

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

NEW ISSUE – Book-Entry Only

Rating: Moody's Aa2
(See "RATING" herein)

In the opinion of Bond Counsel, assuming continuing compliance by the City with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"); however, for tax years beginning after December 31, 2022, interest on the Series 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The Series 2025 Bonds and the interest thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein. See "TAX MATTERS" for a description of certain provisions of the Code that may affect the federal tax treatment of interest on the Series 2025 Bonds for certain owners thereof.

\$60,000,000*

**CITY OF MARGATE, FLORIDA
WATER AND WASTEWATER IMPROVEMENT REVENUE BONDS, SERIES 2025**

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The City of Margate, Florida (the "City") is issuing its Water and Wastewater Improvement Revenue Bonds, Series 2025 (the "Series 2025 Bonds") as fully registered Bonds without coupons, which when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2025 Bonds. Purchase of the Series 2025 Bonds will be made in book-entry form only, in the denomination of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2025 Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, reference herein to the registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Series 2025 Bonds. See "THE SERIES 2025 BONDS - Book-Entry-Only System" herein. Interest will be payable semiannually on each April 1 and October 1, commencing on April 1, 2026. U.S. Bank Trust Company, National Association, Jacksonville, Florida is serving as Registrar and Paying Agent with respect to the Series 2025 Bonds.

Certain maturities of the Series 2025 Bonds are subject to optional and mandatory redemption prior to their respective maturities, as described herein.

See the inside cover page for maturities, principal amounts, interest rates, yields, prices and CUSIP numbers.

The Series 2025 Bonds are being issued pursuant to Chapter 166, Florida Statutes, as amended, the Charter of the City and other applicable provisions of law, Ordinance No. 2025-1 enacted by the City on February 19, 2025 (the "Ordinance"), and Resolution No. 2025-__ adopted by the City on November 25, 2025 (as the same may be amended and supplemented from time to time, collectively, the "Bond Legislation"), to (i) provide repairs and improvements to the City's Water and Wastewater System (the "System"), and (ii) pay costs and expenses incurred in connection with the issuance and sale of the Series 2025 Bonds, including the cost of Bond Insurance Policy, if any.

THE SERIES 2025 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS, OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE CITY, BROWARD COUNTY, THE STATE OF FLORIDA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, BUT ARE LIMITED, SPECIAL OBLIGATIONS OF THE CITY, THE PRINCIPAL OF, PREMIUM, IF ANY,

AND INTEREST ON WHICH ARE PAYABLE FROM AND SECURED SOLELY BY THE NET REVENUES DESCRIBED HEREIN. NEITHER THE CITY, BROWARD COUNTY, NOR THE STATE OF FLORIDA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, WILL BE OBLIGATED TO (1) EXERCISE ITS AD VALOREM TAXING POWER OR ANY OTHER TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS, OR OTHER COSTS INCIDENT THERETO, OR (2) PAY THE SAME FROM ANY FUNDS OF THE CITY EXCEPT FROM THE NET REVENUES, IN THE MANNER PROVIDED IN THE BOND LEGISLATION. THE SERIES 2025 BONDS DO NOT CONSTITUTE A LIEN UPON THE SYSTEM OR ANY PROPERTY OF THE CITY, OTHER THAN THE NET REVENUES IN THE MANNER PROVIDED IN THE BOND LEGISLATION.

The City may choose to insure all, some or none, of the Series 2025 Bonds. Such determination will be made by the City at the time the Series 2025 Bonds are marketed. In the event the City elects to provide for such insurance, the scheduled payment of principal of and interest on certain subsequently identified Series 2025 Bonds (the “Insured Bonds”) will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025 Bonds.

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

The Series 2025 Bonds are offered, in full book-entry form, subject to prior sale when, as and if issued by the City and accepted by the Underwriters, subject to the unqualified approval of legality by Weiss, Serota, Helfman, Cole & Bierman, P.L., Fort Lauderdale, Florida, Bond Counsel, which firm also has acted as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by Weiss, Serota, Helfman, Cole & Bierman, P.L., Fort Lauderdale, Florida. TRB Capital Markets, LLC d/b/a Estrada Hinojosa, Coral Gables, Florida is serving as Municipal Advisor to the City in connection with the issuance of the Series 2025 Bonds. Certain legal matters will be passed upon for the Underwriters by Nelson Mullins Riley & Scarborough LLP, Orlando, Florida, as counsel to the Underwriters. It is expected that the Series 2025 Bonds in definitive form will be available for delivery to the Underwriters in New York, New York through the facilities of DTC on or about December _____, 2025.

HILLTOPSECURITIES

LOOP CAPITAL MARKETS, LLC

RAMIREZ & CO., INC.

Dated: _____, 2025

DAC Bond

*Preliminary, subject to change

[Add Red Herring language]

\$60,000,000*
CITY OF MARGATE, FLORIDA
WATER AND WASTEWATER IMPROVEMENT REVENUE BONDS, SERIES 2025

\$_____ * Serial Bonds

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

<u>Maturity</u> (October 1)	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP</u> <u>Number</u> †
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\$_____ * Term Bond Due October 1, 20__ at _____% Yield _____% Price _____
Initial CUSIP No. _____†

\$_____ * Term Bond Due October 1, 20__ at _____% Yield _____% Price _____
Initial CUSIP No. _____†

*Preliminary, subject to change.

**Priced to first call date, _____ 1, 20__

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CITY OF MARGATE, FLORIDA

CITY COMMISSION

Arlene R. Schwartz, Mayor
Antonio V. Arserio, Vice Mayor
Anthony N. Caggiano
Tommy Ruzzano
Joanne Simone

CITY MANAGER

Cale Curtis

FINANCE DIRECTOR

Ismael Diaz

**DEPARTMENT OF ENVIRONMENTAL
& ENGINEERING SERVICES**

Curt A. Keyser, P.E. Director
Marta Reczko, Assistant Director

CITY ATTORNEY

Weiss, Serota, Helfman, Cole & Bierman, P.L.
Fort Lauderdale, Florida

BOND COUNSEL

Weiss, Serota, Helfman, Cole & Bierman, P.L.
Fort Lauderdale, Florida

DISCLOSURE COUNSEL

Weiss, Serota, Helfman, Cole & Bierman, P.L.
Fort Lauderdale, Florida

MUNICIPAL ADVISOR

Estrada Hinojosa
Coral Gables, Florida

FEASIBILITY CONSULTANT

GovRates, Inc.
Casselberry, Florida

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY, DTC AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE. THE INFORMATION AND EXPRESSIONS OF OPINION STATED HEREIN ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER WILL CREATE, UNDER ANY CIRCUMSTANCES, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SERIES 2025 BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR WILL THERE BE ANY SALE OF THE SERIES 2025 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING ACTIVITY, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2025 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibilities, 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.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2025 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

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

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2025 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2025 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2025 BONDS.

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 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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- APPENDIX B - Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024
- APPENDIX C - Copy of the Ordinance
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OFFICIAL STATEMENT RELATING TO
\$60,000,000*
CITY OF MARGATE, FLORIDA
WATER AND WASTEWATER IMPROVEMENT REVENUE BONDS, SERIES 2025

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and all Appendices hereto, is to furnish information with respect to the issuance by the City of Margate, Florida (the "City"), of its Water and Wastewater Improvement Revenue Bonds, Series 2025 (the "Series 2025 Bonds"). The Series 2025 Bonds, in the aggregate principal amount of \$60,000,000*, were authorized to be issued by Ordinance No. 2025-1 enacted by the City on February 19, 2025 (the "Ordinance"), and attached hereto as "APPENDIX C", and by Resolution No. 2025-__ adopted by the City on November 25, 2025 (the "Resolution"), and attached hereto as "APPENDIX D" (the Ordinance, collectively with the Resolution, as each of the same may be amended and supplemented from time to time, the "Bond Legislation").

The City is issuing the Series 2025 Bonds to (i) financing all or a portion of the cost constructing, acquiring and equipping certain improvements to the City's Water and Wastewater System (the "System"), as described in the Resolution (the "2025 Project") and (ii) pay costs and expenses incurred in connection with the issuance and sale of the Series 2025 Bonds, including the cost of a Bond Insurance Policy, if any. The Series 2025 Bonds, together with any additional obligations of the City that may be issued hereafter on a parity therewith pursuant to the Bond Legislation (the "Additional Bonds"), are hereinafter referred to collectively as the "Bonds".

The Series 2025 Bonds will be issued in Book-Entry-Only form, and purchasers of the Series 2025 Bonds will not receive certificates representing their interest in the Series 2025 Bonds purchased. The Series 2025 Bonds will contain such other terms and provisions, including provisions regarding redemption, as described in "THE SERIES 2025 BONDS" herein.

The Series 2025 Bonds will be payable from and secured solely by a pledge of and lien on the Net Revenues, described below, derived from the ownership and operation of the System. There are currently no other outstanding obligations of the City with a lien on and pledge of the Net Revenues.

Payment of the principal of and interest on the Series 2025 Bonds when due may be insured by a municipal bond insurance policy to be issued by _____ simultaneously with the delivery of the Series 2025 Bonds. See "MUNICIPAL BOND INSURANCE" herein and the form of the municipal bond insurance policy attached hereto as "APPENDIX _".

Capitalized terms used herein shall have the same meanings as given to them in the Bond Legislation unless otherwise defined herein or the context clearly indicates otherwise. The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Series 2025 Bonds, the security for the payment of the Series 2025 Bonds, and the rights and obligations of registered owners thereof. Copies of such documents may be obtained from the City by contacting the City Clerk and upon payment of all reproduction costs and postage and handling expenses.

The assumptions, estimates, projections and matters of opinion contained in this Official Statement, whether or not so expressly stated, are set forth as such and not as matters of fact, and no representation is made that any of the assumptions or matters of opinion herein are valid or that any projections or estimates contained herein will be realized. Neither this Official Statement nor any other statement which may have been made verbally or in writing in connection with the Series 2025 Bonds, other than the Bond Legislation, is to be construed as a contract with the Registered Owners of the Series 2025 Bonds.

*
Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds expected to be received from the sale of the Series 2025 Bonds, and their expected application is as follows:

SOURCES OF FUNDS:

Par Amount of Series 2025 Bonds
 [Plus/Less] [Net] Original Issue [Premium/Discount].....
 TOTAL SOURCES

USES OF FUNDS:

Deposit to Project Fund
 Costs of Issuance⁽¹⁾
 TOTAL USES \$ _____

⁽¹⁾ Includes underwriter’s discount, municipal advisory and legal fees and expenses, [premium paid for municipal bond insurance] and other miscellaneous costs of issuance.

THE 2025 PROJECT

The proceeds of the Series 2025 Bonds will be used (i) to make the following repairs, improvements and upgrades to the System’s West Wastewater Treatment Plant (WWTP): replacement of outdated Rotating Biological Contactors (RBCs) installed in 1984, including replacing these RBCs with modern treatment technologies like fine bubble-activated sludge; rehabilitating the plant's headworks; and expanding the plant’s capacity with additional clarifiers to ensure compliance and sustainability, (ii) to replace small diameter pipes of the water system, including asbestos concrete (AC) pipe, cast iron (CI) pipe, and 2” diameter pipe, and (iii) to provide any other repairs, improvements, replacements and upgrades to the System as authorized by the City Manager (collectively, the “2025 Project”).

DESCRIPTION OF THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be dated and bear interest at the rates and mature in the amounts and on the dates as set forth on the inside cover page of this Official Statement. Interest will be payable semiannually each April 1 and October 1, commencing April 1, 2026 (each an “Interest Payment Date”). U.S. Bank Trust Company, National Association, Jacksonville, Florida will act as Paying Agent and Bond Registrar for the Series 2025 Bonds.

The Series 2025 Bonds initially will be issued as one fully registered bond for each maturity set forth on the cover page of this Official Statement in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). Beneficial ownership in the Series 2025 Bonds may be acquired or transferred only through book-entries made on the records of DTC and its participants in the amount of \$5,000 or any integral multiple thereof. As long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2025 Bonds, payments of principal, premium, if any, and interest will be made directly to Cede & Co. Interest on any Series 2025 Bond which is payable and is punctually paid or provided for on any Interest Payment Date will be paid to the registered owner at the close of business on the 15th day of the month preceding each Interest Payment Date (hereafter, the “Record Date”).

Book-Entry-Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT NEITHER THE CITY NOR THE UNDERWRITERS TAKES ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF.

DTC will act as securities depository for the Series 2025 Bonds. Each Series of the Series 2025 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be

requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each Series of the Series 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2025 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2025 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2025 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2025 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2025 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2025 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2025 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, NEITHER THE CITY NOR THE UNDERWRITERS MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of Series 2025 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions and proposed amendments to the Series 2025 Bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a Series of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of, Redemption Price, if any, and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2025 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments 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 Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the City or Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC. Thereafter, Series 2025 Bond certificates may be transferred and exchanged as described in the Bond Legislation.

THE CITY AND THE REGISTRAR WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DTC PARTICIPANTS OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE SERIES 2025 BONDS, FOR THE ACCURACY OF RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO THE SERIES 2025 BONDS OR THE PROVIDING OF NOTICE OR PAYMENT OF PRINCIPAL OR INTEREST ON THE SERIES 2025 BONDS, TO DTC PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF SERIES 2025 BONDS FOR REDEMPTION.

Optional Redemption

The Series 2025 Bonds maturing on or after October 1, 20__ shall be subject to redemption, in whole or in part, at the option of the City at any time on or after October 1, 20__, at a redemption price equal to 100% of the principal amount of the Series 2025 Bonds to be redeemed plus accrued interest to the date fixed for redemption.

Mandatory Redemption

The Series 2025 Bonds maturing on October 1, 20__ will be subject to mandatory redemption prior to maturity, by lot, in such manner as the Registrar may deem appropriate, at a redemption price equal to par plus accrued interest to the redemption date, on October 1, 20__ and on each October 1 thereafter, from moneys deposited in the Bond Redemption Account of the Operations, Maintenance and Revenue Fund, in the following Amortization Requirements in the years specified:

Year

Amortization Installments

*Maturity

The Series 2025 Bonds maturing on October 1, 20__ will be subject to mandatory redemption prior to maturity, by lot, in such manner as the Registrar may deem appropriate, at a redemption price equal to par plus accrued interest to the redemption date, on October 1, 20__ and on each October 1 thereafter, from moneys deposited in the Bond Redemption Account of the Operations, Maintenance and Revenue Fund, in the following Amortization Requirements in the years specified:

Year

Amortization Installments

*Maturity

Notice of Redemption

Notice of redemption of the Series 2025 Bonds being redeemed shall be given by the deposit in the U.S. mails of a copy of said redemption notice, postage prepaid, at least twenty (20) and not more than thirty (30) days before the redemption date to all registered owners of the Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with provisions of the Bond Legislation, 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 2025 Bonds are to be redeemed, the numbers or other distinguishing marks of such Series 2025 Bonds to be redeemed in part only and the respective portions thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each of the Series 2025 Bonds to be redeemed the redemption price or the specified portions thereof in the case of Series 2025 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on such Bonds or portions thereof so redeemed.

In addition to the foregoing notice, each notice of redemption shall be sent at least 30 days before the redemption date by registered or certified mail or overnight delivery service to one or more registered securities depositories then in existence which holds a substantial amount of such Series 2025 Bonds subject to redemption; and to at least one national information services that disseminate notices of redemption or obligations such as the Series 2025 Bonds, but no defect in such notice nor any failure to give all or any portion of such notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed

In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Registrar or an escrow agent no later than the redemption date or (2) the City retains the right to rescind such notice 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 in this paragraph. Any such 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 Registrar directing the Registrar to rescind the redemption notice. The Registrar shall give prompt notice of such rescission to the affected Series 2025 Bondholders. Any Series 2025 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 Registrar shall give immediate notice to the securities information repositories and the affected Series 2025 Bondholders that the redemption did not occur and that the Series 2025 Bonds called for redemption and not so paid remain Outstanding.

Series 2025 Bonds Mutilated, Destroyed, Stolen or Lost

So long as the Series 2025 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to mutilated, destroyed, stolen or lost Series 2025 Bonds do not apply to the Series 2025 Bonds to the extent of a conflict with the DTC book-entry system.

In case any Series 2025 Bond shall become mutilated, destroyed, stolen or lost, the City may execute and the Registrar shall authenticate and deliver a new Series 2025 Bond of like of like series, date, maturity, denomination and interest rate as the Series 2025 Bond so mutilated, destroyed, stolen or lost; provided that, in the case of any mutilated Series 2025 Bond, such mutilated Series 2025 Bond shall first be surrendered to the City and, in the case of any lost, stolen or destroyed Series 2025 Bond, there shall first be furnished to the City and the Registrar evidence of such loss, theft, or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such Series 2025 Bond shall be about to mature or have matured or have been called for redemption, instead of issuing a duplicate Series 2025 Bond, the City may direct the Paying Agent to pay the same without surrender thereof. The City and the Registrar may charge the Holder of such Series 2025 Bond their reasonable fees and expenses in connection with this transaction. Any Series 2025 Bond surrendered for replacement shall be cancelled in the same manner as provided in the Bond Legislation.

Any such duplicate Series 2025 Bonds issued pursuant to the Bond Legislation shall constitute original, additional contractual obligations on the part of the City whether or not the lost, stolen or destroyed Series 2025 Bonds be at any time found by anyone, and such duplicate Series 2025 Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Net Revenues derived from the operation of the System, with all other Series 2025 Bonds issued under the Bond Legislation.

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DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Series 2025 Bonds.

Fiscal Year Ending <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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SECURITY FOR THE SERIES 2025 BONDS

Generally

The Series 2025 Bonds are limited, special obligations of the City, the principal of and interest on which are payable from and secured solely by a pledge of and lien on the Net Revenues, described below, derived from the ownership and operation of the System. There are currently no other outstanding obligations of the City with a lien on and pledge of the Net Revenues.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS, OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER, OF THE CITY, OF BROWARD COUNTY OR OF THE STATE OF FLORIDA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, BUT ARE SPECIAL OBLIGATIONS OF THE CITY, THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON WHICH ARE PAYABLE ON A PARITY WITH THE CITY'S WATER AND WASTEWATER IMPROVEMENT REVENUE BONDS, NOW OR HEREAFTER OUTSTANDING, FROM AND SECURED SOLELY BY THE NET REVENUES. NEITHER THE CITY, BROWARD COUNTY, THE STATE OF FLORIDA, NOR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WILL BE OBLIGATED (1) TO EXERCISE ITS AD VALOREM TAXING POWER OR ANY OTHER TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS, OR OTHER COSTS INCIDENT THERETO, OR (2) TO PAY THE SAME FROM ANY FUNDS OF THE CITY EXCEPT FROM THE NET REVENUES DESCRIBED HEREIN, IN THE MANNER PROVIDED IN THE BOND LEGISLATION. THE SERIES 2025 BONDS DO NOT CONSTITUTE A LIEN UPON THE SYSTEM, OR ANY PROPERTY OF THE CITY, BUT CONSTITUTE A LIEN ONLY ON THE NET REVENUES, IN THE MANNER PROVIDED IN THE BOND LEGISLATION.

Net Revenues of the System

The Net Revenues derived from the operation of the System are pledged as security for the Series 2025 Bonds and any Additional Bonds. Under the Bond Legislation, "Net Revenues" of the System means the Gross Revenues remaining after deduction of Operating Expenses and excluding Non-Pledged Revenues. The Bond Legislation allows surplus water and wastewater revenues of the City to be used for any lawful purpose of the City.

"Gross Revenues" or "Revenues" mean all rates, fees, charges, assessments, or other income received by the City or accrued to the City or any agency thereof in control of the management and operation of the System in any one Fiscal Year, including Non-Pledged Revenues, from the operation of the System, and shall also include the earnings and investment income deposited in the Operations, Maintenance and Revenue Fund derived from the investment and reinvestment of moneys on deposit in the various funds and accounts created and established by the Ordinance, which by the terms and provisions of the Ordinance are required to be deposited in the Operations, Maintenance and Revenue Fund. For the purpose of the Ordinance, the term "Revenues", where applicable as to the pledge of funds for the payment of the Series 2025 Bonds, shall also include the earnings and investment income derived from the investment of the moneys on deposit in the Debt Service Reserve Account which by the terms and provisions of the Ordinance are deposited in the Interest Account.

"Operating Expenses" means current expenses, paid or accrued, of operation, maintenance and ordinary current repairs of the System and its facilities and shall include, without limiting the generality of the foregoing, insurance premiums, administrative expenses of the City relating solely to the System, and such other reasonable current expenses as shall be in accordance with generally accepted accounting practice. "Operating Expenses" shall not include any allowance for depreciation or amortization.

"Non-Pledged Revenues" means Connection Charges, Special Assessment Charges, Capacity Reservation Charges, Meter Fees, Contributions in Aid of Construction and other Capital Contributions (all as defined in the Ordinance), and any other non-recurring charges imposed by the City.

Flow of Funds

Creation of Funds and Accounts. The Bond Legislation creates a number of funds and accounts into which moneys can be deposited for various purposes, including (1) the Operations, Maintenance and Revenue Fund, consisting of the Non-Pledged Revenue Account, the Operations and Maintenance Account, the Interest Account, the Principal Account, the Bond Redemption Account, the Debt Service Reserve Account, and the Subordinated Indebtedness Account, and (2) the Renewal and Replacement Fund.

Application of Gross Revenues of the System. Under the terms of the Bond Legislation, Gross Revenues consisting of Non-Pledged Revenues shall be deposited in the Non-Pledged Revenues Account of the Operations, Maintenance and Revenue Fund, and all other Gross Revenues, shall be deposited into the Operations and Maintenance Account of the Operations, Maintenance and Revenue Fund.

Moneys on deposit in the Operations, Maintenance and Revenue Fund will be applied each month only in the following order of priority:

- (1) Gross Revenues must first be used to pay the current Operating Expenses of the System.
- (2) Net Revenues shall next be used, to the full extent necessary for deposit into the Interest Account, on the fifteenth (15th) day of each month, beginning with the fifteenth (15th) day of the first full calendar month following the date on which any series of Bonds are delivered to the purchaser thereof, such sums as shall be sufficient to pay one-sixth of the interest becoming due on the Bonds on the next semi-annual Interest Payment Date, provided, however, that such monthly deposits for interest shall not be required to be made into the Interest Account to the extent that money on deposit therein is sufficient for such purpose. In the event the City shall hereafter issues additional parity Variable Rate Bonds, the maximum amount required to be deposited in the Interest Account for the payment of interest on such additional parity Variable Rate Bonds shall be determined in the Supplemental Resolution authorizing such additional parity Variable Rate Bonds. Net Revenues shall be deposited at such other or additional times and amounts as necessary to pay the interest becoming due on the additional parity Variable Rate Bonds on the next Interest Payment Date for such additional parity Variable Rate Bonds, all in the manner provided in the Supplemental Resolution authorizing such additional parity Variable Rate Bonds.
- (3) Net Revenues shall next be used, to the full extent necessary for deposit:
 - (a) into the Principal Account on the fifteenth (15th) day of each month in each year, one-sixth (1/6th) of the principal amount of the Serial Bonds which will mature and become due on such semi-annual maturity dates and one-twelfth (1/12th) of the principal amount of the Serial Bonds which will mature and become due on such annual maturity dates, beginning on such dates as shall be determined by Supplemental Resolution of the City; provided, however, that such monthly deposits for principal shall not be required to be made in the Principal Account to the extent that money on deposit therein is sufficient for such purpose. In the event the period to elapse between the date of delivery of a Series of Bonds and the next principal payment date will be other than six (6) months, in the case of Serial Bonds which mature semi-annually, or twelve (12) months, in the case of Serial Bonds which mature annually, then such monthly payments shall be increased or decreased, as appropriate, in sufficient amounts to provide the required principal amount maturing on the next principal payment date. Any monthly payment of Revenues to be deposited as set forth above for the purpose of meeting payments of principal of the Bonds, shall be adjusted, as appropriate, to reflect the frequency of principal payments applicable to such Series; and
 - (b) into the Bond Redemption Account on the fifteenth (15th) day of each month in each year, beginning on such date, in such amounts and in each year as may be required for the payment of the Amortization Requirements for Term Bonds payable from the Bond Redemption Account, as shall be determined by Supplemental Resolution of the City for such Series of Term Bonds. The moneys in the Bond Redemption Account shall be used solely for the purchase or redemption of any Term Bonds payable therefrom. The City may at any time

purchase any of said Term Bonds at prices not greater than the then redemption price of said Term Bonds including any brokerage fees or commissions. If the Term Bonds are not then redeemable prior to maturity, the City may purchase said Term Bonds at prices not greater than the redemption price of such Term Bonds including any brokerage fees or commissions on the next ensuing redemption date. The City shall be mandatorily obligated to use any moneys in the Bond Redemption Account for the redemption prior to maturity of such Term Bonds in such manner and at such times as shall be determined by Supplemental Resolution of the City; provided, that the City shall not be obligated to redeem such Term Bonds prior to maturity unless and until there are sufficient moneys on deposit in the Bond Redemption Account to provide for the redemption of at least One Hundred Thousand Dollars (\$100,000) principal amount of Term Bonds at any one time. If, by the application of moneys in the Bond Redemption Account, the City shall purchase or call for redemption in any year Term Bonds in excess of the Amortization Requirement for such year, such excess of Term Bonds so purchased or redeemed shall be credited in such manner and at such times as the Finance Director of the City shall determine over the Amortization Requirement payment dates.

No distinction or preference shall exist in the use of the moneys on deposit in the Operations, Maintenance and Revenue Fund for payment into the Interest Account, the Principal Account and the Bond Redemption Account, such accounts being on a parity with each other as to payment from the Operations, Maintenance and Revenue Fund.

- (4) Net Revenues shall next be used, to the full extent necessary, for deposit into the Debt Service Reserve Account, or any sub-account created therein by Supplemental Resolution for a Series of Bonds, on the fifteenth (15th) day of each month in each year, beginning with the fifteenth (15th) day of the first full calendar month following the date on which a Series of Bonds is issued under the Ordinance, such sums as shall be at least sufficient to pay an amount equal to (i) one-twelfth (1/12th) of the difference between the amount on deposit in the Debt Service Reserve Account (including any Reserve Account Insurance Policy or Reserve Account Letter of Credit) and the Maximum Annual Debt Service (or such lesser amount as authorized by the Code and as provided by Supplemental Resolution), plus (ii) if there is a Bond Insurance Policy issued for one or more Series of Bonds, one-twelfth (1/12th) of all unpaid Policy Costs, and, provided, further, that no payments shall be required to be made into the Debt Service Reserve Account whenever and as long as the amount deposited therein (including any Reserve Account Insurance Policy or Reserve Account Letter of Credit) shall be equal to the Maximum Annual Debt Service (or such other amount as provided by Supplemental Resolution) and there shall be no unpaid Policy Costs. If the City shall fail to repay any Policy Costs in accordance with the requirements of this paragraph, the Reserve Policy Provider shall be entitled to exercise any and all remedies available at law or under the Ordinance other than (i) acceleration of the maturity of the Bonds, or (ii) remedies that would adversely affect Bondholders. Pursuant to the Supplemental Resolution for the Series 2025 Bonds, no deposits shall be made to the Debt Service Reserve Account with respect to the Series 2025 Bonds.

In the event the City shall issue Variable Rate Bonds , the maximum amount required to be deposited in the Interest Account for the payment of interest on such Variable Rate Bonds, for the purpose of determining the Maximum Annual Debt Service required to be on deposit in the Debt Service Reserve Account, shall be calculated by deeming the interest rate on the Variable Rate Bonds to be equal to the Debt Service Requirement.

Moneys in the Debt Service Reserve Account shall be used only for the purpose of making payments into the Interest Account, Principal Account and Bond Redemption Account when the moneys in the Operations, Maintenance and Revenue Fund or any other fund or account held pursuant to the Ordinance and available for such purpose insufficient therefor.

Any moneys in the Debt Service Reserve Account in excess of the Maximum Annual Debt Service for the Bonds and any Additional Bonds issued may, in the discretion of the City, be transferred to and deposited in the Interest Account, the Principal Account, the Bond Redemption Account or the Renewal and Replacement Fund as the City at its option may determine.

The Debt Service Reserve Account shall be valued at least once in each Fiscal Year and the value of securities on deposit in the Debt Service Reserve Account shall be valued at the market value of such securities.

- (5) Net Revenues shall next be used be deposited in the Subordinated Indebtedness Account and used for the payment of Subordinated Indebtedness hereafter issued by the City in accordance with the Ordinance, which subordinate obligations shall have such subordinate lien on the Net Revenues as the City shall determine in the proceedings authorizing the issuance of such Subordinated Indebtedness.
- (6) Net Revenues shall next be used, to the full extent necessary, for deposits in the Renewal and Replacement Fund on the fifteenth (15th) day of each month, beginning with the fifteenth (15th) day of the first full calendar month following the date on which the Series 2025 Bonds are issued under the Ordinance, such sums as shall be sufficient to pay one-twelfth (1/12th) of five percent (5%) of the Gross Revenues derived from the System during the preceding Fiscal Year until the amount accumulated in the Renewal and Replacement Fund is equal to \$1,000,000; provided, however, that (i) such required amounts for deposit may be increased or decreased as the Engineer shall certify is necessary for the purposes of the Renewal and Replacement Fund, and (ii) in the event that the Engineer shall certify that the amounts on deposit are excessive for the purposes of the Renewal and Replacement Fund such excess amount may be withdrawn from the Renewal and Replacement Fund by the City and deposited in the Operations, Maintenance and Revenue Fund.

The moneys in the Renewal and Replacement Fund shall be used, when necessary, for the purpose of paying the cost of extensions, improvements or additions to, or the replacement or renewal of, capital assets of the System, or extraordinary repairs of the System. In the event that money in the Operations and Maintenance Account is insufficient to provide for the required deposits into the Interest Account, the Principal Account or the Bond Redemption Account, when due, money in the Renewal and Replacement Fund may be used to make the required deposits. In the event that the amount in the Renewal and Replacement Fund exceeds the amount necessary for the purposes of the Renewal and Replacement Fund as certified by the Engineer, such amount in excess thereof shall be used as described in paragraph (7) below.

- (7) Thereafter, the balance of any Net Revenues remaining in the Operations and Maintenance Account may be used for any lawful purpose of the City, including without limitation the purchase or redemption of Outstanding Bonds or other indebtedness of the City incurred in connection with the System; provided, however, that none of such revenues shall ever be used for the purposes provided in this paragraph (7) unless all payments required in paragraphs (1) to (6) above, including any deficiencies for prior payments, have been made in full to the date of such use, and the City shall have fully complied with all covenants and agreements contained in the Ordinance.

Debt Service Reserve Account

The Bond Legislation creates a Debt Service Reserve Account in which the City is required to maintain in accordance with the Bond Legislation a sum equal to the Maximum Annual Debt Service, or such lesser amount authorized by the Code, if any, and provided by Supplemental Resolution, on all Bonds secured by the Reserve Account or any separate sub-account, if any as determined by Supplemental Resolution, becoming due in any ensuing Fiscal Year. **Pursuant to the Supplemental Resolution, the City has determined that the deposit requirement to the Debt Service Reserve Account for the Series 2025 Bonds will be zero, and that the Series 2025 Bonds will not be secured by the Debt Service Reserve Account.**

Moneys in the Debt Service Reserve Account shall be used only for the purpose of making payments into the Interest Account, Principal Account and Bond Redemption Account when the moneys in the Operations, Maintenance and Revenue Fund or any other fund or account held pursuant to the Ordinance and available for such purpose are insufficient therefor. Upon the issuance of any Additional Bonds under the Bond Legislation, the payments into the Debt Service Reserve Account shall be increased in accordance with the Bond Legislation so that the amount on deposit therein shall be equal to Maximum Annual Debt Service on all Bonds outstanding and to be outstanding.

The Bond Legislation provides that in lieu of all or a portion of the required deposit into the Debt Service Reserve Account, the City may, upon compliance with certain conditions set forth in the Bond Legislation, deposit, for the benefit of the Bondholders, either (i) a Reserve Account Insurance Policy issued by an insurance company that is rated on the date of the delivery of such insurance policy in either of the three highest rating categories, without regard to gradations within a category, of Moody's Investors Service, Inc., S&P Global Ratings or Fitch Ratings Inc., or (ii) a Reserve Account Letter of Credit issued by a banking association, bank or trust company or branch thereof whose letter of credit results in the municipal obligations secured by such letter of credit having an uninsured, unguaranteed and unsecured long-term rating in either of the three highest rating categories, without regard to gradations within a category, of Moody's Investors Service, Inc., S&P Global Ratings or Fitch Ratings Inc. Such Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be payable or available to be drawn upon, as the case may be (upon the giving of notice as required thereunder) on any Interest Payment Date on which a debt service deficiency exists which cannot be cured by moneys in any other account held pursuant to the Bond Legislation and available for such purpose.

Investment of Funds

The Interest Account, Principal Account, Bond Redemption Account, Debt Service Reserve Account, Renewal and Replacement Fund and all other special funds created and established by the Ordinance shall constitute trust funds and shall be invested at the direction of the City as provided in the Ordinance and as described below.

Moneys on deposit in the Operations, Maintenance and Revenue Fund, Operations and Maintenance Account, Interest Account, Principal Account, Bond Redemption Account and Subordinated Indebtedness Account may be invested in Permitted Investments maturing not later than the date on which such moneys will be needed for the purposes of such fund or account. Under the Ordinance, "Permitted Investments" means and includes any or the following securities, if and to the extent the same are permitted by law: (1) U.S. Obligations and any certificates or any other evidences of an ownership interest in U.S. Obligations or in specified portions thereof (which may consist of specified portions of the interest thereon); (2) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; and (3) other obligations as shall be permitted to be legal investments of the City by the laws of the State.

Moneys on deposit in the Debt Service Reserve Account may be invested in Permitted Investments maturing not later than the dates on which such moneys will be needed for the purposes of such fund or account.

Moneys on deposit in the Renewal and Replacement Fund may be invested in Permitted Investments maturing not later than the dates on which such moneys will be needed for the purposes of such fund or account.

All income and earnings received from the investment and reinvestment of moneys on deposit in the Interest Account, Principal Account, Bond Redemption Account and Renewal and Replacement Fund shall be transferred not less than semiannually to the Operations, Maintenance and Revenue Fund and used in the same manner and order of priority as other moneys on deposit therein.

All income and earnings received from the investment and reinvestment of moneys on deposit in the Debt Service Reserve Account shall be transferred on the next business day following their receipt to the Interest Account and used in the same manner as with moneys on deposit therein, provided that the amount on deposit in the Debt Service Reserve Account equals Maximum Annual Debt Service or such other amount, if any, as shall be determined by Supplemental Resolution, on the Bonds and any parity obligations (taking into account any Reserve Account Insurance Policy or Reserve Account Letter of Credit).

For the purpose of investing or reinvesting, the City may commingle moneys in the funds and accounts created and established under the Ordinance in order to achieve greater investment income; provided that the City shall separately account for the amounts so commingled. The amounts required to be accounted for in each of the funds and accounts designated in the Ordinance may be deposited in a single bank account for the System provided that adequate accounting procedures are maintained to reflect and control the restricted allocations of the amounts as provided in the Ordinance. The designation and establishment of funds and accounts in and by the Ordinance shall not be construed to require the establishment of any completely independent funds and accounts but rather is intended

solely to constitute an allocation of certain revenues and assets of the System for certain purposes and to establish such certain priorities for application of certain revenues and assets as therein provided.

Covenants Regarding Rates and Additional Debt

In order to maintain Gross Revenues at the necessary level to make the required deposits into the Bond Redemption Account and the Debt Service Reserve Account and to make the other required deposits under the Bond Legislation, the City has covenanted in the Bond Legislation to maintain rates at specified levels and to restrict its ability to issue additional debt payable from the Pledged Revenues.

Rate Covenant. The City has covenanted in the Ordinance to fix, establish and maintain such rates and to collect such fees, rentals, or other charges for the services and facilities of the System, and to revise the same from time to time whenever necessary, as will always provide in each Fiscal Year Net Revenues, which shall be adequate at all times to pay in each Fiscal Year, at least one hundred ten percent (110%) of the Annual Debt Service Requirement for the Series 2025 Bonds and any Additional Bonds, plus one hundred percent (100%) of all other payments required to be made pursuant to the Ordinance (including without limitations all Policy Costs), and that such rates, fees, rentals and other charges shall not be reduced so as to be insufficient to provide adequate Net Revenues for such purposes.

If the Net Revenues in any Fiscal Year are inadequate to maintain a coverage of at least one hundred ten percent (110%) of the Annual Debt Service Requirement for the Series 2025 Bonds and any Additional Bonds, then the City shall retain a Rate Consultant during such Fiscal Year, as provided in the Ordinance, to ensure compliance with the preceding paragraph.

In addition, the City has covenanted in the Ordinance to employ a Rate Consultant to review and report in writing to the City Commission the rates of the System at least every five (5) years, to ensure compliance with the rate covenant. Any written report by the Rate Consultant shall be reviewed by the City Commission and the rates will be modified as necessary to comply with the rate covenant.

Issuance of Additional Bonds. The City has covenanted in the Ordinance not to issue or incur any Additional Bonds payable on a parity with Bonds issued pursuant to the Ordinance except upon the conditions and as provided therein, as described below.

(1) The City must be current in all deposits into the various funds and accounts and all payments required to have been deposited or made by it under the provisions of the Ordinance, and the City must be currently in compliance with the covenants and provisions of the Ordinance and any Supplemental Resolution provided for the issuance of a Series of Bonds; unless, upon the issuance of such Additional Bonds, the City will be in compliance with all such covenants and provisions.

(2) The amount of the Net Revenues during the immediate preceding Fiscal Year or any twelve (12) consecutive months selected by the City of the twenty-four (24) months immediately preceding the issuance of said Additional Bonds, adjusted as hereinafter provided, as certified by the Engineer, will be equal to (a) one hundred fifteen percent (115%) of the Maximum Annual Debt Service on (i) the Series 2025 Bonds then Outstanding, (ii) any Additional Bonds theretofore issued and then Outstanding, and (iii) the Additional Bonds then proposed to be issued, and (b) all Policy Costs that shall have become due and payable during such period; provided that for the purposes of determining the Maximum Annual Debt Service, the interest rate on Variable Rate Bonds then Outstanding, if any, shall be the interest rate computed on Variable Rate Bonds for the purpose of determining the Annual Debt Service Requirement.

(3) The City need not comply with subparagraph (2) above in the issuance of Additional Bonds if and to the extent the Bonds to be issued are refunding Bonds, that is, delivered in lieu of or in substitution for Bonds originally issued under the Ordinance or previously issued Additional Bonds, if the City shall cause to be delivered a certificate of the Finance Director of the City setting forth (i) the Annual Debt Service Requirement for the then current and each future Fiscal Year to and including the Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (A) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such refunding Bonds, and (B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (ii) that the Annual Debt Service Requirement set forth for each Fiscal Year

pursuant to (B) above is no greater than that set forth for such Fiscal Year pursuant to (A) above.

For the purpose of Section 4.7 of the Ordinance regarding issuance of Additional Bonds, the phrase “immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the City of the twenty-four (24) months immediately preceding the issuance of said Additional Bonds” shall be sometimes referred to as the “Calculation Period”.

(4) Upon the issuance of any Additional Bonds, the amount required to be deposited into the Debt Service Reserve Account, or a sub-account therein, shall be increased as provided by Supplemental Resolution providing for the details of such Additional Bonds.

(5) The Net Revenues calculated pursuant to the foregoing subsection (2) may be adjusted, at the option of the City, as follows:

(a) 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 System, the Net Revenues for the Calculation Period, shall be adjusted to show the Net Revenues which would have been derived from the System during such Calculation Period as if such increased rates, fees, rentals or other charges for the services of the System had been in effect during all of such Calculation Period.

(b) 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 System during the Calculation Period shall be increased by addition to the Net Revenues for such Calculation Period of 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 System during such Calculation Period. For the purposes of this paragraph, the net revenues derived from said existing water system or sewer system during such Calculation Period shall be adjusted to determine such net revenues by deducting the cost of operation and maintenance of said existing water system or sewer system, in the same manner provided in the Ordinance for the determination of Gross Revenues, Operating Expenses and Net Revenues.

(c) 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 System during the Calculation 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 derived from said System and pledged for the Bonds in the same manner as other Net Revenues derived from said System.

(6) If the City covenants to levy Special Assessment Charges (as defined in the Ordinance) against property to be benefited 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, then the Net Revenues derived from the System during the Calculation Period shall be increased by an amount equal to eighty per centum (80%) of the amount which the Finance Director estimates will be received in each year from the levy of said Special Assessment Charges within three years of the date of the sale of the Additional Bonds, such amount to be the total received from the installment payments on the Special Assessment Charges plus the interest paid on the unpaid portion of the Special Assessment Charges. The estimate of the Finance Director shall be based upon the preliminary assessment roll filed with the City prior to the construction of such improvements.

(7) The term “Additional Bonds” as used herein shall be deemed to mean additional obligations evidenced by Bonds issued under the provisions and within the limitations of Section 4.7 of the Ordinance payable from the Net Revenues of the System on a parity with Bonds originally authorized and issued pursuant to the Ordinance, and all of the covenants and other provisions of the Ordinance (except as to details of such Additional Bonds as provided by the Supplemental Resolution providing for the details of such Additional Bonds), shall be for the equal benefit, protection and security of the holders of any Bonds originally authorized and issued pursuant to the Ordinance and the holders of any Bonds evidencing Additional Bonds subsequently issued within the limitations of

and in compliance with that Section. All of such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their sources and security for payment therefrom without preference of any Bonds over any other.

The term “Additional Bonds” as used herein shall not be deemed to include Subordinated Indebtedness subsequently issued under the terms of the Ordinance, the lien of which on the Net Revenues of the System is subordinate and subject to the prior and superior lien on the Net Revenues of such Bonds issued pursuant to the Ordinance, as provided in Section 4.6 (as described below), and the City shall not issue any obligations whatsoever payable from the Net Revenues of the System, which rank equally as to lien and source and security for their payment from such Net Revenues with Bonds issued pursuant to the Ordinance except in the manner and under the conditions provided therein.

Issuance of Other Obligations Payable Out of Revenues. Section 4.6 of the Ordinance provides that the City will not issue any other obligations, except upon the conditions and in the manner provided in the Ordinance, payable from the Net Revenues of the System, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to the Ordinance and the interest thereon, upon any of the Net Revenues. Any other obligations issued by the City shall be Subordinated Indebtedness, in addition to the Series 2025 Bonds or Additional Bonds issued under the terms, restrictions and conditions contained in the Ordinance, and such Subordinated Indebtedness shall contain an express statement that such obligations are junior, inferior and subordinate in all respects to the Bonds issued pursuant to the Ordinance as to lien on and source and security for payment from the Net Revenues and in all other respects.

FINANCIAL FEASIBILITY REPORT

In connection with the Series 2025 Bonds , the City engaged GovRates, Inc. (“GovRates”) as financial feasibility consultant to the City (in such capacity, the “Feasibility Consultant”), to prepare the Financial Feasibility Report – City of Margate, Florida Water and Wastewater Improvement Revenue Bonds, Series 2025 dated _____, 2025 (the “Financial Feasibility Report”) attached hereto as APPENDIX G.

The references herein to GovRates as the Feasibility Consultant have been approved by said firm. The Financial Feasibility Report has been attached as APPENDIX G to this Official Statement in reliance upon the Feasibility Consultant as an expert in the areas addressed by the Financial Feasibility Report and with the consent of the Feasibility Consultant.

Among other matters, the Financial Feasibility Report presents a summary of the financial projections of the System operations for the fiscal years ending September 30, 2025, through 2030 (the “Forecast Period”) and the ability of the estimated revenues derived from System operations to meet the forecasted expenditure and funding obligations of the System.

Based upon the principal considerations and assumptions and the results of GovRate’s studies and analysis as summarized in the Financial Feasibility Report, the following findings and conclusions have been reached:

1. The projected customers and usage of the System represent reasonable and attainable projections for the purposes of the Financial Feasibility Report.
2. The projections of the Operating Expenses represent reasonable projections for the purposes of the Financial Feasibility Report. Such projections were based on historical trends in costs, discussions with the City staff, and other industry sources.
3. The System revenues for the Forecast Period under the City-adopted rates contained in the City’s Resolution No. 23-107 adopted by the City Commission on December 6, 2023 (“Rate Resolution”) and automatic rate adjustments allowed per the Rate Resolution should be sufficient to pay the projected Operating Expenses; pay the estimated Annual Debt Service Requirement for the Bonds coming due in such years, including the debt service requirements for the projected Additional Bonds; and make the projected deposits to the other accounts established by the Ordinance for the

System. All of the rate adjustments projected to be needed during the Forecast Period have been adopted by the City Commission.

4. Based on the financial information provided by the City and assumptions identified in the Financial Feasibility Report, the Net Revenues of the System are projected (for the Forecast Period as contained in the Financial Feasibility Report) to be in compliance with the rate covenant contained in the Ordinance.
5. During the Forecast Period, the debt service coverage and cash position under the City-adopted rates are projected to be consistent with financial metrics associated with strong financial position.
6. The current rates for water and wastewater service, as well as the rates to be charged during the Forecast Period, are expected to produce bills that are well below the 4.5% of median household income affordability threshold recognized by the United States Environmental Protection Agency (EPA). At a monthly usage level of 6,000 gallons, the average water and wastewater usage level for the single-family residential customer in the System, a water and wastewater bill under the City's rates totals \$91.41 or about 1.8% (when annualized) of the City's median household income of \$60,852. As such, the City's rates are considered affordable by utility industry standards.
7. The existing rates for water and wastewater service are competitive with charges for similar service provided by other utilities located in Broward County, Florida. The implementation of the adopted rates is not expected by the City to negatively affect the customer growth or sales (billed water and wastewater flow) assumed for the Forecast Period.

The Financial Feasibility Report includes, among other things, a presentation or discussion of i) recent historical and projected customer statistics; ii) the schedule of currently effective and adopted rates and fees for the System; iii) the capital improvement needs anticipated to be funded through System operations, including a description of the projects funded through the proceeds of the Series 2025 Bonds; and iv) the recent historical and projected financial operating results of the System. The forecast of operating results includes projections of the System's ability to meet the rate covenant requirements of the Ordinance. The financial projections in the Report associated with the issuance of the Series 2025 Bonds were based on i) discussions with and information provided by the City and the Municipal Advisor for the City, Estrada Hinojosa (the "Municipal Advisor"); and ii) certain assumptions and analyses made by GovRates with respect to such financial projections. GovRates does not offer any opinion as to the System's general condition, the compliance with regulations imposed by various agencies upon the System, or the estimated costs of the capital improvements anticipated to be funded during the Forecast Period. As a result, there can be no assurance that projected future results will occur or be realized. See also "INVESTMENT CONSIDERATIONS" herein, including for selected investment considerations relating to the System.

PROSPECTIVE INVESTORS MUST REVIEW THE FINANCIAL FEASIBILITY REPORT IN ITS ENTIRETY, INCLUDING, WITHOUT LIMITATION, THE FINANCIAL FORECASTS RELATING TO THE SYSTEM INCLUDED IN THE FINANCIAL FEASIBILITY REPORT AND THE CONSIDERATIONS AND ASSUMPTIONS UPON WHICH THE PROJECTED OPERATING RESULTS OF THE SYSTEM ARE BASED, PRIOR TO MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SERIES 2025 BONDS.

MUNICIPAL BOND INSURANCE

In the event that the City elects to purchase a municipal bond insurance policy ("Bond Insurance Policy") with respect to all or a portion of the Series 2025 Bonds from a municipal bond insurer (the "Bond Insurer"), disclosure regarding the Insurer and the Bond Insurance Policy will be included at this and other locations in the final Official Statement and a specimen bond insurance policy will be attached thereto as an appendix.

If the City purchases a Bond Insurance Policy, as long as it remains in full force and effect and the Bond Insurer is not in default under the Bond Insurance Policy or is insolvent, the Bond Insurer shall have the power and authority to give any consents and exercise all rights and remedies, which the owners of the Insured Bonds would otherwise have the power and authority to give, make, or exercise under the Bond Legislation.

THE CITY

Background

The City was created as a municipal corporation by Chapter 30962, Laws of Florida, Acts of 1955, to be known as the Town of Margate. In June 1961, the Town of Margate was incorporated as a City, and it is governed by its present charter which was adopted in 1979. The City is located on the southeast coast of Florida in the greater Fort Lauderdale metropolitan area of Broward County, Florida (the “County”). The City of Margate operates under a Commission-Manager form of government. The City Commission is the elected body that governs the city, comprised of a Mayor, Vice Mayor and three Commissioners (the “City Commission”). The City Commission is the legislative body of the City, and appoints the City Manager, as well as various other City leadership positions. The City Manager oversees the delivery of City services and leading, supervising, coordinating, and administering the various functions of the City. See “APPENDIX A” hereto for detailed information regarding the City and the County.

Department of Environmental and Engineering Services

The Utility Department and the Engineering Department of the City merged in 1988 to the Department of Engineering and Environmental Services (“DEES”). Curt A. Keyser, P.E. currently serves as the City Engineer and the Director of DEES (the “Director”). He has served in that capacity since March 2020. The Director serves as the chief administrative officer of DEES and as a liaison between the City Administration and the operating divisions of DEES.

The responsibilities of the Director include direction and coordination of the City’s engineering and water and wastewater activities within DEES in order to meet the financial and operating goals established by the Commission while ensuring that DEES meets the acceptable standards and levels of service required by state and federal regulations. The Director serves as the primary liaison between the City and outside contractors and is also responsible for the development of recommendations to the City Commission with regard to the planning, operation, maintenance and necessary improvements to DEES’s facilities.

The day to day operations of the Utility is managed and overseen by the DEES Assistant Director – Utilities, Marta Reczko, who reports to the DEES Director and who is also responsible for regulatory and permit compliance. Ms. Reczko has served in her current capacity since November 2021.

Finance Department

The current Finance Director is Ismael Diaz who reports directly to the City Manager. Mr. Diaz has served as the Finance Director of the City since August 2022. The Finance Director maintains the various funds and accounts of all departments and manages cash flow requirements. The investment of funds and budgeting functions of DEES, as well as all other City departments, are also handled by the Finance Department.

Budgetary Process

The adoption of the annual budget for each fiscal year beginning October 1 is governed by the procedures set forth in Chapter 200 of the Florida Statutes.

Prior to August 15th, the City Manager submits a proposed budget to the City Commission, including a millage rate which has been based on the certification of taxable property values which is given to the City by the Broward County Property Appraiser on or about July 1 of each year. The proposed millage rate is then published as part of the Notice of Proposed Property Taxes which is sent by the Property Appraiser to each taxpayer. This notice also informs the taxpayer as to the date, time and place of the public hearing which will be held by the City Commission to consider the proposed millage rate and the tentative budget.

During the month of July, the City Commission conducts a public workshop to review the tentative budget with the City Manager and his staff. Upon completion of the workshop, the public hearing set forth in the Notice of Proposed Property Taxes is held. Prior to the conclusion of the hearing, the City Commission amends the tentative budget as it sees fit, adopts the amended tentative budget, recomputes its proposed millage rate and publicly announces

the percentage of tax increase, if any. Within fifteen (15) days after this first public hearing, a properly advertised second public hearing is held to adopt by ordinance a final budget and millage rate. The budget adoption process is usually completed by the middle of September.

The budget sets forth all the necessary operating, capital outlay and debt service expenditures which are anticipated for the fiscal year beginning October 1. During the year, the actual expenditures are monitored by the Department of Finance, which gives a monthly report to the City Manager and City Commission regarding the budget performance. No City department is allowed to exceed its budget without permission from the City Commission. Permission is only given if supplemental revenues are available for appropriation.

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THE SYSTEM

General

The City's water and wastewater system originated in approximately 1957. The facilities were first organized to provide water and wastewater service to private land developers in Margate. The water system later expanded to serve a portion of Coconut Creek and a portion of the unincorporated area known as Collier City, which unincorporated area was subsequently annexed into the City of Pompano Beach. The Margate facilities began as an investor (privately owned) utility and continued as such until 1968 when the first steps toward becoming a municipal utility were initiated. In June 1968, the Margate Utility Authority ("MUA"), a Florida not-for-profit corporation, acquired the systems from the private owner. In April 1977, the City finalized the acquisition of the water and wastewater facilities from MUA and assumed the operation of the utility. At present, the City provides retail water and wastewater services to the entire developed area within its city limits. It also provides these services to the southern area of the City of Coconut Creek. The population within the service area was estimated at approximately 65,552 permanent residents in 2025. Future growth within the service area is projected to be 0.78% percent annually over the next 10 years.

Organizational Structure

The DEES is responsible for the management and operation of the water and wastewater systems. This department currently has a staff of approximately 103 personnel. The existing management and staff of DEES have experience and qualifications suitable for their responsibilities within the System. All of the City's System operators are licensed or certified by the State of Florida as a condition of their employment in this capacity. Staffing levels are sufficient to meet System operational and regulatory requirements. The City's environmental laboratory is certified by the Florida Department of Environmental Protection ("FDEP") and the Florida Department of Health for collecting and conducting basic environmental, wastewater and drinking water analyses.

The City's Finance Department provides billing, collection, and accounting services for the Water and Wastewater System. Bills for services are produced monthly, with water and wastewater charges presented on the same bill. Nonpayment is enforced for both water and wastewater accounts by discontinuance of water service and by placing liens on the property. As of September 30, 2024, the City's Water and Wastewater Fund reported approximately \$4.39 million in customer accounts receivable, with only \$10,000 reserved for uncollectible accounts (representing less than 0.25% of receivables), reflecting the City's strong historical record of collecting billed System revenues. Additionally, the City has historically maintained healthy cash balances for the System. As of September 30, 2024, the Water and Wastewater enterprise fund had unrestricted cash, cash equivalents, and investments of approximately \$44.1 million, or 850 days cash on hand. The City's unrestricted cash balances are expected to steadily increase over the Forecast Period, with an estimated unrestricted net position of approximately \$78.47 million, or 1,139 days cash on hand at the end of the Forecast Period on September 30, 2030.

The ten largest customers of the System in Fiscal Year 2023-2024 are presented below. Combined, these users constitute 9.7% of the total rate revenue collected by the System in Fiscal Year 2023-2024.

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Top Ten Combined Water/Wastewater System Customers for Fiscal Year 2024 Based on Monthly User Rate Revenue¹

Customer	Customer Type	Services	Fiscal Year 2024-2025 Revenue²	Percentage of Total
M H C	Multi-family	Water/Wastewater	\$571,670	1.90%
Northwest Regional Hospital	Commercial	Water/Wastewater	336,847	1.12%
Broward College	Commercial	Water/Wastewater	115,885	0.39%
Broward College ³	Commercial	Water/Wastewater	111,679	0.37%
Aur Igc Margate Propco	Commercial	Water/Wastewater	110,227	0.37%
Atlantic Vocational School	Commercial	Water/Wastewater	86,655	0.29%
Atlantic West Elementary	Commercial	Water/Wastewater	61,856	0.21%
Tvc Margate Co. LLC	Commercial	Water Only	38,900	0.13%
Tropical View Apartments	Multi-family	Water/Wastewater	36,357	0.12%
Blossman Real Estate Holdings	Commercial	Water Only	35,981	0.12%
Total of Ten Largest Users			\$1,506,056	5.01%
All Other System Users			\$28,529,877	94.99%
Total Fiscal Year 2024 Combined System			\$30,035,933	100.00%

¹ Numbers may not add due to rounding.

² Amounts shown reflect only revenue derived from the monthly rates for water and wastewater service (e.g. does not include miscellaneous revenue such as meter connection fees, late payment fees, etc.).

³ The entries for Broward College relate to a single utility account which is tied to two separate meters measuring separate usages.

Source: Exhibit 10, City of Margate, Florida Financial Feasibility Report

System Permits

The City's water and wastewater facilities operate under long-standing state and County permits. These permits are part of standard regulatory oversight, ensuring that facilities remain safe, reliable, and compliant. Renewals are routine, based on required inspections and submittals such as water and wastewater quality testing, operational reports, and asset and maintenance records. As long as compliance is maintained, continuity of permits is expected to remain uninterrupted.

Water System Operational Permits

The City's Water System constructed capacity includes a 13.5-million gallon per day (mgd) water treatment plant (WTP) fed with raw water from 12 Biscayne Aquifer wells. The City holds its Public Water System (PWS) authorization with the Florida Department of Environmental Protection ("FDEP") under PWS No. 4060845. This authorization has been in place since the 1960s, when the facility first achieved PWS status under the U.S. Safe Drinking Water Act. As a municipal water utility, this designation is considered permanent, subject only to routine inspections, compliance submittals, and annual fees. All fees are current through the 2025–2026 period, and regulators expect uninterrupted operation well into the future.

The WTP also holds Consumptive Use Permit No. 06-00121-W (Application No. 200617-6) that was reissued by the South Florida Water Management District on September 2, 2020. It authorizes withdrawals from the Biscayne Aquifer for public supply with an annual allocation of 3,686.72 million gallons (10.10 MGD) and a maximum monthly allocation of 337.34 million gallons. This permit is valid through December 27, 2065.

Wastewater System Operational Permits

The City's Wastewater Treatment Facility ("WWTF") operates under permits issued by both the FDEP and the County. In 2021, FDEP issued Operating Permit No. FLA041289, consolidating the East and West wastewater plants into a single authorization for the facility's full 10.1 million-gallon-per-day capacity. This permit remains in effect until March 8, 2026, and the City submitted its renewal application on September 6, 2025, well in advance of expiration. A new five-year permit is expected in March 2026, ensuring continuous authorization.

The WWTF also holds a long-standing permit for its two deep injection wells, which together provide a permitted disposal capacity of 23.15 MGD. This authorization, currently valid through November 22, 2026, was first issued in 1974 by the U.S. Environmental Protection Agency, making the City one of the earliest systems in the County to secure such approval.

In addition, the County issues an annual operating license for the WWTF. The current license, No. WWTP-1600-25, is effective from July 1, 2025 through June 30, 2026, and is expected to remain in effect as long as the WWTF's state and federal permits are active.

Construction Permits

In addition to operating permits, the City secures construction permits for any major upgrades or modifications. For example, on August 13, 2025, FDEP issued Permit No. FLA041289-018-DW1-MR to support rehabilitation of Aerobic Digester/Thickener No. 2 at the West WWTP.

Operation and Maintenance of the System

The City conducts comprehensive reviews of its facilities every five years, engaging a consulting Florida licensed professional engineer to prepare reports that include observations, analyses, and recommendations on the operation and maintenance of its water and wastewater systems. The most recent review, Operation and Maintenance Performance Report ("OMPR") was completed in September 2025 as part of the WWTF permit renewal application, and confirmed that the WTP and the WWTF remains in full compliance with regulatory requirements.

The OMPR demonstrates that the WWTF meets the standards outlined in Florida Administrative Code

(F.A.C.) Chapter 62-600.735. Based on a thorough inspection and evaluation, the OMPR provides reasonable assurance that the WWTF will continue to meet effluent limits throughout the upcoming permit cycle. At the same time, the City recognizes that some equipment and structures are nearing the end of their useful life and that future upgrades needs must be addressed. Accordingly, the City is planning targeted repairs, upgrades, and capacity improvements, which will be funded through the Series 2025 Bonds and Capital Improvement budgets under the City's planned projects.

Water System

The City's Water System consists of groundwater withdrawal, a 13.5 MGD water supply and treatment plant, storage facilities, a water distribution system containing over 213 miles of water distribution mains and service connections to approximately 62,300 customers.

The Water System provides service to 16,974 accounts, of which 14,284 or 84.16% are single-family residential users, 718 or 4.23% are multi-family accounts and 1,966 or 11.59% are commercial accounts.

The Water System serves 30,044 ERCs, of which 14,339 or 47.73% are single-family residential users, 11,126 or 37.03% are multi-family accounts, and 4,544 or 15.12% are commercial accounts.

The Water System operates under South Florida Water Management District Permit No. 06-001006-W, authorizing a maximum day demand (MDD) of 10.1 MGD. However, the Water System is built to have the capacity for 13.5 MGD, and currently averages 7 MGD, indicating that the Water System is currently operating well within its limits.

The table below summarizes the Water System historical and projected customer statistics as of Fiscal Year 2024:

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Historical and Projected Customer Statistics – Water System

Fiscal Year Ended September 30 (Historical) ¹	Total System Average Annual Water Accounts	Total Billed Water (kgal)
2020	16,971	1,877,996
2021	16,982	1,857,297
2022	16,984	1,853,230
2023	16,978	1,862,876
2024	16,974	1,915,924
Annual Average		
Historical Growth Rate	0.00%	0.50%
<hr/>		
Fiscal Year Ending September 30 (Projected) ¹	Total System Average Annual Water Accounts	Total Billed Water (kgal)
2025	16,974	1,915,924
2026	16,974	1,915,924
2027	16,974	1,915,924
2028	16,974	1,915,924
2029	16,974	1,915,924
2030	16,974	1,915,924
Annual Average		
Projected Growth Rate ²	0.00%	0.00%

Kgal – 1,000 gallons

¹ Amounts shown derived from Table 5 in the City of Margate Financial Feasibility Report

² Compound growth rate calculated from Fiscal Year 2024 actual results

The WTP is situated in a quiet residential neighborhood within the City limits, approximately one-third of a mile north of Atlantic Boulevard, east of NW 66th Avenue.

The City’s WTP and distribution facilities include:

- Twelve raw water wells with 21 MGD capacity. However, the City Consumption Use Permit allows an annual allocation of 8.51 MGD and a maximum monthly withdrawal rate of 313.9 MG (10.46 MGD). On December 4, 2019, the City signed a capacity allocation agreement with the South Florida Water Management District (“SFWMD”) for 2.00 MGD of storage capacity in the C-51 Reservoir that allows the City to withdraw an additional estimated 2.00 MGD from its wellfield. On September 2, 2020, SFWMD approved the use of 1.57 MGD of this 2.00 MGD as offset water to supply future water demands through 2065. This offset allows the City to withdraw an annual average daily quantity of 10.10 MGD and an annual average daily maximum month quantity of 11.09 MGD.
- Two parallel water softening treatment trains, each with a 13.5 MGD treatment capacity and each consisting of a multi-tray cascade aerator, an Infilco lime-softening unit, and Greenleaf automatic-backwash multimedia filters. The City may take one train down for maintenance and still meet Water System’s maximum day demands.
- One clearwell that receives treated water from the two water softening treatment trains.
- Three onsite storage tanks: one 1.9 million gallon (MG) capacity steel tank, one 2.0 MG concrete tank, one 0.4 MG concrete tank. In addition, the City has one offsite 2 MG ground concrete storage tank.
- Seven onsite and three offsite high service pumps with a total rated capacity of 36 MGD.
- Five transfer pumps that convey water from the clearwells to two on-site storage tanks.
- One small pond for spent lime sludge storage.
- The City has one 10-inch interconnect with the City of Pompano Beach, one 12-inch interconnect with the City of Coral Springs, one 8-inch interconnect with the Coral Springs Improvement District, and one

4-inch interconnect with the City of North Lauderdale to provide additional backup capacity to the Water System.

- Two large emergency power generators and an electrical room in case of power failures.

The finished water quality produced from the WTP meets existing water quality regulations as set forth by FDEP and the Public Health Department of Broward County.

Conservation

As central and south Florida continues to experience water shortages due to rising populations and diminishing supplies, conservation has become an important concern in the area of public policy. Florida has experienced drought conditions in recent years. This has focused attention on the scarcity of drinking water throughout the State. The state Comprehensive Plan (Ch. 187, Florida Statutes), the Florida State Water Use Plan and the Comprehensive Regional Policy Plan all encourage the protection of potable water sources and the reduction of per capita use. The SFWMD requires conservation of all water resources, surface water and groundwater.

The City has developed a program for the conservation of potable water by implementation of a water shortage plan pursuant to its Consumptive Use Permit requirements. The following water conservation plans have been implemented by the City: (i) NatureScape Irrigation Service targeting large properties such as government facilities, parks, schools, and multi-family complexes, (ii) lawn irrigation/sprinklers restrictions, (iii) Xeriscape landscaping requirements, (iv) the use of rain sensor devices and automatic switches for lawn sprinkler systems, (v) leak detection programs, (vi) ultra-low volume plumbing fixtures requirements, and (vii) public education programs.

Wastewater System

The City's WWTF consists of two treatment trains—known as the East Train and the West Train. Although located in close proximity, the two trains operate semi-independently. Treated effluent and digested sludge from the East Train are transferred to the West Train for final treatment and disposal. In addition to the 10.1 million gallons per day (MGD) permitted treatment capacity at the WWTF, the City owns and maintains an extensive wastewater collection and transmission system. This Wastewater System includes approximately 147 miles of gravity sewer, 31 miles of force mains, and 58 wastewater pump stations. Together, these facilities convey wastewater to either the East or West WWTF for treatment, followed by final disposal of treated effluent and residuals.

The Wastewater System operates under FDEP Permit FLA041289, authorizing a capacity of 10 MGD. However, the Wastewater System currently operates with a 7.5 MGD average daily flow, indicating that the Wastewater System is operating well within its limits.

Both treatment trains are located on sites that are adjacent to each other and surrounded by residential neighborhoods and recreational facilities. The wastewater service area mirrors the City's water service area, ensuring that the same customer base is fully served by the integrated Water and Wastewater Systems.

Approximately 87.61% of the estimated wastewater flows are from residential customers, with the remaining 12.40% from commercial customers. The table below summarizes the estimated user wastewater flows as of Fiscal Year 2024.

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The table below summarizes the Wastewater System historical and projected customer statistics as of Fiscal Year 2024:

Historical and Projected Customer Statistics – Wastewater System

Fiscal Year Ended September 30 (Historical) ¹	Total System Average Annual Wastewater Accounts	Total Billed Wastewater - Commercial (kgal) ³
2020	16,732	220,078
2021	16,742	211,406
2022	16,744	212,755
2023	16,738	223,768
2024	16,729	226,563
Annual Average Historical Growth Rate	(0.00%)	0.73%
<hr/>		
Fiscal Year Ending September 30 (Projected) ¹	Total System Average Annual Wastewater Accounts	Total Billed Wastewater – Commercial (kgal) ³
2025	16,729	226,563
2026	16,729	226,563
2027	16,729	226,563
2028	16,729	226,563
2029	16,729	226,563
2030	16,729	226,563
Annual Average Projected Growth Rate ²	0.00%	0.00%

kgal = 1,000 gallons

¹ Amounts shown derived from Table 5 of the City of Margate Financial Feasibility Report.

² Compound growth rate calculated from Fiscal Year 2024 actual results.

³ Residential accounts are billed a flat monthly fee for wastewater service.

The City’s wastewater collection system consists of over 60 miles of gravity sewer lines, 20 miles of force mains and 57 lift stations. Wet wells at the lift stations collect wastewater flow from the gravity system, which is then pumped through the force mains to the East and West WWTF. Wastewater flows are divided between the two plants. The City’s supervisory control and data acquisition system evaluates data from each lift station, allows pumps to be turned on or off from a central location and allows for historical data collection.

The East Plant is located on a 9.6-acre parcel to the east of NW 66th Avenue on the same site as the WTP. The East Plant site consists of the following wastewater treatment facilities:

- Headworks (splitter box with bar screen and odor control system)
- Aeration basins with mechanical aerators
- Secondary clarifier
- Return activated sludge/waste activated sludge pump station

- Aerobic digester with mechanical aerators

The West Plant is located on a 10.5 acre parcel to the west of NW 66th Avenue. The West Plant Site includes the following facilities:

- Headworks Building (mechanical bar screens, grit handling and odor control system)
- Four RBC trains permitted at 7.9 MGD
- Waste activated sludge pump station
- Two clarifiers
- Chlorination system
- Effluent pump station
- Two deep injection wells
- One monitoring well
- Blower Building
- Plant drain pump station
- Beit filter press facility
- Emergency power generators

Agreements and Arrangements with Other Local Governments Relating to the System

Various agreements and arrangements are in place between the City and certain other local governments relating to the System. During the Fiscal Year 2024, the City provided potable water service to approximately 16,974 accounts. Approximately 1,271 of these accounts are located outside the City in the City of Coconut Creek, while six (6) of these accounts are located in the City of North Lauderdale.

During the Fiscal Year 2024, the City provided wastewater service to approximately 16,729 accounts. Approximately 1,237 of these accounts are located outside the City in the City of Coconut Creek, while five (5) of these accounts are located in the City of North Lauderdale.

Capital Improvement Program

The City’s proposed six-year capital improvement program for the System (the “Six-Year CIP”) includes all projected capital improvements through Fiscal Year 2030. The estimated budget for the Six-Year CIP is approximately \$140,800,000. Many of these planned improvements are not only essential to sustain reliable day-to-day operations but are also designed to address future regulatory compliance requirements, including anticipated mandates for PFAS/PFOA removal in drinking water under emerging federal standards and stricter biosolids treatment and disposal requirements under Florida Statutes. By advancing these projects now, the City is positioning itself to remain ahead of regulatory deadlines while maintaining affordability and resilience.

The portions of the Six-Year CIP proposed to be financed with proceeds of the Series 2025 Bonds consists generally of the following:

- West Wastewater Treatment Plant (WWTP) Improvements – Replacement of the aging Rotating Biological Contactors (RBCs) installed in 1984 with modern technologies such as fine-bubble activated sludge or alternative treatment. The project also includes rehabilitation of structures and equipment, as well as potential

clarifier additions to expand capacity. With the proposed improvements, the Design-Builder will expand the capacity of the West WWTP to 10.1 MGD TMADF (equal to the current combined East and West WWTP capacity) or higher, positioning the City to eventually divert all influent to the West Plant and decommission the East Plant. Estimated cost: \$40,200,000.

- PFAS Monitoring, Pilot Testing, and Compliance Program – Continuation of pilot testing and preparation for full-scale treatment upgrades at the Water Treatment Plant to comply with forthcoming U.S. Department of Environmental Protection (EPA) and Florida Department of Environmental Protection (DEP) PFAS regulations. This proactive effort ensures that the City is ready to implement full compliance measures when required. Estimated cost: \$28,000,000.
- Water Line Replacement – Replacement of fragile, break-prone small-diameter mains, including AC, CI, and 2” diameter pipes, focusing on high-priority areas rather than citywide replacement. Estimated cost: \$17,300,000.
- Wastewater Treatment Plant Headworks Upgrades – Structural rehabilitation of the headworks building, including grit chamber relining, concrete/steel repair, ventilation improvements, and replacement of screening and grit removal systems. Estimated cost: \$10,000,000.
- Lift Station Renovation – Rehabilitation or replacement of deteriorated pump stations with modern submersible systems, new piping, coatings, and electrical panels. Estimated cost: \$6,000,000.
- Capital Projects – Other – Emergency and unplanned projects across the System to ensure reliability, compliance, and safety. Estimated cost: \$6,000,000.
- SCADA System Upgrades – Modernization of control systems at the WTP and WWTP to improve automation, reliability, and regulatory compliance, partially offset by a \$500,000 grant. Estimated cost: \$5,100,000.
- Regional Biosolids Management and Compliance Initiative – Participation in a countywide effort to address stricter phosphorus management rules and ensure long-term biosolids disposal compliance. Estimated cost: \$4,000,000.
- Quonset Hut Replacement – Replacement of the outdated prefabricated structure with a modern facility for storage, office, and garage functions. Estimated cost: \$3,500,000.
- Infiltration and Inflow Rehabilitation – Sewer system rehabilitation, including lining, manhole sealing, and illicit connection removal, to reduce sanitary sewer overflows and extend system life. Estimated cost: \$3,000,000.
- Chemical Containment Rehabilitation – Rehabilitation of chemical containment dikes and systems at both plants, addressing spalling concrete and corroded rebar with stainless steel and coatings. Estimated cost: \$2,300,000.
- Odor Control Rehabilitation – Replacement and upgrades of odor control systems at the West WWTP to reduce community impacts. Estimated cost: \$2,000,000.
- WWTP Digesters Rehabilitation – Rehabilitation of digester tanks, mechanical systems, and coatings to extend useful life and maintain treatment performance. Estimated cost: \$2,000,000.
- Repair Water Treatment Plant Accelerators – Structural repairs and recoating of accelerator tanks to prevent corrosion and extend service life. Estimated cost: \$1,700,000.
- WTP/WWTP Facilities Remodeling – Renovation of building systems and modernization of staff facilities at both plants. Estimated cost: \$1,700,000.

The table below is a summary of the CIP for the Forecast Period ending September 30, 2030.

**Summary of Capital Improvement Plan for the Forecast Period (Dollars in Millions) [*]
Fiscal Year Ending September
30,**

Description	Total						Capital Plan
	2025	2026	2027	2028	2029	2030	
West Wastewater Treatment Plant (WWTP) Improvements	\$0.2	\$5.0	\$5.0	\$20.0	\$10.0	\$0.0	\$40.2
PFAS Monitoring, Pilot Testing, and Compliance Program	0.0	0.0	0.0		8.0	20.0	28.0
Water Line Replacement	5.3	4.0	2.0	2.0	2.0	2.0	17.3
Wastewater Treatment Plant Headworks Upgrades	0.0	2.0	8.0	0.0	0.0	0.0	10.0
Lift Station Renovation	4.5	1.0	0.5	0.0	0.0	0.0	6.0
Capital Projects - Other	1.0	1.0	1.0	1.0	1.0	1.0	6.0
SCADA System Upgrades	5.1	0.0	0.0	0.0	0.0	0.0	5.1
Regional Biosolids Management and Compliance Initiative	0.0	2.0	2.0	0.0	0.0	0.0	4.0
Quonset Hut - Replacement	0.5	2.0	1.0	0.0	0.0	0.0	3.5
Infiltration and Inflow Rehabilitation	0.9	0.5	0.3	0.3	0.5	0.5	3.0
Chemicals Containment Rehabilitation	0.3	1.0	1.0	0.0	0.0	0.0	2.3
Odor Control Rehabilitation	0.0	0.0	0.0	0.0	1.0	1.0	2.0
WWTP Digesters Rehabilitation	0.0	1.0	1.0	0.0	0.0	0.0	2.0
Repair Water Treatment Plant (WTP) Accelerators	0.7	0.5	0.5	0.0	0.0	0.0	1.7
Water Treatment Plant and Wastewater Treatment Plant Facilities Remodeling	0.7	0.0	0.0	0.0	1.0	0.0	1.7
All Other Capital Needs	4.5	1.9	0.5	0.0	0.5	0.5	7.9
Total Capital Program	<u>\$23.8</u>	<u>\$21.9</u>	<u>\$22.8</u>	<u>\$23.3</u>	<u>\$24.0</u>	<u>\$25.0</u>	<u>\$140.8</u>

[*] Amounts shown are derived from Table 6 at the end of this Report; amounts reflect the estimated timing of capital expenditures. Numbers may not add due to rounding.

Pay-As-You-Go Projects

The budget of \$23,770,013 for FY 2025 is the first year of the five-year projection, the future years are on a pay-as-you-go basis. In addition to the bond-funded projects, the City will fund approximately \$11,504,798 in additional capital improvements through annual rate revenues, reserves, and connection charges. Key pay-as-you-go projects include:

- Rehabilitation of the High Service Pump Building – \$800,000.
- WTP Infrastructure Improvements (efficiency optimization and treatment enhancements) – \$1,280,000.
- Lime Sludge Handling Process Improvements – \$1,200,000.
- Equipment Replacement (pumps, motors, blowers, meters) – \$3,100,000.
- Generator Rehabilitation at WTP, WWTP, DEES, and Coral Gate – \$1,500,000.
- Water and Force Main Control Improvements – \$900,000.
- Rehabilitation of DEES Administration Building – \$675,000.
- Capital Projects – Other (emergency/unplanned) – \$5,000,000.

In total, the City's Six-Year Capital Improvement Program represents an investment of approximately \$140.8 million. of this amount, about \$103.0 million (74%) will be funded through bond proceeds, including the Series 2025 Bonds and anticipated future Additional Bonds, while the remaining \$34.5 million (26%) will be supported on a pay-as-you-go basis from annual System revenues, reserves, and connection charges. This balanced funding approach provides the resources needed to modernize the City's utility infrastructure while maintaining financial stability and affordability for customers.

System Rates and Rate Structures

The City has covenanted in the Ordinance to fix, establish, revise, maintain and collect certain fees, rate, rentals and other charges for services and facilities of the System.

The level of rates charged to each class of customers for service is the subject of periodic studies by the City in conjunction with outside consultants. These studies evaluate the adequacy of the current rate schedules in complying with the rate covenant and covering anticipated expenses of operation, maintenance and administration, renewal and replacements and in paying principal and interest on the System's debt obligations.

In December 1998, the City adopted a conservation-oriented water rate structure as required by the City's consumptive use permit issued by SFWMD. An increasing block water rate structure was selected. An increasing block rate structure is one in which a customer pays a relatively low volume rate per thousand gallons of water consumed. The current initial increment of consumption is from 0 - 6,000 gallons per month. Increasingly higher rates per thousand gallons is then charged for usage (i) between 6,001 and 15,000 gallons per month, (ii) between 15,001 and 25,000 gallons per month and (iii) in excess of 25,000 gallons per month. The rates are reflected in the tables below under the subheading "Water and Sewer Charges".

The increasing block rates are designed to provide incentives for customers to make more efficient use of available water supplies, while not causing large fluctuations in System revenue.

Water and Wastewater Charges

The current water and wastewater rates, effective for the period October 1, 2025 through October 1, 2026, and thereafter increased annually on each October 1 as set forth below, are as follows:

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WATER SYSTEM USER RATES

	Inside Municipal Boundaries	Outside Municipal Boundaries
Single-Family		
Service availability charge, per unit	\$19.11	\$23.89
Consumption charge (per 1,000 gallons)		
0—6,000	\$5.52	\$6.90
6,001—15,000	\$6.89	\$8.61
15,001—25,000	\$8.28	\$10.35
Over 25,000	\$9.65	\$12.06
Multifamily		
Service availability charge, per unit	\$14.28	\$17.85
Consumption charge (per 1,000 gallons/unit)		
0—6,000	\$5.52	\$6.90
6,001—15,000	\$6.89	\$8.61
15,001—25,000	\$8.28	\$10.35
Over 25,000	\$9.65	\$12.06
Nonresidential/Commercial		
Service availability charge Meter size (in inches)		
5/8"	\$19.11	\$23.89
1"	\$73.35	\$91.69
1½"	\$104.04	\$130.05
2"	\$247.26	\$309.08
3"	\$613.87	\$767.34
4"	\$937.88	\$1,172.35
6"	\$1,244.86	\$1,556.08
8"	\$1,534.26	\$1,917.83
10"	\$2,386.62	\$2,983.28
Consumption charge (per 1,000 gallons)		
All gallons	\$6.89	\$8.61

System users outside boundaries subject to a 25% outside-municipality surcharge as allowed per Florida Statute 180.191

WASTEWATER SYSTEM USER RATES

	Inside Municipal Boundaries	Outside Municipal Boundaries
Single-Family		
Service availability charge, per unit	\$47.44	\$59.30
Multifamily		
Service availability charge, per unit	\$37.93	\$47.41
Nonresidential/Commercial		
Service availability charge		
Meter size (in inches)		
3/8"	\$36.53	\$45.66
1"	\$53.09	\$66.36
1½"	\$99.63	\$124.54
2"	\$322.55	\$403.19
3"	\$749.52	\$936.90
4"	\$1,247.56	\$1,559.45
6"	\$2,424.02	\$3,030.03
8"	\$3,557.80	\$4,447.25
10"	\$4,625.13	\$5,781.41
Consumption charge (per 1,000 gallons)		
All gallons	\$8.61	\$10.76

System users outside boundaries subject to a 25% outside-municipality surcharge as allowed per Florida Statute 180.191.

**ADJUSTMENTS TO THE MONTHLY WATER AND WASTEWATER SERVICE
AVAILABILITY CHARGES AND CONSUMPTION CHARGES**

Effective	Date	Adjustment Percentage
January	1, 2024	25.00%
October	1, 2024	9.00%
October	1, 2025	9.00%
October	1, 2026	4.00%
October	1, 2027	4.00%
October 1, 2028 and each October 1 thereafter until a new rate study is completed		Automatically adjusted by an amount that is equal to the percentage change in the Consumer Price Index (CPI). The rate adjustment shall be subject to a floor of not less than one (1) percent.

Billing and Collection Procedures

The City bills and collects for water and wastewater service on a monthly basis and payments are due within twenty (20) days of billing. Prior to rendering service, the City requires a deposit of approximately two times the average monthly bill for the class of customer seeking utility service. In the event of customer nonpayment of utility bill, City service is subject to suspension twenty-five (25) days after the billing date. While the City allows for 1.0% uncollectables, actual uncollectables are significantly smaller.

System Historical Operating Results

The historical operating results for the System are presented for the Fiscal Years ended September 30, 2020 through 2024 (defined as the “Historical Period”) and are shown in detail in Table 7 of the Financial Feasibility Report. In general, the historical operating results have been presented in a manner consistent with the requirements of the Bond Ordinance relative to the determination of Net Revenues. A major difference is that Operating Expenses do not include depreciation or amortization expenses. Therefore, the amounts shown reflect certain differences in the presentation of the financial results when compared to the Audited Financial Statements of the City.

The historical operating results for the System are shown in Table 7 of the Financial Feasibility Report and are summarized in the table below.

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Summary of Historical System Operating Results ^[1]

	Fiscal Year Ended September 30,				
	2020	2021	2022	2023	2024
Revenues Excluding Non-Pledged Revenues ^[2]	\$25,735,521	\$25,676,360	\$26,021,358	\$26,087,900	\$31,624,686
Operating Expenses ^[3]	16,467,551	14,789,406	17,061,569	19,620,933	18,921,508
Net Revenues Available for Debt Service	9,267,970	10,886,954	8,959,789	6,466,967	12,703,178
Rate Covenant: ^[4]					
Net Revenues Available for Debt Service	9,267,970	10,886,954	8,959,789	6,466,967	12,703,178
Annual Debt Service Requirement	1,159,600	N/A	N/A	N/A	N/A
Calculated Coverage	799%	N/A	N/A	N/A	N/A
Transfer to General Fund – Return on Investment ^[5]	\$1,905,355	\$1,943,462	\$1,964,840	\$2,104,344	\$2,312,674
Amounts Available for Other System Purposes After Payment of Debt Service and Transfer to General Fund – Return on Investment ^[6]	\$6,203,015	\$8,943,492	\$6,994,949	\$4,362,623	\$10,390,504

^[1] Amounts shown are derived from Table 7 of the Margate Financial Feasibility Report and are based on information in the ACFR for each respective Fiscal Year and other financial information provided by the City. Numbers may not add due to rounding.

^[2] Amounts shown include rate revenues derived from the application of rate adjustment as approved by the City Commission during the Historical Period. Amounts shown include all interest income reported in the ACFR for each respective Fiscal Year that is considered as a component of Revenues in accordance with the Bond Ordinance.

^[3] Pursuant to the Bond Ordinance amounts shown do not include depreciation and amortization expenses.

^[4] After Fiscal Year 2020, following payoff of the Water and Sewer Refunding Revenue Bonds, Series 2007, the System had no outstanding debt and no rate covenant.

^[5] The System makes annual return-on-investment transfers to the General Fund.

^[6] Represents amounts available for other System purposes, including future capital expenditures of the System.

System Projected Operating Results

Projections of the System's operating results have been prepared by the Feasibility Consultant for the six Fiscal Years 2025 through 2030 (defined as the "Forecast Period"). As shown in Table 8 in the Financial Feasibility Report and summarized in the table below, projected operating results have been prepared for the System. Such projections were prepared in accordance with the flow of funds prescribed by the Bond Ordinance and the assumptions and considerations used in the projections as described in the Feasibility Report attached hereto as Appendix G.

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Summary of Projected System Operating Results and Debt Service Coverage ^[1]

	Fiscal Year Ending September 30,					
	2025 (est.)	2026	2027	2028	2029	2030
Revenues Excluding Non-Pledged Revenues ^[2]	\$35,750,847	\$38,238,448	\$39,846,091	\$41,493,319	\$42,807,892	\$44,119,549
Operating Expenses ^[3]	20,154,614	21,081,435	22,043,255	23,053,877	24,113,482	25,227,706
Net Revenues Available for Debt Service	15,596,233	17,157,013	17,802,836	18,439,442	18,694,409	18,891,843
Rate Covenant: ^[4]						
Net Revenues Available for Debt Service	15,596,233	17,157,013	17,802,836	18,439,442	18,694,409	18,891,843
Annual Debt Service Requirement ^[5]	0	1,025,496	3,934,488	3,929,488	5,058,581	6,705,463
Calculated Coverage	N/A	1673%	452%	469%	370%	282%
Minimum Required	110%	110%	110%	110%	110%	110%
Transfer to General Fund – Return on Investment ^[6]	2,444,497	2,512,943	2,595,573	2,699,396	2,807,372	2,891,593
Amounts Available for Other System Purposes After Payment of Debt Service and Required Transfers ^[7]	\$13,151,736	\$13,618,574	\$11,272,776	\$11,810,558	\$10,828,456	\$9,294,787

^[1] The amounts shown are derived from Table 8 of the Financial Feasibility Report. Numbers may not add due to rounding.

^[2] Amounts shown include additional rate revenues derived from the application of adopted and projected rate adjustments.

^[3] Pursuant to the Bond Ordinance, amounts shown do not include depreciation and amortization expenses.

^[4] Reference is made to the Rate Covenant as more fully described in Section 4.2 of the Bond Ordinance.

^[5] The Annual Debt Service Requirement includes the Series 2025 Bonds and the Series 2028 Bonds that are assumed to be issued pursuant to the Bond Ordinance (on parity) and to be outstanding during the Forecast Period.

^[6] The System makes annual return-on-investment transfers to the General Fund.

^[7] Represents amounts available for other System purposes, such as future capital expenditures of the System.

INVESTMENT CONSIDERATIONS

This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2025 Bonds and prospective purchasers are advised to read this Official Statement in its entirety for a more complete description of investment considerations relating to the Series 2025 Bonds.

The City’s ability to derive Pledged Revenues from its operation of the System in amounts sufficient to pay debt service on the Series 2025 Bonds and any subordinated debt incurred from time to time depends upon many factors, many of which are beyond the control of the City. The future financial condition of the System could be affected adversely by, among other things, legislation, environmental and regulatory actions, changes in demand for services, unexpected maintenance issues, climate change, natural disasters, economic conditions, demographic changes, and litigation. In addition to those items listed in the preceding sentence, some of the possible changes in the future may include, but not be limited to, the following. See also “OTHER INFORMATION – RATINGS.”

Regulation

The facilities comprising the System are subject to regulation and control by numerous federal and State governmental agencies. The City is unable to predict with certainty the future regulations and policies such agencies may adopt, including with respect to environmental policies. Future changes in regulations and policies could result in the City having to discontinue operations at certain facilities, reduce capacity of the System, incur additional operating expenditures or make significant capital expenditures, and any of these may result in a reduction in the revenue received by the System and/or increase expenses incurred.

The SFWMD regulates water withdrawals for potable water providers such as the City. The City is further subject to federal and state water treatment and wastewater disposal requirements which, among other things, limit raw water withdrawals, control contaminants in finished water, limit discharges of pollutants into surface and ground waters, regulate the quality of effluent discharged from sewage treatment facilities, and limit the nature of waste materials discharged into the collection facilities. The City is also subject to federal, state and local waste disposal requirements, which control the means of disposal of solids generated by sewage treatment plants. There are no

assurances that these agencies will not increase their present environmental or other regulatory standards. Environmental requirements in general are becoming more stringent, and further or new requirements may substantially increase the cost of water or wastewater service by requiring changes in the design or operation of existing or new facilities. Future changes in policy could result in discontinued operation, reduced capacity of the System, additional operations or capital expenditures or a reduction in the revenue received by the City. Further, while the City undertakes to operate the System in a professional manner and in compliance with all regulatory requirements, there is no assurance that the System facilities now or in the future will always be maintained in compliance with current or future regulatory requirements. Failure to comply with those requirements could result in enforcement action against those facilities not in compliance which, under Federal and Florida law, can include the imposition of civil and criminal penalties.

On November 30, 2023, the United States Environmental Protection Agency (EPA) proposed improvements to the lead and copper rule revisions (“LCRR”) implemented in 2021. The lead and copper rule improvements (“LCRI”) relaxed many of the deadlines previously proposed in the LCRR and clarified ambiguities in the existing rule. On October 8, 2024, the EPA published the LCRI as a final rule, requiring all lead pipes to be replaced within 10 years, lowering the action thresholds for lead, requiring better testing of drinking water, and improving community communication.

The City is in full compliance with all requirements of the LCRR and the newly adopted LCRI. In accordance with federal and State mandates, the City completed and submitted a 100% service line inventory to the Florida Department of Environmental Protection (“FDEP”), confirming that the City has no lead service lines and no galvanized-requiring-replacement service lines within its water distribution system. As a result, the City does not anticipate any future capital costs associated with the LCRI’s nationwide lead service line replacement mandate.

The LCRI also requires enhanced tap-water sampling at representative sites across the system. The City has already completed the required planning and site selection and will conduct updated LCRI-compliant sampling in accordance with the federal schedule. All results will be submitted to FDEP and reported to the public as required by the rule.

Climate Change and Natural Disasters

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on communities such as the City. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage the System, including the projects funded by the Series 2025 Bonds, or the local infrastructure that provides essential services to the City. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service, and substantial recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the System or the City.

The City maintains emergency preparedness and response measures designed to mitigate the impacts of hurricanes and other natural disasters, including systemwide standby power generation, four (4) interconnections with neighboring utilities, redundancy at the treatment facilities, and participation in statewide emergency coordination through Florida Water/Wastewater Agency Response Network (“FlaWARN”) through a formal Mutual Aid Agreement approved by City Resolution No. 10-430 and executed on September 12, 2005. The agreement provides a framework for requesting and receiving technical support, equipment, materials, and operational assistance from other Florida water and wastewater utilities during emergency conditions. FlaWARN participation enhances the City’s ability to restore critical services following hurricanes and other natural disasters.

The City is also eligible to apply for federal disaster assistance and mitigation funding through the Federal Emergency Management Agency (“FEMA”) and the Florida Division of Emergency Management following qualifying events. While such programs can offset portions of recovery or hardening costs, availability of federal or State assistance is not guaranteed and is subject to program requirements, appropriations, and agency approval.

Cybersecurity Matters

The City, like many other governmental entities, relies on a technological environment to conduct its operations. The City, its agents and third parties with which it does business, or otherwise relies upon, are subject to cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to such parties' digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. The City has adopted robust and comprehensive security policies and employee training programs intended to limit exposure to cyber risks.

During the 2022 Florida Legislative Session, CS/HB 7055 was passed, which created Section 282.3185, Florida Statutes, entitled the "Local Government Cybersecurity Act." Among other matters, Section 282.3185, Florida Statutes, requires State agencies and local governments, such as the City, to report all ransomware incidents and high severity level cybersecurity incidents to the Cybersecurity Operations Center (CSOC) and the Cybercrime Office within the Florida Department of Law Enforcement as soon as possible, but no later than 48 hours after discovery of the cybersecurity incident and no later than 12 hours after discovery of a ransomware incident. Local governments must also report to the sheriff. It also requires State agencies and local governments to submit after-action reports to Florida Digital Services (FLDS) following a cybersecurity or ransomware incident. Section 282.3185, Florida Statutes, requires the CSOC to notify the Florida Legislature of high severity level cybersecurity incidents. State agency and local government employees are required to undergo certain cybersecurity training within 30 days of employment and annually thereafter. Further, local governments are required to adopt cybersecurity standards that safeguard the local government's data, information technology ("IT"), and IT resources. The effective date of CS/HB 7055 was July 1, 2022.

The City is also advancing major capital improvements that strengthen the cybersecurity posture of the System. These improvements include a comprehensive SCADA system modernization, replacement of legacy servers and operator workstations, enhanced network segmentation between IT and OT environments, installation of new fiber infrastructure, secure remote-access systems, and improved monitoring and alarm capabilities. Under current and new architecture, the City's water treatment and wastewater treatment operational networks are fully isolated and separated from each other and from the City's business IT environment, reducing cross-system exposure and limiting potential attack pathways. In addition, the U.S. Environmental Protection Agency (EPA) has issued cybersecurity expectations for Public Water Systems (PWSs) through guidance incorporated into sanitary surveys and risk-based inspections. The City follows applicable EPA and Florida Department of Environmental Protection (FDEP) guidance relating to cybersecurity of water treatment, distribution, and control systems, and evaluates cybersecurity risks as part of its ongoing sanitary survey preparedness and water system risk assessments.

The City maintains cyber liability and breach response insurance through the Florida Municipal Insurance trust and has adopted robust and comprehensive security policies and employee training programs intended to limit exposure to cyber risks. The City's cybersecurity insurance policy includes coverage for overall liability resulting from cybersecurity incidents, as well as specific coverage limits for other risk factors, such as breach response, business interruption, cyber extortion, data recovery, fraud.

There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such hack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. No assurances can be given that any such attacks will not materially adversely impact the operations or finances of the City and/or the System, which could adversely impact the timely payment of debt service on the Series 2025 Bonds and any Outstanding Additional Bonds and Subordinated Indebtedness.

Infectious Disease Outbreak

The outbreak of the highly contagious COVID-19 pandemic the United States in March 2020 had a disruptive financial impact on local, state, and national economies around the country, including, without limitation, by fueling inflation and creating supply chain issues. The United States, the State, the County, and the City have all previously imposed certain health and public safety restrictions in response to COVID-19, which have now been rescinded. However, another major outbreak of COVID-19 or an outbreak of another highly contagious or epidemic or pandemic

disease may alter the future behavior of businesses and people in a manner which could have negative impacts on the global, United States, State and local economies. These impacts may, in turn, adversely affect the residents and businesses in the City and could have potential adverse impacts on the financial condition, performance, and credit ratings of the City and/or the System.

Additional Costs; Inflation; Supply Chain Issues

The Series 2025 Bonds will finance only a portion of the costs of the Series 2025 Project. In some instances, the construction cost estimates for Series 2025 Project components are based on preliminary design estimates for which construction bids have not yet been received. Unforeseen events could result in increases in construction costs and delays in completion of construction. The System may also need additional repairs and improvements beyond those projected by the City in the CIP.

Senate Bill 674 (the “Senate Bill”), which became effective on July 1, 2024, requires governmental entities to include provisions in certain contracts mandating that iron and steel products used in capital projects funded with State appropriations be produced in the United States. The Series 2025 Project does not rely on State funding, and therefore the requirements of the Senate Bill are not expected to materially affect the Series 2025 Project. The City routinely specifies American Water Works Association (AWWA), ASTM, and NSF-certified materials—many of which are already domestically manufactured—reducing the likelihood of cost impacts associated with the Senate Bill. However, future capital projects that utilize State grant funding could be subject to these requirements, and compliance could result in increased material costs or procurement constraints depending on market availability.

Potential Rate Increases

Increased costs not contemplated by the CIP, including those related to the Series 2025 Project, such as those resulting from cost overruns, delays in construction or additional repairs not currently contemplated would have to be paid from amounts on deposit in the Renewal and Replacement Account, from Net Revenues from or Additional Bonds and/or Subordinated Indebtedness. The City anticipates using proceeds from Net Revenue to fund portions of the System CIP not funded through the issuance of Bonds. No assurance can be made that such additional sources of funds will be readily available, and the City may be required to raise rates, fees and charges for use of the System in connection with funding the CIP, including portions of the Series 2025 Project, if any, not funded by the Series 2025 Bonds.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Series 2025 Bonds are subject to an approving legal opinion of Weiss Serota Helfman Cole & Bierman, P.L., Fort Lauderdale, Florida, Bond Counsel, whose approving opinion (a form of which is attached hereto as “APPENDIX E – Form of Opinion of Bond Counsel”) will be available at the time of delivery of the Series Bonds. The actual legal opinion to be delivered by Bond Counsel may vary from that text if necessary to reflect facts and law on the date of delivery. Such 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 Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2020 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriters of the Series 2025 Bonds (upon which opinion only the Underwriters may rely) relating to the fairness of the presentation of certain statements contained herein under the heading “TAX MATTERS” and certain statements which summarize provisions of the Ordinance, the Series 2025 Bonds, and federal tax law, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2025 Bonds.

Certain legal matters will be passed upon for the City by Weiss Serota Helfman Cole & Bierman, P.L., Fort Lauderdale, Florida, City Attorney and Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Nelson Mullins Riley & Scarborough LLP, Orlando, Florida, as counsel to the Underwriters.

LITIGATION

There is no pending or, to the knowledge of the City, threatened litigation against the City of any nature whatsoever which in any way questions or affects the validity of the Series 2025 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Bond Legislation, or the pledge the Net Revenues in the manner and to the extent described herein and in the Bond Legislation. Neither the creation, organization or existence, nor the title of the present members of the City Commission or other officers of the City is being contested.

The City experiences other claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the City, but may, in the aggregate, have a material impact thereon. The City does carry liability insurance, and is afforded the additional protection of sovereign immunity by Florida Statutes, Section 768.28, as amended. The City currently is not aware of any claims or litigation that it believes will have any material adverse consequences to the financial condition of the City.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Rule 69W-400.003, Rules of Government Securities, promulgated by the Office of Financial Regulation of the Financial Services Commission, under Section 517.051(1), Florida Statutes (“Rule 69W-400.003”), requires the City to disclose each and every default as to the payment of principal and interest with respect to obligations issued by the City after December 31, 1975. Rule 69W-400.003 further provides, however, that if the City in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. The City has not defaulted on the payment of principal or interest with respect to obligations issued by the City after December 31, 1975.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the “Code”) includes requirements which the City must continue to meet after the issuance of the Series 2025 Bonds in order that interest on the Series 2025 Bonds not be included in gross income for federal income tax purposes. The City’s failure to meet these requirements may cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Bond Legislation to take all actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2025 Bonds. The opinion of Bond Counsel will be based upon and assume the accuracy of certain representations and certifications and compliance with certain covenants of the City to be contained in the transcript of proceedings which are intended to evidence and assure that interest on the Series 2025 Bonds is and will continue to be excluded from gross income for federal income tax purposes.

In the opinion of Bond Counsel, assuming continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code; however, interest on the Series 2025 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The Series 2025 Bonds and the interest thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2025 Bonds. Prospective purchasers of Series 2025 Bonds should be aware that the ownership of Series 2025 Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2025 Bonds or, in the case of a financial institution, that portion of

the owner's interest expenses allocable to interest on the Series 2025 Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including interest on the Series 2025 Bonds, (iii) the inclusion of interest on Series 2025 Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on Series 2025 Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) interest on the Series 2025 Bonds is taken into account in determining whether recipients of Social Security and Railroad Retirement benefits must include a portion of those benefits in gross income.

Prospective purchasers of the Series 2025 Bonds upon their original issuance at yields other than the respective yields indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2025 Bonds at other than their original issuance, should consult their own tax advisers regarding the tax considerations resulting from such purchase.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2025 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2025 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2025 Bonds and their market value. In addition, judicial proceedings may be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2025 Bonds. No assurance can be given that additional legislative proposals will not be introduced or enacted, or judicial proceedings will not be filed and decided, that would or might apply to, or have an adverse effect upon, the Series 2025 Bonds. The introduction or enactment of one or more of such proposals, or the filing of judicial proceedings, could affect the market price or marketability of the Series 2025 Bonds.

Investors in the Series 2025 Bonds should be aware that any such future legislative or judicial actions may retroactively change the treatment of all or a portion of the interest on the Series 2025 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2025 Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Series 2025 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2025 Bonds are not subject to adjustment, in the event of any such change.

Prospective purchasers of the Series 2025 Bonds should consult their own tax advisers regarding their particular tax status or other tax considerations resulting from ownership of the Series 2025 Bonds.

Tax Treatment of Original Issue Discount

The initial offering price of the Series 2025 Bonds maturing on October 1 in the years _____ (the "Discount Bonds") is less than the stated principal amounts thereof. The difference between the principal amount of the Discount Bonds and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of such Discount Bonds of the same maturity and, if applicable, interest rate, was sold, is "original issue discount." Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded periodically. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bond and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Prospective purchasers of Discount Bonds should consult their own tax advisers with respect to the precise

determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

Tax Treatment of Original Issue Premium

The Series 2025 Bonds maturing on October 1 in the years _____ (the “Premium Bonds”) were offered and sold to the public at an issue price in excess of their stated redemption price (the par amount) at maturity. The difference between the amount payable at maturity of the Premium Bonds and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Prospective purchasers of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of amortizable bond premium properly accruable each year with respect to the Premium Bonds and as to other federal tax consequences and the treatment of amortizable bond premium for state and local tax purpose.

RATINGS

Moody’s Investors Service, Inc. has assigned the Series 2025 Bonds the ratings of “Aa2”. Such rating reflects only the view of said rating agency, and an explanation of the rating may be obtained only from said rating agency. There can be no assurance that such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of the ratings of the Series 2025 Bonds may have an adverse effect on the market price of the Series 2025 Bonds. The City undertakes no responsibility to oppose any such revision or withdrawal. An explanation of the rating assigned may be obtained from Moody’s Investors Service, Inc.

MUNICIPAL ADVISOR

TRB Capital Markets, LLC d/b/a Estrada Hinojosa, Coral Gables, Florida, is serving as municipal advisor to the City with respect to the sale of the Series 2025 Bonds (the “Municipal Advisor”). The Municipal Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2025 Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

AUDITED FINANCIAL STATEMENTS

The general purpose financial statements of the City as of September 30, 2024 and for the year then ended, included as part of the City’s Annual Comprehensive Financial Report (“ACFR”), for the Fiscal Year ended September 30, 2024, which ACFR is attached hereto as “APPENDIX B, has been audited by Keefe McCullough, independent auditors, as stated in their report appearing therein. Such statements speak only as of September 30, 2024. The consent of the City’s auditor to include in this Official Statement the aforementioned report was not requested, and they did not participate in the offering of the Series 2025 Bonds. The ACFR of the City is provided only as a publicly available document. The auditor was not requested nor did they perform any procedures with respect to the preparation of this Official Statement or the information presented herein.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The information relating to the Florida Retirement System and OPEB Plan (each, as defined herein) contained in this Official Statement has been obtained from the City's Annual Comprehensive Financial Report and the Florida Retirement System website. No representation is made by the City as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

The City participates in the Florida Retirement System ("FRS"), a cost-sharing, multiple employer, public employee retirement plan, which covers all of the City's full-time employees. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective October 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy ("HIS") Program, a cost-sharing multiple employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially, all regular employees of the City are eligible to enroll as members of the State administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Website. (http://www.dms.myflorida.com/workforce_operations/retirement/publications).

FRS Plan Description

The FRS Pension Plan ("Plan") is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected City Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.
- Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a

member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates in effect from July 1, 2025, through June 30, 2026, are as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer*</u>
FRS, Regular	3.00	14.03
FRS, Elected County Officers	3.00	54.57
FRS, Senior Management Service	3.00	33.24
FRS, Special Risk Regular	3.00	35.19
DROP – Applicable to members from all of the above classes	N/A	22.02

*Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

During the Fiscal Year ended September 30, 2024, the City’s contributions for FRS totaled \$7,785,070 to the pension plan.

Benefits

Benefits provided by the plan are described in Note 12, on pages 62 through 66 of the audited financial statements included as part of the Annual Comprehensive Financial Report for the Fiscal Year ended September 30, 2024, attached hereto as “APPENDIX B.”

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of September 30, 2024, the City reported a total net pension liability of \$73,042,087, consisting of \$57,899,891 for its proportionate share of the FRS Pension Plan and \$15,142,196 for its proportionate share of the Retiree Health Insurance Subsidy (“HIS”) Program. The net pension liability was measured as of June 30, 2024, based on an actuarial valuation dated July 1, 2024. At that date, the City’s proportionate share of the FRS Pension Plan was 0.149671282%, and its proportionate share of the HIS Program was 0.100941398%.

For the Fiscal Year ended September 30, 2024, the City recognized pension expense related to both plans. The City contributed \$7,785,070 to the FRS Pension Plan and \$862,141 to the HIS Program, equal to 100% of the statutorily required contributions.

On September 30, 2024, the City reported \$13,252,689 in deferred inflows of resources related to pensions and also recorded deferred outflows of resources, including contributions made subsequent to the measurement date,

differences between expected and actual experience, changes in actuarial assumptions, and other factors. These amounts will be recognized in pension expenses in future reporting periods.

City Allocation

The City’s proportionate share of the Plan’s net pension liability, deferred outflow of resources and deferred inflow of resources as of September 30, 2024, and pension expense/adjustment for the Fiscal Year ended September 30, 2024, was allocated as follows:

			FRS/HIS Pension		
	<u>Percent</u>	<u>Net Pension</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Pension</u>
	<u>Allocation</u>	<u>Liability</u>	<u>Outflows of</u>	<u>Inflows of</u>	<u>Expense/Adjustment</u>
			<u>Resources</u>	<u>Resources</u>	
Governmental Activities	100%	\$66,748,296	\$15,523,000	\$12,609,945	\$7,785,070 (FRS) \$862,141 (HIS)

The Retiree Health Insurance Subsidy Program

In addition to the FRS retirement Plan, the City participates in the Retiree Health Insurance Subsidy Program (“HIS Plan”) which is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services

For the Fiscal Year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Fiscal Year ended September 30, 2024, the HIS contribution for the period October 1, 2023 through September 30, 2024 was 2.00 percent. The City contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The City’s contributions to the HIS Plan totaled \$862,141 for the Fiscal Year ended September 30, 2024.

City Allocation

As of September 30, 2024, the City reported a liability of \$15,142,196 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City’s proportionate share of the HIS Plan was 0.100941398%, which represented a decrease from its proportionate share of 0.105289367% measured at June 30, 2023. The City’s proportionate share of the HIS Plan net pension liability was 35.46% of its covered payroll of \$42,700,571. The HIS Plan fiduciary net position was 4.80% of the total HIS pension liability. For additional information regarding the HIS Plan and the City’s contributions and liabilities, see “APPENDIX B – Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.”

Other Post Employment Benefits

Plan Description

The City offers to retiring employees a one-time opportunity to participate in the City's employee group health and life insurance program (the "Plan"). The Plan is a single-employer defined benefit OPEB plan administered by Cigna Corporation. The post-employment benefits are extended to retirees and continued at the discretion of the City Commission, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change contributions required from retirees in the future as circumstances change.

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund, as there are no assets accumulated in a trust that falls under the definition of GASB 75. To date, the City has followed a pay as you go funding policy, therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the General Fund.

SYSTEM CONSULTANT

The City retained Public Utility Management and Planning Services, Inc. Hollywood, Florida, to prepare a Water And Wastewater Facilities Plan for the System (the "Facilities Report"). The Facilities Report is dated as of March 10, 2025, which made recommendations about major infrastructure improvements that were used in compiling the Six-Year CIP and the Feasibility Report. The Facilities Report is on file with the City.

UNDERWRITING

The Series 2025 Bonds are being purchased by Hilltop Securities Inc., Loop Capital Markets, LLC and Ramirez & Co., Inc. (the "Underwriters") at an aggregate purchase price of \$_____ (the par amount of the Series 2025 Bonds, less Underwriters' discount of \$_____ [plus/less] [net] original issue [premium/discount] of \$_____). The Underwriters' obligations are subject to certain conditions precedent described in the Bond Purchase Agreement entered into between the City and the Underwriters, and they will be obligated to purchase all of the Series 2025 Bonds if any Series 2025 Bonds are purchased. The public offering price of the Series 2025 Bonds may be changed from time to time by the Underwriters, and the Underwriters may allow a concession from the public offering price to certain dealers.

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

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

CONTINUING DISCLOSURE

The Series 2025 Bonds are subject to Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. The City has entered into an Agreement with Digital Assurance Certification, L.L.C. and has covenanted for the benefit of the holders of the Series 2025 Bonds to provide certain financial information and operating data relating to the City and the Series 2025 Bonds in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated material events. Such covenant will only apply so long as the Series 2025 Bonds remain outstanding. The Annual Report and any notices of material

events will be filed by the City with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system for municipal securities disclosures as described in the proposed form of Continuing Disclosure Agreement attached hereto as APPENDIX F, which will be executed by the City at the time of issuance of the Series 2025 Bonds. Failure of the City to comply with the provisions of the Continuing Disclosure Agreement will not constitute an event of default under the Bond Legislation. The City's dissemination agent for such undertakings is Digital Assurance Certification, L.L.C.

With respect to the Series 2025 Bonds, no party other than the City is obligated to provide, nor is expected to provide, continuing disclosure information. The City has been in compliance with all of its continuing disclosure undertakings for the last five (5) years.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2025 Bonds, the security for the payment of the Series 2025 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

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

FORWARD-LOOKING STATEMENTS

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

MISCELLANEOUS

The information in this Official Statement has been compiled from official records of the City and other sources and, while not guaranteed by the City, is believed to be correct. Any statement made in this Official Statement and the appendices attached herein involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized by the City Commission. At the time of the delivery of the Series 2025 Bonds, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the captions "TAX MATTERS" and "UNDERWRITING" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2025 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 the 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.

CITY OF MARGATE, FLORIDA

Mayor

City Manager

APPENDIX A

**GENERAL INFORMATION REGARDING THE CITY OF MARGATE AND
BROWARD COUNTY, FLORIDA**

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR
THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

APPENDIX C
COPY OF THE ORDINANCE

APPENDIX D
COPY OF THE RESOLUTION

APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

2025 MARGATE FINANCIAL FEASIBILITY REPORT