfaction of the Bank and the City, the certificate number on the Bond will be cancelled with a notation on the Bond Register that it has been mutilated, destroyed, lost, or stolen, and a new Bond will be issued of the same series and of like tenor and principal amount bearing a number (according to the Bond Register) not contemporaneously outstanding.

The Bank may charge the Bondholder the Bank's reasonable fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost or stolen Bond.

SECTION 5.07. **Surety Bond.**

The City hereby accepts the Bank's current blanket bond for lost, stolen or destroyed certificates and any substantially similar future substitute blanket bond for lost, stolen or destroyed certificates that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the City's requirements as to security or indemnity. The Bank need not notify the City of any changes in the bond or other company giving such bond, or the terms of any such bond. The blanket bond then utilized by the Bank for the purpose of lost, stolen or destroyed certificates by the Bank is available for inspection by the City upon request.

SECTION 5.08. **Transaction Information to City.**

The Bank will, within a reasonable time after receipt of a written request from the City, furnish the City information as to the Series 2014 Bonds it has paid pursuant to Section 4.01

hereof, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 5.01 hereof, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds pursuant to Section 5.06 hereof.

## ARTICLE VI

### THE BANK

#### SECTION 6.01. Duties of the Bank.

The Bank undertakes to perform the duties of Paying Agent and Bond Registrar as set forth herein and in the Bond Resolution and agrees to use reasonable care in the performance thereof, and in the event of conflict with the Bond Resolution and this Agreement, the terms of the Bond Resolution shall govern. The Bank hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Series 2014 Bonds, to pay the Series 2014 Bonds as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

#### SECTION 6.02. Reliance on Documents Etc.

(a) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(b) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(c) The Bank may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the City.

(d) The Bank may consult with counsel and the written advice of such counsel or any written opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Bank may exercise any of its powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

SECTION 6.03. **Recitals of the City.**

The recitals contained herein, in the Bond Resolution and in the Series 2014 Bonds shall be taken as the statements of the City and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable from its own funds to the City, any Bondholder or Bondholders of any Bond or any other Person for any amount due on any Bond.

SECTION 6.04. **Bank May Hold Bonds.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not the Paying Agent and Bond Registrar.

SECTION 6.05. **Moneys Held by Bank.**

Money held by the Bank hereunder shall be segregated from any other funds of the Bank and the City, and such money shall be held in trust for the benefit of the Bondholders of the Series 2014 Bonds.

Any money deposited with the Bank for the payment of the principal of or interest on any Bonds and remaining unclaimed three (3) years following the final maturity of the Series 2014 Bonds shall be paid by the Bank to the City, and the Bondholder of such Bonds shall thereafter look only to the City for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

[The City hereby directs the Bank to hold from the proceeds of the Series 2014 Bonds \$ \_\_\_\_\_ in the Cost of Issuance Account for the Series 2014 Bonds which shall be deposited with the Bank. Such moneys as are deposited shall be held by the Bank and shall be invested at the written direction of the City. The Bank shall not be liable or responsible for any loss resulting from any such investment. Withdrawals from the Cost of Issuance Account shall be made by the Bank upon written direction (which may be by e-mail) of an Authorized Representative of the City. All funds remaining in the Cost of Issuance Account after payment of the costs as certified by an Authorized Representative of the City shall be paid to the City.]

SECTION 6.06. **Bank Not a Trustee.**

Notwithstanding Section 6.05 hereof with respect to the responsibility of the Bank to hold moneys hereunder in trust, this Agreement shall not be construed to require the Bank to enforce any remedy which any Bondholder may have against the City during any default or event of default under any agreement between any Bondholder and the City, including the Bond Resolution, or to act as trustee for such Bondholder, other than to perform the duties provided in the Bond Resolution.



SECTION 6.07. **Bank Not Responsible for Bonds.**

The Bank shall not be accountable for the use of any Bonds or for the use or application of the proceeds thereof.

SECTION 6.08. **Interpleader.**

The City and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, waive personal service of any process and agree that service of process by certified or registered mail, return receipt requested, to the addresses set forth in Section 7.03 hereof shall constitute adequate service. The City and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

**ARTICLE VII**

**MISCELLANEOUS PROVISIONS**

SECTION 7.01. **Amendment.**

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

SECTION 7.02. **Assignment.**

This Agreement may not be assigned by either party without the prior written consent of the other.

SECTION 7.03. **Notices; Waiver.**

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the City or the Bank shall be mailed first-class postage prepaid or hand delivered to the City or the Bank, respectively, at the addresses shown below:

The City: City of Fort Lauderdale, Florida  
100 North Andrews Avenue  
Fort Lauderdale, Florida 33301  
Attn: Finance Director  
CC: City Manager

The Bank: Regions Bank  
10245 Centurion Parkway, 2<sup>nd</sup> Floor  
Jacksonville, Florida 32256  
Attn: Corporate Trust Services

Any notice to Bondholders provided by this Agreement of any event shall be sufficiently given if it is in writing and mailed, first-class postage prepaid, to each Bondholder, at the address of such Bondholder as it appears in the Bond Register.

In any case where notice to Bondholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Bondholder shall affect the sufficiency of such notice with respect to all other Bondholders. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Bank, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 7.04. **Effect of Headings.**

The article and section headings herein are for convenience only and shall not affect the construction hereof

SECTION 7.05. **Successors and Assigns.**

All covenants and agreements herein by the parties hereto shall bind their successors and assigns, whether so expressed or not.

SECTION 7.06. **Severability.**

In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 7.07. **Benefits of Agreement.**

Nothing herein, express or implied, shall give to any person, other than the Bondholders and the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

SECTION 7.08. **Entire Agreement.**

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent and Bond Registrar, and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

SECTION 7.09. **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement.

SECTION 7.10. **Termination.**

Subject to the Bond Resolution, this Agreement will terminate on the date the Bank issues its check or wire transfer for the final payment of principal of and interest on the Series 2014 Bonds.

This Agreement may be earlier terminated with or without cause. Upon notice of such termination, the City reserves the right to appoint a successor Paying Agent and Bond Registrar. The Bank shall deliver all records and any unclaimed funds to the City or such successor without a right of set off for any fees, charges or expenses due to the Bank. However, the Bank is entitled to payment of all outstanding fees and expenses before delivering records to the City. In the event this Agreement is terminated by giving written notice, then the Bank agrees, upon request by the City, to give notice by first-class mail to all registered Bondholders of the name and address of the successor Paying Agent and Bond Registrar. Expenses for such notice shall be paid by the City.

SECTION 7.11. **Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Florida.

[Signature Page to Follow]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written,

CITY OF FORT LAUDERDALE, FLORIDA

(SEAL)

ATTEST:

By: \_\_\_\_\_  
John P. "Jack" Seiler  
Mayor

By: \_\_\_\_\_  
Jonda K. Joseph  
City Clerk

REGIONS BANK,  
as Bond Registrar and Paying Agent

By: \_\_\_\_\_  
Vladimir I. Muñoz  
Vice President and Trust Officer

## **EXHIBIT A**

### **Schedule of Paying Agent and Bond Registrar Fees**

1. Paying Agent and Bond Registrar Fee — an annual administration fee of \$500.00 (per Series) paid at closing and each anniversary date thereafter.

2. In addition to the foregoing annual administration fee, the Paying Agent and Bond Registrar shall be entitled to reimbursement for its reasonable out-of-pocket costs and disbursements, including, without limitation, the reasonable fees and expenses of its counsel, associated with the performance of its duties under the Paying Agent and Bond Registrar Agreement.

*MIA 184058265v2*

**EXHIBIT "E"**  
**CONTINUING DISCLOSURE COMMITMENT**

**CONTINUING DISCLOSURE COMMITMENT**

This CONTINUING DISCLOSURE COMMITMENT dated as of December \_\_, 2014 is executed and delivered by the CITY OF FORT LAUDERDALE, FLORIDA (the "City"), a municipal corporation and public body corporate and politic, duly organized and existing under the Constitution and laws of the State of Florida in connection with the issuance of \$ \_\_\_\_\_ in aggregate principal amount of City of Fort Lauderdale, Florida Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2014 Bonds are being issued pursuant to Resolution No. 03-29 adopted by the City Commission of the City (the "City Commission") on February 18, 2003 (the "Bond Resolution"), as supplemented by Resolution No. 14-\_\_ adopted by the City Commission on November \_\_, 2014 (the "Series Resolution" and, together with the Bond Resolution, the "Resolution"). The City covenants and agrees as follows:

**SECTION 1. Purpose of Disclosure Commitment.** This Disclosure Commitment is being executed and delivered by the City in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "SEC"). This Disclosure Commitment, together with Section 12 of the Series Resolution (collectively, the "Disclosure Agreement") shall constitute the continuing disclosure agreement of the City in accordance with the requirements of the Rule for the benefit of the Beneficial Owners.

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2014 Bonds (including persons holding Series 2014 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2014 Bonds for federal income tax purposes.

"Business Day" shall mean any day other than a Saturday, Sunday or a day when banks in the City of New York, New York, or in the City of Fort Lauderdale, Florida, or in the city in which the principal offices of the Bond Registrar are required or authorized by law to be closed or on which the New York Stock Exchange is closed.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor or alternate Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Dissemination Agent from the performance of its obligations under the Disclosure Agreement.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Commitment.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2014 Bonds required to comply with the Rule in connection with the offering of the Series 2014 Bonds.

“Repository” shall mean any municipal securities information repository approved from time to time by the SEC, or otherwise established by law or regulation, where information is required to be filed in accordance with the Rule and initially shall constitute the entity set forth on Exhibit A of this Disclosure Commitment.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the 243<sup>rd</sup> day following the end of each Fiscal Year, commencing with the Fiscal Year ended September 30, 2014, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Commitment (provided, however, that the information referred to in Section 4(b) may be provided no later than September 1 of each year, commencing September 1, 2015 with respect to the report for the 2013-2014 Fiscal Year). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Commitment; provided, however, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).



(b) Not later than ten (10) Business Days prior to the date the Annual Report is to be filed with each Repository, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a) of this Section, or if the City shall fail to provide the Annual Report to the Dissemination Agent in time for the Dissemination Agent to deliver the Annual Report to the Repository by the date required in subsection (a) of this Section, the City or the Dissemination Agent, as applicable, shall send a notice to each Repository in substantially the form attached as Exhibit B to this Disclosure Commitment.

(c) In addition to filing the notice required by subsection (b) of this Section, as applicable, the Dissemination Agent shall:

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

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, which may be a part of the City's comprehensive audited financial report. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report may contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement for the Series 2014 Bonds, if available, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Any portion of an annual report of the Consulting Engineers relating to the Water and Sewer System, prepared in accordance with Section 703 of the Bond Resolution (or pursuant to any other requirements of the Water and Sewer System for the preparation of a similar study or report), to the extent such report or a portion thereof (i) updates information provided in the Official Statement prepared in connection with the issuance of the Series 2014 Bonds and (ii) is filed with the City (the "Engineer's Report").

(c) To the extent such information is not otherwise included as part of the annual audited financial statements of the City or the Engineer's Report, updated

information from that set forth in the Official Statement for the Series 2014 Bonds under the subheadings “History,” “Organizational Structure” and “Governmental Regulations” of the section “WATER AND SEWER SYSTEM,” the annual pension cost and funding status information under the caption “PENSION PLANS” and the annual cost and contribution information under the caption “GASB STATEMENT NO. 45.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each Repository or to the SEC. If the document included by reference is a final official statement, such final official statement must be available in electronic format from the MSRB. The City shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2014 Bonds within ten (10) Business Days of the occurrence of the event:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties.
5. substitution of the credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2014 Bonds, or other material events affecting the tax status of the Series 2014 Bonds;
7. modifications to rights of Bondholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;

10. release, substitution or sale of property securing repayment of the Series 2014 Bonds, if material;
11. rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;

*Note: for the purposes of the event identified in this subsection 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.*

13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional Bond Registrar, Paying Agent or trustee or the change of name of a Bond Registrar, Paying Agent or trustee, if material.

(b) Notice to the Dissemination Agent of any Listed Event shall be in writing. Such notice shall (i) identify the Listed Event that has occurred; (ii) include the text of the disclosure that the City desires to make; (iii) contain the written authorization of the City for the Dissemination Agent to disseminate such information, and (iv) identify the date the City desires the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10<sup>th</sup>) Business Day after the occurrence of the Listed Event).

(c) The Dissemination Agent is not obligated to notify the City of an event that may constitute a Listed Event. In the event the Dissemination Agent so notifies the City, the City shall, within two (2) Business Days of receipt of such notice (but in any event not later than the tenth (10<sup>th</sup>) Business Day after the occurrence of the Listed Event, if the City determines that a Listed Event has occurred), instruct the Dissemination Agent that a Listed Event either (i) has not occurred and no filing is to be made or (ii) has occurred and the

Dissemination Agent shall be provided notice thereof in the manner provided in Section 5(b).

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Agreement shall remain in effect only for such period that the Series 2014 Bonds are outstanding in accordance with their terms and the terms of the Resolution and the City remains an obligated person with respect to the Series 2014 Bonds within the meaning of the Rule. The obligation of the City to provide the Annual Report and notices of Listed Events shall terminate if and when the City no longer remains such an obligated person. The Disclosure Agreement also shall terminate upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the City may amend the Disclosure Agreement, and non-compliance with any provision of the Disclosure Agreement may be waived, provided the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) hereof (unless the amendment or waiver is necessary or appropriate for the City to achieve compliance with any applicable federal law or rule, or to cure any ambiguity, inconsistency, formal defect or omission in the provisions of the Disclosure Agreement), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2014 Bonds, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2014 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2014 Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners.

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

feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Commitment or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Remedy for Breach. The Disclosure Agreement shall be solely for the benefit of the Beneficial Owners from time to time of the Series 2014 Bonds. The exclusive remedy for any breach of the Disclosure Agreement by the City shall be limited, to the extent permitted by law, to a right of Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under the Disclosure Agreement. Any holder or beneficial owner may exercise individually any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Notwithstanding any other provisions of the Resolution or the Disclosure Agreement, any failure by the City to comply with any provision of the Disclosure Agreement shall not constitute a default under the Series 2014 Bonds or under the Resolution.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The services provided by the Dissemination Agent under or pursuant to the Disclosure Agreement shall solely relate to the execution of instructions received by the Dissemination Agent from the City and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). The Dissemination Agent shall not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product," as such terms are defined in Dodd-Frank, and nothing in the Disclosure Agreement shall be interpreted to the contrary.

(b) For purposes of satisfying the reporting requirements of the Disclosure Agreement, the City has delegated to the Dissemination Agent the duties, functions and responsibilities of disclosing information undertaken by the City in the Disclosure Agreement. The City may, from time to time, appoint or engage an alternate or substitute Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor, alternate or substitute Dissemination Agent. The Dissemination Agent (other than the City) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Agreement.

(c) Any information received by the Dissemination Agent before 6:00 p.m. Eastern time on any Business Day that it is required to file with the MSRB pursuant to the terms of the Disclosure Agreement will be filed by the Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same Business Day; provided, however, the Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event, provided that the Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(d) The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2014 Bonds.

SECTION 11. Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the City contained in the Disclosure Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the City contained in the Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the City in other than that person's official capacity.

SECTION 12. Obligated Persons. If any person, other than the City, becomes an "obligated person" with respect to the Series 2014 Bonds within the meaning of the Rule, the City shall use its best efforts to require such "obligated person" to comply with all provisions of the Rule applicable to such "obligated person."

SECTION 13. Electronic Filing. Any filing under the Disclosure Agreement with a Repository shall be made in compliance with the formal rules, notices or releases for such filings, as established by the SEC or the MSRB and, until established otherwise by such rules, notices or releases, any filing under the Disclosure Agreement shall be made electronically at <http://emma.msrb.org/> in accordance with the procedures of the MSRB for such filings.

SECTION 14. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 15. Severability. In case any section or provision of the Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other

section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Headings. The headings preceding the text of the sections of this Disclosure Commitment are solely for convenience of reference and shall not affect the meaning, construction or effect of any of the provisions of the Disclosure Agreement.

IN WITNESS WHEREOF, the City has caused this Disclosure Commitment to be executed by its duly authorized officer and delivered to the Participating Underwriter in connection with the original issuance and delivery of the Series 2014 Bonds, all as of the date set forth above, and the Beneficial Owners and Holders of the Series 2014 Bonds from time to time shall be deemed to have accepted the Disclosure Agreement, as contained in Section 12 of the Series Resolution and further described and specified herein, in accordance with the Rule.

CITY OF FORT LAUDERDALE, FLORIDA

By: \_\_\_\_\_  
KIRK W. BUFFINGTON  
Director of Finance

## EXHIBIT A

Municipal Securities Information Repositories approved by the United States Securities and Exchange Commission:

Municipal Securities Rulemaking Board:  
<http://emma.msrb.org/>

A list of names and addresses of all designated Municipal Securities Information Repositories as of any point in time is available by visiting the SEC's website at <http://www.sec.gov/info/municipal.shtml>.



EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Fort Lauderdale, Florida

Name of Bond Issue: Water and Sewer Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds")

Date of Issuance: December \_\_, 2014

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the Series 2014 Bonds as required by Section 12 of the Series Resolution adopted by the City Commission of the City in connection with the issuance of the Series 2014 Bonds. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

[Dissemination Agent]

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