

CITY OF MARGATE, FLORIDA

Ordinance No. 2025-

AN ORDINANCE OF THE CITY OF MARGATE, FLORIDA AUTHORIZING THE ISSUANCE OF, IN ONE OR MORE SERIES, A TOTAL PRINCIPAL AMOUNT NOT EXCEEDING \$120,000,000 WATER AND WASTEWATER IMPROVEMENT REVENUE BONDS OF THE CITY OF MARGATE, FLORIDA TO FINANCE CAPITAL IMPROVEMENTS TO THE WATER AND WASTEWATER SYSTEM OF THE CITY; PROVIDING FOR DEFINITIONS, FINDINGS, AUTHORIZATION OF THE ISSUANCE OF THE FIRST SERIES OF BONDS IN AN AMOUNT NOT TO EXCEED \$60,000,000; PROVIDING FOR THE DESCRIPTION OF BONDS, REDEMPTION PROVISIONS, EXECUTION OF BONDS, NEGOTIABILITY, REGISTRATION AND CANCELLATION OF BONDS; PROVIDING FOR THE FORM OF BONDS; PROVIDING FOR SECURITY FOR THE BONDS FROM NET REVENUES OF THE WATER AND WASTEWATER SYSTEM; PROVIDING FOR THE CREATION OF FUNDS AND ACCOUNTS; PROVIDING FOR THE APPLICATION OF BOND PROCEEDS; PROVIDING FOR THE DISTRIBUTION OF REVENUES; PROVIDING FOR REPEAL OF ORDINANCE NO. 85-27, AS SUPPLEMENTED, AMENDED AND RESTATED BY ORDINANCE NOS. 92-34, 96-16, 99-29, 2004-02, 2006-06, 07-04 AND 2009-06; PROVIDING FOR SEVERABILITY AND PROVIDING FOR AN EFFECTIVE DATE.

TABLE OF CONTENTS

<u>Subject</u>	<u>Page</u>
ARTICLE 1. DEFINITIONS	4
Section 1.1. Definitions	4
Section 1.2. Authority For This Ordinance.....	13
Section 1.3. Findings	13
Section 1.4. Ordinance Constitutes Contract.....	14
ARTICLE 2. FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS ..	14
Section 2.1. Authorization of Bonds	14
Section 2.2. Authorization of Series 2025 Bonds.....	15
Section 2.3. Description of Bonds	16
Section 2.4. Redemption Provisions	16
Section 2.5. Execution of Bonds.....	18
Section 2.6. Negotiability, Registration And Cancellation	19
Section 2.7. Bonds Mutilated, Destroyed, Stolen Or Lost	20
Section 2.8. Temporary Bonds	20
Section 2.9. Form of Bonds	21
ARTICLE 3. COVENANTS, CREATION OF FUNDS, APPLICATION	21
Section 3.1. Bonds Not To Be Indebtedness of The City	21
Section 3.2. Bonds Secured By Pledge of Net Revenues	21
Section 3.3. Creation of Funds and Accounts.....	21
Section 3.4. Application of Bond Proceeds	23
Section 3.5. Disposition of Revenues	24
ARTICLE 4. COVENANTS OF THE CITY	29
Section 4.1. Federal Income Taxation Covenants	29
Section 4.2. Rate Covenant.....	29
Section 4.3. Operation and Maintenance	29
Section 4.4. Investment of Funds.....	30
Section 4.5. Sale of the Water and Wastewater System	30
Section 4.6. Issuance of Subordinated Indebtedness	32
Section 4.7. Issuance of Additional Bonds	32
Section 4.8. Insurance	34
Section 4.9. Books and Records	35

Section 4.10. Operating Budget and Rate Consultant.....	36
Section 4.11. No Free Services Rendered by the City	36
Section 4.12. Default and Remedies	37
Section 4.13. Enforcement of Collections	38
Section 4.14. Connections to the Wastewater System	39
Section 4.15. Inspection of the Water And Wastewater System.....	39
Section 4.16. No Competing System	39
Section 4.17. Discharge and Satisfaction of Bonds	39
Section 4.18. Concerning a Reserve Account Insurance Policy And/Or a Reserve Account Line of Credit, and a Bond Insurance Policy.....	41
ARTICLE 5. MISCELLANEOUS PROVISIONS	41
Section 5.1. Modification or Amendment	41
Section 5.2. Severability of Invalid Provisions	42
Section 5.3. Sale of Bonds	42
Section 5.4. Capital Appreciation Bonds; Capital Appreciation And Income Bonds	42
Section 5.5. Bond Anticipation Notes.....	43
Section 5.6. Authority to Repurchase Obligations	43
Section 5.7. Bond Insurer; Default	43
Section 5.8. Provisions in Respect of Bond Insurance Policies.....	43
Section 5.9. Repeal	43
Section 5.10. Effective Date	43

WHEREAS, the City Commission (the “City Commission”) of the City of Margate, Florida (the “City”) determined that the City’s Water and Wastewater System (the “System”) needs numerous upgrades and repairs; and

WHEREAS, pursuant to Section 5.09 of the City Charter, prior to the issuance of any governmental bonds by the City, except those bonds relating to special assessments, such bonds are required to be approved by a majority of the votes of qualified electors cast in a general or special election held for such purpose; and

WHEREAS, the issuance of not to exceed \$120,000,000 Water and Wastewater Improvement Revenue Bonds for the purpose of providing repairs and improvements to the Water and Wastewater System has been duly approved by a majority of the votes of the qualified electors of the City cast in an election held for that purpose on November 5, 2024; and

WHEREAS, the City has determined to issue an initial series of Water and Wastewater Improvement Revenue Bonds in an amount not to exceed \$60,000,000 (the “Series 2025 Bonds”), for the purpose of providing repairs and improvements to the System, as more fully described herein.

NOW THEREFORE, Be it ordained by the City Commission of the City of Margate, Florida:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

As used in this Ordinance, the following terms shall have the following meanings:

“Accreted Value” shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at a rate not exceeding the legal rate, compounded periodically, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

“Act” shall mean the Charter of the City of Margate, Florida, and Chapter 166, Florida Statutes, as amended and supplemented, and other applicable provisions of law.

“Additional Bonds” shall mean the Bonds issued at any time under the provisions of Section 4.7 this Ordinance.

“Amortization Requirements” shall mean the amounts required to be deposited in the Redemption Subaccount for any Series of Bonds for the purpose of redeeming prior to their maturity and paying at their maturity the Term Bonds of any Series, issued pursuant to this Ordinance, the specific amounts and times of such deposits to be determined by Supplemental Resolution of the City relating to such Series of Bonds.

“Annual Debt Service Requirement” shall mean the amount required to be deposited during any Fiscal Year into the Interest Account, the Principal Account and the Bond Redemption Account as provided in this Ordinance and any Supplemental Resolution providing for the details of such Series of Bonds; provided, however, that such amount shall be reduced by any earnings or investment income in the then current Fiscal Year on moneys and investments on deposit in the Debt Service Reserve Account and transferred to the Interest Account as provided herein, and provided further, however, that in computing such Annual Debt Service Requirement the following shall apply:

(i) interest due on the Variable Rate Bonds for any period which is not determinable at the date of calculation shall be the fixed rate per annum equal to the greater of (a) the Assumed Interest Rate, (b) the average interest rate borne by such Variable Rate Bonds during the twelve (12) months ending with the month preceding the date of calculation, or (c) the rate of interest on such Variable Rate Bonds on the date of calculation.

(ii) with respect to any Term Bonds, the stated maturity date on such Term Bonds shall be disregarded and the Amortization Requirements for each Fiscal Year shall be the amount calculated as the principal due in such Fiscal Year.

In calculating the Annual Debt Service Requirement for any period for any Series of Bonds, the City shall deduct for the amounts calculated above, any (a) accrued or capitalized interest from Bond proceeds or otherwise deposited into the Interest Account for such period, and (b) any investment earnings (i) received on moneys on deposit in or transferred to the Interest Account with respect to such Series and (ii) required by the terms of this Ordinance to be retained in such Interest Account.

If Bonds are issued as Option Bonds, the date or dates of tender shall be disregarded.

For the purposes of calculating the Annual Debt Service Requirement with respect to Balloon Indebtedness, during the applicable calculation period, such Annual Debt Service Requirement on Balloon Indebtedness, whether bearing interest at a fixed rate or Balloon Indebtedness that constitutes Variable Rate Bonds, shall be determined assuming such Balloon Indebtedness is amortized over 30 years on an approximately level annual debt service basis.

“Appreciated Value” shall mean, (i) as of any date of computation with respect to any Capital Appreciation and Income Bond up to the Interest Commencement Date set forth in the resolution of the City providing for the issuance of such Bond, an amount equal to the principal amount of such Bond (the principal amount at its initial offering) plus the interest accrued on such Bond from the date of original issuance of such Bond to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such increased value to accrue at the rate per annum of the Capital Appreciation and Income Bonds

set forth in the resolution of the City providing for the issuance of such Bonds, compounded on the Interest Payment Dates of each year, plus, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Appreciated Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Interest Payment Date calculated based upon an assumption that Appreciated Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve 30-day months and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

“Assumed Interest Rate” shall mean, with respect to (i) Variable Rate Bonds that are not Taxable Bonds, as of any date, interest at a rate equal to the “25 Bond Revenue Index” published in The Bond Buyer or, if such index is no longer published, any comparable index commonly used in the municipal bond industry, assuming the same maturity date, terms and provisions (other than interest rate), as of such date for such Variable Rate Bonds, as determined by an investment banking firm or financial advisory firm selected by the City and (b) Variable Rate Bonds that are Taxable Bonds, as of any date, the interest rate on the date of calculation on U.S. Obligations with comparable maturities, plus one-half of one percent (0.50%).

“Balloon Indebtedness” shall mean, debt obligations twenty-five percent (25%) or more of the original principal amount of which matures during any one Fiscal Year.

“Bonds” shall mean any series of bonds, notes or other obligations authorized to be issued pursuant to this Ordinance, together with any Additional Bonds hereafter issued pursuant to this Ordinance.

“Bondholder”, “Holder”, “Holder of Bonds” or “Owner” or any similar term, shall mean any person, who shall be the registered owner of any Outstanding Bond or Bonds.

“Bond Insurance Policy” shall mean when used with respect to any Bonds hereafter issued under this Ordinance, an insurance policy issued for the benefit of the Holders of any Series of Bonds, pursuant to which the issuer of such insurance policy shall be obligated to pay when due the principal of and interest on such Series of Bonds to the extent of any deficiency in the amounts in the funds and accounts held under this Ordinance, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

“Bond Insurer” shall mean any company qualified to issue a Bond Insurance Policy and acceptable to the City.

“Bond Insurance Agreement” shall mean any agreement with respect to a Bond Insurance Policy.

“Capacity Reservation Charges” shall mean the charges applicable to all prospective users for which the City has provided available capacity and who have applied for a building permit either from the City of Margate, City of Coconut Creek, City of North Lauderdale, or Broward County. Said charges shall accrue from the time of building permit application until connection to the system and shall be payable at the time of application to connection to the system

and charged on a monthly basis, prorated daily.

“Capital Appreciation Bonds” shall mean those Bonds issued under this Ordinance as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity, earlier redemption or other payment date thereof or, all as so designated by Supplemental Resolution of the City relating to the issuance thereof, and which may be either Serial Bonds or Term Bonds.

“Capital Appreciation and Income Bonds” shall mean any Bonds issued under this Ordinance as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Resolution authorizing such Bonds and the Appreciated Value for such Bonds is compounded periodically on certain designated dates prior to the Interest Commencement Date for such Series of Capital Appreciation and Income Bonds.

“Capital Contributions” and **“Contributions in Aid of Construction”** shall each mean the property or sum of money representing the value of property for water distribution and/or sewer collection improvements, including lines, pipes, lift stations, treatment plants, etc. donated by the developer or owner of property which same transfers or agrees to transfer to the City to provide the utility service to the property of developer or owner. Same shall include onsite and offsite facilities.

“City” shall mean the City of Margate, Florida.

“City Manager” shall mean the City Manager of the City or their designee.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

“Connection Charges” shall mean the charges imposed by the City on new users connecting to the Water and Wastewater System which represent a pro rata share of the costs of the Water and Wastewater which are attributable to the increased demand such additional connections create upon the Water and Wastewater System.

“Construction Fund” shall mean the Construction Fund, a special fund created and designated in Section 3.3(a) of this Ordinance.

“Current Interest Bonds” shall mean those Bonds issued under this Ordinance, the interest on which is payable to the Bondholder on the Interest Payment Dates with respect thereto and not only at the maturity thereof, as provided in the Supplemental Resolution of the City relating to the issuance of the Bonds and which may be either Serial Bonds or Term Bonds.

“Debt Service Reserve Account” shall mean the Debt Service Reserve Account, a special account within the Operations, Maintenance and Revenue Fund created and designated in Section 3.3(b) of this Ordinance, including any sub-accounts created therein.

“Defeasance Obligations” shall mean to the extent permitted by law:

- (a) Direct general obligations of, or obligations the timely payment of principal and interest on which is unconditionally guaranteed by, the United States of America;

- (b) Evidences of indebtedness issued by the Bank for Cooperatives, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (including participation certificates), Federal Land Banks, Federal Financing Banks, or any other agency or instrumentality of the United States of America created by an act of Congress which is substantially similar to the foregoing in its legal relationship with the United States of America; provided that the obligations of such agency or instrumentality are unconditionally guaranteed by the United States of America or any other agency or instrumentality of the United States of America or of any corporation wholly-owned by the United States of America; and
- (c) Evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

“Engineer” shall mean any qualified engineer, which may be an employee of the City, or engineering firm at the time retained by the City to perform the acts and duties provided for the Engineer in this Ordinance.

“Facilities” shall mean all the facilities of the Water and Wastewater System, and all parts thereof, and any facilities which may hereafter be added to the Water and Wastewater System, or any part thereof, by any additions, betterments, extensions, improvements thereto, or property of any kind or nature, real or personal, tangible or intangible, hereafter constructed or acquired.

“Finance Director” shall mean the Finance Director of the City, or their designee.

“Fiscal Year” shall mean that period commencing on October 1 and continuing to and including the next succeeding September 30, or such other annual period as may be prescribed by law.

“Fitch” shall mean Fitch Ratings Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“Interest Account” shall mean the Interest Account, a special account created in the Operations, Maintenance and Revenue Fund as created and designated in Section 3.3(b) of this Ordinance.

“Interest Commencement Date” shall mean, with respect to any particular Capital Appreciation and Income Bonds, the date specified in the Supplemental Resolution providing for the issuance of such Bonds (which date must be prior to the maturity date for such Bonds) after which interest accruing on such Bonds shall be payable semiannually, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

“Interest Payment Date” shall mean for each Series of Bonds such dates of each Fiscal Year on which interest on the Bonds is payable on any Bonds that are Outstanding, as set forth in the resolution of the City providing for the issuance of such Series of Bonds.

“Maximum Annual Debt Service” shall mean, at any time, the greatest Annual Debt Service Requirement in the then current or any succeeding Fiscal Year.

“Maximum Interest Rate” shall mean, with respect to any particular Series of Variable Rate Bonds, a numerical rate of interest that shall be the maximum rate of interest such Variable Rate Bonds may at any particular time bear, not to exceed the maximum rate of interest allowed under State law, as determined in the Supplemental Resolution of the City with respect to the issuance such Variable Rate Bonds.

“Meter Fees” shall mean the charges to water customers of the Water and Wastewater System made at the time of requesting the installation of said meter. Said charges to offset the cost to the City of the meter, its installation and overhead in storing same. The amount of the meter fee is based upon the size of the meter requested.

“Moody’s” shall mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City

“Net Revenues” shall mean the Gross Revenues remaining after deduction of Operating Expense and excluding Non-Pledged Revenues.

“Non-Pledged Revenues” shall mean Connection Charges, Special Assessment Charges, Capacity Reservation Charges, Meter Fees, Contributions in Aid of Construction and other Capital Contributions, and any other non-recurring charges hereafter imposed.

“Non-Pledged Revenues Account” shall mean the Non-Pledged Revenues Account of the Operations, Maintenance and Revenue Fund Created by the City pursuant to Section 3.3(b) of this Ordinance for the deposit of Non-Pledged Revenues of the Water and Wastewater System, which are not subject to a lien of or pledge to the Bondholders. Such Non-Pledged Revenues shall be used by the City as provided by law.

“Operating Expenses” shall mean the current expenses, paid or accrued, of operation, maintenance and ordinary current repairs of the Water and Wastewater 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 Water and Wastewater 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.

“Operations, Maintenance and Revenue Fund” shall mean the Operations, Maintenance and Revenue Fund created by the City pursuant to Section 3.3(b) of this Ordinance for the deposit of Gross Revenues of the Water and Wastewater System.

“Option Bonds” shall mean Bonds, which may be either Serial Bonds or Term Bonds,

which by their terms may be tendered by and at the option of the Holder thereof for payment by the City prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof within the limits prescribed by law.

“Ordinance” shall mean this Ordinance, as the same may from time to time be amended and supplemented in accordance with the terms hereof.

“Outstanding” when used with reference to the Bonds, shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

- (i) Bonds theretofore cancelled by the Registrar or delivered to the Registrar for cancellation;
- (ii) Bonds which are deemed paid and no longer Outstanding as provided herein;
- (iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Registrar has been received that any such Bond is held by a bona fide purchaser; and
- (iv) For purposes of any consent or other action to be taken hereunder by the Holders of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the City.

“Paying Agent” shall mean any bank or trust company, or any successor bank or trust company appointed by the City to act as Paying Agent hereunder.

“Permitted Investments” shall mean and include any of the following securities, if and to the extent the same are permitted by law:

- (i) 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)
- (ii) bonds, debentures, or other evidence 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
- (iii) such other obligations as shall be permitted to be legal investments of the City by the laws of the State.

“Policy Costs” shall have the meaning ascribed to it in the Bond Insurance Agreement.

“Principal Account” shall mean the Principal Account, a special account created in the Operations, Maintenance and Revenue Fund as created and designated in Section 3.3(b) of this Ordinance.

“Project” shall mean the acquisition, construction, repair and improvement of the Water and Wastewater System within and without the City.

“Rebate Fund” shall mean a fund to be established by the City for the deposit of moneys necessary for payments required to be made to the United States of America in connection with any Series of Bonds secured by a lien on Net Revenues subject to arbitrage rebate requirements under the Code. The money in such fund shall be applied only for the purposes for which such fund is established and shall not be subject to a lien or charge in favor of Holders of any Bonds or holders of any Subordinated Indebtedness and shall not be pledged as security for the payment of any Bonds or any Subordinated Indebtedness.

“Registrar” shall mean a bank or trust company, or any successor bank or trust company appointed by the City to act as Registrar hereunder and any successor thereto.

“Reserve Account Insurance Policy” shall mean the insurance policy, surety bond or other acceptable evidence of insurance, if any, deposited in the Debt Service Reserve Account in lieu of or in partial substitution for cash or securities on deposit therein. The issuer providing such insurance policy shall be 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, S&P or Fitch.

“Reserve Account Letter of Credit” shall mean the irrevocable, transferable letter of credit, if any, deposited in the Debt Service Reserve Account in lieu of or in partial substitution for cash or securities on deposit therein. The issuer providing such letter of credit shall be 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, S&P or Fitch.

“Revenues” or **“Gross Revenues”** shall 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 Water and Wastewater System in any one Fiscal Year, including Non-Pledged Revenues, from the operation of the Water and Wastewater 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 this Ordinance, which by the terms and provisions of this Ordinance are required to be deposited in the Operations, Maintenance and Revenue Fund. For the purpose of this Ordinance the term "Revenues" where applicable as to the pledge of funds for the payment of the 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 this Ordinance are deposited in the Interest Account.

“S&P” shall mean S&P Global Ratings, a division of Standard & Poor's Financial Service, LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City

“Serial Bonds” shall mean the bonds of an issue which shall be stated to mature in annual or semi-annual installments but not including Term Bonds.

“Series” shall mean all of the Bonds authenticated and delivered on original issuance and pursuant to this Ordinance and any Supplemental Ordinance authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Section hereof, regardless of variations in maturity, interest rate or other provisions.

“Series 2025 Bonds” shall mean the initial Series of Bonds not to exceed \$60,000,000 authorized herein to be issued pursuant to this Ordinance, as supplemented by a Supplemental Resolution providing for the details of this Series of Bonds.

“Series 2025 Project” shall mean the Project to be financed with the proceeds of the Series 2025 Bonds, as set forth in the Supplemental Resolution for the Series 2025 Bonds, and substantially in accordance with the plans and specifications prepared by the Engineer or any registered professional engineer and filed with or to be filed with and approved or to be approved by the City Commission, as described in the Supplemental Resolution.

“Special Assessment Charges” shall mean the proceeds collected by the City to pay for certain capital improvements to the Water and Wastewater System from assessments specially levied against certain real property located within the boundaries of the City and which directly or indirectly derive a benefit from such capital improvements.

“State” shall mean the State of Florida.

“Subordinated Indebtedness” shall mean bonds, notes or other forms of indebtedness, the payment of the principal of, interest on or redemption premium on which are payable solely from Net Revenues, which may from time to time be on deposit in the Subordinated Indebtedness Account established under this Ordinance and which is designated as Subordinated Indebtedness by the City Commission in the resolution authorizing the issuance of such Subordinated Indebtedness.

“Subordinated Indebtedness Account” shall mean the Subordinated Indebtedness Account, a special account within the Operations, Maintenance and Revenue Fund created and designated by Section 3.3(b) of this Ordinance.

“Supplemental Ordinance” shall mean an Ordinance of the City enacted supplementing this Ordinance and providing for the issuance of a Series of Bonds pursuant to this Ordinance.

“Supplemental Resolution” shall mean a resolution of the City adopted supplementing this Ordinance and providing for the details of a Series of Bonds.

“Taxable Bonds” shall mean Bonds of any Series which are not subject to the tax-exemption on municipal bonds as provided in the Code.

“Term Bonds” shall mean the Bonds of any Series which shall be stated to mature on one date and for the Amortization Requirements are required to be made into the Bond Redemption Account in the Operations, Maintenance and Revenue Fund.

“U.S. Obligations” shall mean direct obligations of, or obligations the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“U.S. Treasury” shall mean the U.S. Department of the Treasury.

“Variable Rate Bonds” shall mean Bonds, which may be either Serial Bonds or Term Bonds, issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue.

“Wastewater System” shall mean the system for the collection, transmission, treatment and disposal of wastewater within and without the City.

“Water System” shall mean the system for the supply, treatment and distribution of potable water within and without the City.

“Water and Wastewater System” shall mean the combined and consolidated Water System and Wastewater System of the City.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 1.2 Authority For This Ordinance. This Ordinance is adopted pursuant to the provisions of the Act.

Section 1.3 Findings. The City hereby makes its findings, declarations and determinations, to wit:

(a) The City now owns, operates and maintains a Water and Wastewater System for the supply and distribution of water within and without certain areas of the City and the collection and disposal of sewage and waste matter within and without certain areas of the City.

(b) It is necessary for the health, safety and economic welfare of the City and its inhabitants that the Bond proceeds be expended for the acquisition, construction, repair and improvement of the Water and Wastewater System as provided for herein.

(c) There is hereby authorized the financing of the Series 2025 Project substantially in accordance with the plans and specifications prepared by the Engineer or any registered professional engineer and filed with or to be filed with and approved or to be approved by the City Commission, all in the manner provided by this Ordinance and Supplemental Resolution for the Series 2025 Bonds.

(d) The City had previously issued several series of bonds under Ordinance No. 85-27, as amended and restated as of November 22, 1999 (the “Prior Ordinance”). The Prior Ordinance is no longer in effect and there are outstanding obligations under the Prior Ordinance.

(e) The City derives and will derive Revenues for the services and facilities of the Water and Wastewater System and such Revenues are not currently pledged or encumbered in any manner.

(f) The estimated Gross Revenues to be derived in each year hereafter from the operation of the Water and Wastewater System will be sufficient to pay all the costs of operation and maintenance of the Water and Wastewater System and the principal of and interest on the

Bonds, as the same become due and payable, and all sinking fund, reserve and other payments provided for in this Ordinance or by Supplemental Resolution.

(g) The principal of and interest on the Bonds, and all of the reserve, sinking fund and other payments provided for in this Ordinance will be secured equally and ratably by a lien on and pledge of the Net Revenues derived from the operation of the Water and Wastewater System all as provided herein. Neither the ad valorem taxing power of the City, nor the taxation of real or personal property in the City nor the application of any other funds of the City have been authorized to pay the principal of and interest on the Bonds, nor to make any of the reserve, sinking fund or other payments provided for in this Ordinance, and the Bonds shall not constitute a debt of the City or be a lien upon the Water and Wastewater System or upon any other property whatsoever of the City.

(h) The cost of the Project shall be deemed to include, but shall not be limited to, the cost of any lands or real estate, including easements or other interests therein, or any other property, real or personal, as determined by the City to be necessary therefor; discount on the sale of the Bonds, if any; capitalized interest on the Bonds for a period to be determined by the City, if any; deposits to be made in the Debt Service Reserve Account for the Bonds or such other, funds or accounts as may be provided herein, if any; administration expenses; expenses for engineers; legal expenses; expenses for fiscal agents or financial services; expenses for estimates of costs and of revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the financing and acquisition and construction of the Project.

(i) The Bonds may be issued at one time or from time to time as determined by the City by a Supplemental Ordinance authorizing the issuance of such Series of Bonds and by Supplemental Resolution providing for the details of such Series of Bonds to provide for the payment of the cost of the Project for such Series.

Section 1.4 Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Bondholders, and the covenants and agreements herein set forth to be performed by the City shall be for the equal benefit, protection and security of the owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority, or distinction of any of the Bonds over any other thereof except as expressly provided therein and herein.

ARTICLE II

FORM, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

Section 2.1 Authorization of Bonds. The City hereby ratifies and confirms that, subject and pursuant to the provisions of this Ordinance, Bonds of the City to be known as “Water and Wastewater Improvement Revenue Bonds”, were authorized to be issued in the aggregate principal amount of not exceeding ONE HUNDRED TWENTY MILLION DOLLARS and no/cents (\$120,000,000.00) for the purpose of financing the cost of acquisition and construction of the Project as provided in this Ordinance, which Bonds may be issued all at one

time or from time to time in Series, and if in Series, may be dated, numbered, and designated as to Series, all as shall be determined by subsequent Supplemental Ordinance and Supplemental Resolution(s) of the City.

All Bonds issued and issuable under this Ordinance shall be issued in fully registered form. If the Registrar receives an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the issuance of any of the Bonds in coupon form will not adversely affect the exemption from Federal income taxation of the interest on any of the Bonds, the Registrar shall mail notice to the registered owners of the Bonds of the availability of exchanging registered Bonds and coupon Bonds. Registered Bonds may then be exchanged for an equal aggregate principal amount of coupon Bonds of the same Series and maturity of any authorized denomination and coupon Bonds may be exchanged for an equal aggregate principal amount in the manner provided in this Ordinance.

Section 2.2 Authorization of Series 2025 Bonds. The City authorizes the issuance of not to exceed SIXTY MILLION \$60,000,000 aggregate principal amount of the Series 2025 Bonds under and pursuant to the terms of this Ordinance for the principal purposes of (i) financing all or a portion of the cost of the construction, acquisition and equipping of the Series 2025 Project, (ii) making a deposit to the Debt Service Reserve Account or any sub-account created for the Series 2025 Bonds, including the deposit of a Reserve Account Insurance Policy or Reserve Account Letter of Credit, if any, to satisfy the debt service reserve requirements under this Ordinance, as may be determined in the Supplemental Resolution for the Series 2025 Bond, and (iii) paying certain expenses related to the issuance and sale of the Series 2025 Bonds, including the cost of a Bond Insurance Policy, if any.

The principal of, interest on and redemption premium, if any, on the Series 2025 Bonds, and all of the reserve, Amortization Requirements and other payments provided for in this Ordinance, as may be supplemented, will be payable solely from and secured by a first lien on and pledge of the Net Revenues to the extent and in the manner provided in this Ordinance. The City shall not be obligated to pay the Series 2025 Bonds or the interest hereon except from the Net Revenues pledged thereto, and neither the full faith and credit nor any taxing power of the City, the State or any political subdivision of the State is pledged for the payment of the Series 2025 Bonds, and the Series 2025 Bonds shall not constitute an indebtedness of the City, the State or any political subdivision of the State within the meaning of any constitutional statutory or other provision or limitation, and no Holder of any Series 2025 Bond shall ever have the right to require or compel the exercise of the taxing power of the City, the State or any political subdivision of the State, for the payment of the Series 2025 Bonds or the making of any other payments provided for in this Ordinance.

The Series 2025 Bonds shall be issued in such aggregate principal amount, shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years, shall bear interest at such rate or rates, fixed or variable, payable on such dates, may have a Bond Insurance Policy and/or a Reserve Account Insurance Policy, shall have a Registrar, may be issued as Serial Bonds or Term Bonds and the Term Bonds of such Series shall have such Amortization Requirements and may be made redeemable at such times and prices (subject to the provisions of Section 2.4 of this Ordinance), and may be in the form of Current Interest Bonds or Capital Appreciation Bonds or Capital Appreciation and Income

Bonds or any combination thereof all as may be provided by the Supplemental Resolution providing for the details of the Series 2025 Bonds.

Section 2.3 Description of Bonds. Unless otherwise specified by the City in a Supplemental Resolution providing for the details of such Bond, the Bonds of a Series shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; shall be issued in the form of fully registered Bonds; shall be dated as determined by Supplemental Resolution of the City relating to the issuance of such Series of Bonds; shall bear interest, which may be fixed or variable, from their date at a rate not exceeding the legal rate per annum, with interest wired to the registered Holder thereof by the Paying Agent at the address shown on the registration books of the City held by the Registrar at the close of business on the 15th day of the calendar month preceding an Interest Payment Date, provided, however, that if such 15th day is a Saturday, Sunday or holiday, then to the registered Holder and at the registered address shown on the registration books of the City at the close of business on the day next preceding such 15th day of the month which is not a Saturday, Sunday or holiday, except for (i) Capital Appreciation Bonds which shall bear interest as described under the defined term Accreted Value, payable only upon redemption or maturity thereof and (ii) Capital Appreciation and Income Bonds which shall bear interest as described under the defined term Appreciated Value, payable on the amount due at maturity but only from and after the Interest Commencement Date; shall be lettered and shall be numbered in such manner as may be prescribed by the Registrar; shall be in the denomination of \$5,000 or any integral multiple thereof, except for (i) Capital Appreciation Bonds, which may be initially issued in any denomination so long as their Accreted Value at maturity shall be \$5,000 or any integral multiple thereof and (ii) Capital Appreciation and Income Bonds, which may be initially issued in any denomination so long as their Appreciated value at the Interest Commencement Date shall be \$5,000 or any integral multiple thereof; and shall mature on such dates, in such years and in such amounts, all as provided for by Supplemental Resolution of the City.

The Bonds issued hereunder may be Serial Bonds or Term Bonds and may be Taxable Bonds, and may be Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Capital Appreciation and Income Bonds and Option Bonds, as determined by Supplemental Resolution of the City providing for the details of such Bonds.

Section 2.4 Redemption Provisions.

(a) The Bonds of each Series may be subject to redemption prior to maturity at such times, at such redemption prices and upon such terms in addition to the terms contained in this Ordinance as may be determined by Supplemental Resolution of the City.

(b) Selection of Bonds to be Redeemed. The City shall, in accordance with the terms and provisions of the Bonds and of this Ordinance and the Supplemental Resolution relating to any Series of Bonds to be redeemed, select the Bonds or portions thereof to be purchased or redeemed. The City shall promptly notify in writing the Registrar of the numbers of the Bonds so selected for redemption and in making such selection, each Bond of each Series of Bonds shall be treated as representing that number of Bonds of the lowest authorized denomination of that Series as is obtained by dividing the principal amount of such Bond by such denomination.

(c) Notice of Redemption. At least twenty (20), but not more than thirty (30), days before the redemption date, a notice of any such redemption, either in whole or in part, signed by the Finance Director, (a) shall be filed with the Registrar and (b) shall be mailed, first class mail, postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for, but failure so 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 Bonds of a Series are to be redeemed, the numbers or other distinguishing marks of such Bonds to be redeemed in part only, such notice shall also specify 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 Bonds to be redeemed the redemption price or the specified portions thereof in the case of 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, further notice of the matters set forth above in this subsection 2.4(c) shall be given by the City as set out in this paragraph, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further 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 Bonds subject to redemption; and to at least one national information services that disseminate notices of redemption or obligations such as the Bonds.

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 subsection. 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 Bondholders. Any 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 Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

The provisions concerning the manner of giving notice of redemption maybe changed or varied or supplemented in any Series Resolution applicable to any Series of Bonds issued under this Resolution for the purpose of complying with any governmental or industry standards from time to time in effect.

(d) Partial Redemption of Bonds. In the event that only part of the principal sum of any Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the Registrar. Upon surrender of

such Bond, the Registrar shall execute and deliver to the registered owner thereof at the designated office of the Registrar, new duly executed Bonds of such Series of Bond, of authorized principal sums equal in aggregate principal amount to, and of the same maturity and interest rate as, the unredeemed portion of the Bond surrendered.

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

(f) Bonds Called for Redemption Deemed Not Outstanding. If (a) (1) Bonds shall have been duly called for redemption under the provisions of this Section or (2) irrevocable instructions have been given by the City to the Bond Registrar or to a bank, trust company or other appropriate fiduciary institution acting as escrow agent (the “escrow agent”) to (i) call Bonds for redemption under the provisions of this Article, (ii) pay Bonds at their maturity or maturities or (iii) both call Bonds for redemption under the provisions of this Section 2.4 and pay Bonds at their maturity or maturities in any combination (the Bonds described in clauses (a)(1) and (a)(2) are herein collectively called the “Bonds to be Paid”), and (b) cash or Defeasance Obligations are held in separate accounts by the Bond Registrar or escrow agent solely for the holders of the Bonds to be Paid, then the Bonds to be Paid shall not be deemed to be Outstanding under the provisions of this Ordinance and shall cease to be entitled to any benefit or security under this Ordinance other than to receive payment of principal, redemption premium, if any, and interest from such moneys.

For purposes of this Section 2.4(f), Defeasance Obligations shall mean Defeasance Obligations which are in such principal amounts, bear interest at such rate or rates and mature (without the option of prior redemption) on such date or dates so that the proceeds to be received upon payment of such Defeasance Obligations at their maturity and the interest to be received thereon will provide sufficient amounts in cash on the dates required to pay the principal of and redemption premium, if any, and the interest on the Bonds to be Paid to the dates of their maturity or redemption.

Section 2.5 Execution of Bonds.

The Bonds shall be signed in the name of the City by the City Manager of the City, the Mayor or Vice-Mayor of the City, and its seal shall be affixed thereto or imprinted or reproduced thereon and attested by the City Clerk of the City. The signatures of said City Manager, Mayor or Vice-Mayor and City Clerk on said Bonds may be manual or facsimile signatures. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed shall have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed and sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bond shall hold the proper office, although at the date of such Bonds such

person may not have held such office or may not have been so authorized.

The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in Exhibit A attached hereto, executed manually by the Registrar. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Ordinance and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Registrar. Such certificate of the Registrar upon any Bond executed on behalf of the City shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Ordinance and that the Holder thereof is entitled to the benefits of this Ordinance.

If the issuance of the Bonds shall have been validated, the validation certificate shall be signed with the facsimile signatures of the present or any future City Manager, Mayor or Vice-Mayor and City Clerk and the City may adopt and use for that purpose the facsimile signature of any person who shall have been such City Manager, Mayor or Vice-Mayor and City Clerk at any time on or after the date of the Bonds, notwithstanding that he may have ceased to be such City Manager, Mayor, Vice-Mayor or City Clerk at the time when said Bonds shall be actually delivered.

Section 2.6 Negotiability, Registration And Cancellation. At the option of the registered Holder thereof and upon surrender thereof at the principal corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney and upon payment by such Holder of any charges which the Registrar or the City may make as provided in this Article, the Bonds may be exchanged for Bonds of the same aggregate principal amount of the same Series and maturity of any other authorized denominations.

The Registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds. The Bonds shall be transferable by the Holder thereof in person or by his attorney duly authorized in writing only upon the books of the City kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the City shall cause to be issued in the name of the transferee a new Bond or Bonds.

The City, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute Holder of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on such Bond as the same become due and for all other purposes. All such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City, the Paying Agent nor the Registrar shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Registrar and cancelled by the Registrar in the manner provided in this Article. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require the payment of a sum sufficient to pay any tax, fee or other governmental

charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to transfer or exchange Bonds of any Series for a period of fifteen (15) days next preceding an interest payment date on such Bonds of such Series or next preceding any selection of Bonds of such Series to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds of any Series called for redemption.

Except as may otherwise be provided with respect to Option Bonds in the proceedings of the City providing for the issuance thereof, all Bonds paid or redeemed, either at or before maturity shall be delivered to the Paying Agent when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the City, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Paying Agent, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the City and the other executed certificate shall be retained by the Paying Agent.

Section 2.7 Bonds Mutilated, Destroyed, Stolen Or Lost. In case any Bond shall become mutilated, destroyed, stolen or lost, the City may execute and the Registrar shall authenticate and deliver a new Bond of like Series, date, maturity, denomination and interest rate as the Bond so mutilated, destroyed, stolen or lost; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the City and, in the case of any lost, stolen or destroyed 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 Bond shall be about to mature or have matured or have been called for redemption, instead of issuing a duplicate 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 Bond their reasonable fees and expenses in connection with this transaction. Any Bond surrendered for replacement shall be cancelled in the same manner as provided herein.

Any such duplicate Bonds issued pursuant to this Article shall constitute additional contractual obligations on the part of the City, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate 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 Water and Wastewater System, with all other Bonds issued hereunder.

Section 2.8 Temporary Bonds. Until definitive Bonds are prepared, the City Manager, the Mayor may execute and the City Clerk of the City may attest to and seal and the Registrar may authenticate, in the same manner as is provided in Section 2.5 hereof and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more printed or typewritten temporary fully registered Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in authorized denominations or any whole multiples thereof, and with such omissions, insertions and variations as may be appropriate to such temporary Bonds. The City at its own expense shall prepare and execute and, upon the surrender at the corporate trust office of the Registrar of such temporary Bonds for which no payment or only partial payment has been provided, the Registrar shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the principal corporate trust office of the Registrar, definitive Bonds of the same aggregate principal

amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Ordinance.

Section 2.9 Form of Bonds. The text of the Bonds shall be of substantially in the form attached hereto as Exhibits A-1 through A-3, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or Supplemental Resolution.

ARTICLE III

COVENANTS, CREATION OF FUNDS, APPLICATION OF BOND PROCEEDS AND DISPOSITION OF REVENUES

Section 3.1 Bonds Not To Be Indebtedness of The City. The Bonds shall not be and shall not constitute an indebtedness of the City, within the meaning of any constitutional, statutory or charter provisions or limitations; but shall be payable solely from the Net Revenues derived from the operation of the Water and Wastewater System. No holder or holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the ad valorem taxing power of the City, or taxation in any form of any real or personal property therein, or the application of any other funds of the City to pay the Bonds or the interest thereon.

Section 3.2 Bonds Secured By Pledge of Net Revenues. The payment of the principal of and interest on all of the Bonds issued hereunder and any additional parity Bonds hereafter issued, as provided herein, shall be secured forthwith equally and ratably by a first lien on and pledge of the Net Revenues derived from the operation of the Water and Wastewater System. The Net Revenues derived from the Water and Wastewater System in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make all other payments provided for in this Ordinance, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds authorized herein, and other payments provided for herein, as the same become due and payable.

Section 3.3 Creation of Funds and Accounts. There are hereby created and established the following funds and accounts with respect to the Water and Wastewater System:

(a) Construction Fund. The City shall establish in a fund in a bank or trust company in the State which is eligible under state law to receive and hold deposits of municipal funds, to be designated as the "Water and Wastewater Construction Fund" hereinafter referred to as the "Construction Fund". Within the Construction Fund, upon the issuance of a Series of Bonds, (except with respect to Bonds issued to refinance or refund other Bonds), the City shall create a separate account for such Series of Bonds. Bond proceeds received from such sale shall be deposited into the Account created in the Construction Fund for such Series as provided in the Supplemental Resolution relating to the issuance of such Series of Bonds.

No withdrawals shall be made from and Account created in the Construction Fund without the written approval of the Engineer and the City Manager and only upon receipt of a written requisition executed by the Utilities Director of the Water and Wastewater System and the City Manager, specifying the purpose for which such withdrawal is to be made and certifying that such

purpose is one of the purposes provided for in this Ordinance and the Supplemental Resolution describing the Project relating to such Series of Bonds, provided, however, that no such written approval shall be required for legal, financial and engineering expenses and fees and for costs of issuance in connection with such Series of Bonds issued hereunder. Further, in the event of a default in the payment by the City of the principal of or interest on such Series of Bonds when due, unspent moneys in the respective Account of the Construction Fund shall be applied toward the remedy of such default.

Moneys on deposit in the Construction Fund may be invested and reinvested to the fullest extent practicable in Permitted Investments maturing not later than such date or dates on which such moneys will be needed for the purposes of the Construction Fund. The earnings and investment income derived from the moneys and investments on deposit in the Construction Fund shall be deposited and maintained in the Construction Fund and used for the purposes thereof.

Any moneys received by the City from the State or from the United States of America or any agencies thereof for the purpose of financing part of the cost of the acquisition and construction of a Project, shall be deposited in the applicable Account created the Construction Fund and used in the same manner as other Bond proceeds are used therein; provided, however, that such moneys shall not be so deposited in the event and to the extent that the City has incurred debt in anticipation of the receipt of such moneys for payment of such debt and provided further that separate subaccounts may be established in the applicable Account in the Construction Fund for moneys received pursuant to the provisions of this paragraph whenever required by Federal or State regulations.

(b) Operations, Maintenance and Revenue Fund. The City shall establish in a fund in a bank or trust company in the State which is eligible under state law to receive and hold deposits of municipal funds, to be designated as the “Water and Wastewater Operations, Maintenance and Revenue Fund” hereinafter referred to as the “Operation, Maintenance and Revenue Fund”. Within the Operations, Maintenance and Revenue Fund, there are hereby created seven (7) separate accounts to be known as 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”.

All Gross Revenues derived from the operation of said Water and Wastewater System shall be deposited in the Operations, Maintenance and Revenue Fund. Non-Pledged Revenues shall be deposited in the Non-Pledged Revenue Account and the remaining Gross Revenues shall be deposited in the Operations and Maintenance Account. Moneys in the Operations and Maintenance Account shall be used as provided in Section 3.5 hereof.

Except for the Non-Pledged Revenue Account, all other Accounts in the Operations, Maintenance and Revenue Fund shall constitute trust funds for the purposes provided in this Ordinance and shall for the purposes of an accounting be kept separate and distinct from all other funds of the City and used only for the purposes and in the manner provided for in Section 3.5 of this Ordinance.

(c) Renewal and Replacement Fund. The City shall establish in a fund in a bank or trust company in the State which is eligible under state law to receive and hold deposits of municipal funds, to be designated as the “Water and Wastewater Renewal and Replacement Fund” hereinafter referred to as the “Renewal and Replacement 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 Water and Wastewater System, or extraordinary repairs of the Water and Wastewater System. In the event that money in the Operations and Maintenance Account of the Operations and Maintenance Revenue Fund 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 Section 3.5 below.

(d) Rebate Fund. The City shall establish a special fund to be known as the “Water and Wastewater Rebate Fund,” which shall be held in trust by the City and used solely to make required rebates to the United States and the Bondholders shall have no right to have the same applied to pay the principal of, interest on or redemption of any Series of Bonds. The City agrees to undertake all actions required of it in its arbitrage certificate relating to a Series of Bonds, including, but not limited to:

(i) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(ii) depositing the amount determined in clause (i) above into the Rebate Fund;

(iii) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the City such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(iv) keeping such records of the determinations made pursuant to this Section 3.3(d) as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of such Series of Bonds.

(v) The provisions of the above-described arbitrage certificates may be amended without the consent of any Holder from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

Section 3.4 Application of Bond Proceeds. All moneys received by the City from the sale of Series 2025 Bonds issued pursuant to this Ordinance, shall be simultaneously disbursed as follows, in such amounts as provided for in the Supplemental Resolution providing for the details of the Series 2025 Bonds:

(a) The accrued interest derived from the sale of the 2025 Bonds shall be deposited in the Interest Account, and used for the purpose of paying interest on the Series 2025 Bonds as the same becomes due and payable.

(b) Proceeds derived from the Series 2025 Bonds, shall be deposited, together with other moneys lawfully available therefor, if any, in the Debt Service Reserve Account, or such separate sub-account, if any as determined by Supplemental Resolution, in an amount equal to the Maximum Annual Debt Service, or such other amount, if any, as shall be determined by the Supplemental Resolution providing for the details of the Series 2025 Bonds.

(c) The balance of the proceeds shall be deposited in an account created in the Construction Fund for the Series 2025 Bonds and used to pay the cost of the Series 2025 Project as provided in Section 3.3(a) hereof, including the costs of issuance. Provided, however, in the event of a default in the payment of the principal of or interest on the Series 2025 Bonds when due, unspent moneys in the Construction Fund shall be applied toward the remedy of such default.

If for any reason the moneys in the Construction Fund, or any account therein, are not necessary for, or are not applied to the purposes provided in this Ordinance for the Construction Fund, then such unapplied proceeds, upon certification of the Engineer that such surplus proceeds are not needed for the purposes of the Construction Fund, shall be disbursed in the following order:

First to the Debt Service Reserve Account to the full extent necessary to make the amount then on deposit therein equal to the Maximum Annual Debt Service or such lesser amount as authorized by the Code and as shall be determined by Supplemental Ordinance or Supplemental Resolution.

Second to the Renewal and Replacement Fund to the full extent necessary to make the amount then on deposit therein equal to the maximum amount required to be on deposit in the Renewal and Replacement Fund in accordance with the terms of this Ordinance or such other amount, if any, as shall be determined by Supplemental Ordinance or Supplemental Resolution.

Any balance in such Renewal and Replacement Fund, after funding the maximum amount, as provided in Section 3.5 hereof may be used for any lawful capital expenditures in connection with the Water and Wastewater System or, at the option of the City, the redemption or purchase of Outstanding Bonds or other indebtedness of the City incurred in connection with the Water and Wastewater System.

The proceeds of the sale of the Bonds shall be and constitute trust funds for the purposes hereinabove provided and there is hereby created a lien upon such moneys, until so applied, in favor of the holders of the Bonds.

Section 3.5 Disposition of Revenues. 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 in the Operations and Maintenance Account of the Operations, Maintenance and Revenue Fund and shall be disposed of only in the following manner:

(a) Gross Revenues shall first be used to pay the current Operating Expenses of the Water and Wastewater System; then

(b) 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 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 shall be determined in the Supplemental Resolution authorizing such 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 Variable Rate Bonds on the next Interest Payment Date for such Variable Rate Bonds, all in the manner provided in the Supplemental Resolution authorizing such Variable Rate Bonds.

In the event that the period to elapse between Interest Payment Dates will be other than six (6) months, then such monthly payments shall be increased or decreased as appropriate, in sufficient amounts to provide the required interest amount coming due on the next Interest Payment Date. Any monthly payment out of Net Revenues to be deposited as set forth above, for the purpose of meeting interest payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of Interest Payment Dates applicable to such Series.

(c) Net Revenues shall next be used, to the full extent necessary for deposit

(i) 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 providing for such Series of Bonds; provided, however, that such monthly deposits for principal shall not be required to be made into 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 Net 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 of Bonds.

(ii) 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 for such Series of Term Bonds.

Moneys held in the Bond Redemption Account shall be used solely for the purchase or redemption of the Term Bonds payable therefrom. The City may at any time purchase any of Term Bonds at prices not greater than the then redemption price of such 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 describing the details of the Series of Term Bonds; 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 remaining Amortization Requirement payment dates.

No distinction or preference shall exist in the use of the Net Revenues 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.

(d) 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 are issued hereunder, such sums as shall be at least sufficient to pay an amount equal to (i) one-twelfth (1/12) 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 provided by Supplemental Resolution), plus (ii) if there is a Bond Insurance Policy issued for one or more Series of Bonds, one-twelfth (1/12) 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 on deposit therein (including any Reserve Account Insurance Policy or Reserve Account Letter of Credit) shall be equal to the Maximum Annual Debt Service (or such lesser amount as authorized by the Code and 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, any such Bond Insurer insuring such Series of Bonds shall be entitled to exercise any and all remedies available at law or under this Ordinance other than (i) acceleration of the maturity of the Bonds, or (ii) remedies that would adversely affect Bondholders. Notwithstanding anything in Section 4.18 of this Ordinance, the lien of this Ordinance shall not be discharged until all Policy Costs owing to a Bond Insurer that insures a Series of Bonds shall have been paid in full.

(i) 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 as provided in determining the Annual Debt Service Requirement.

(ii) Notwithstanding the foregoing provisions, in lieu of the required deposits of Net Revenues into the Debt Service Reserve Account, the City may cause to be deposited into the Debt Service Reserve Account a Reserve Account Insurance Policy or a Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Maximum Annual Debt Service (or such lesser amount as authorized by the Code and as shall be determined by Supplemental Ordinance or Supplemental Resolution), and the sums then on deposit in the Debt Service Reserve Account, if any, which 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 deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Ordinance and available for such purpose. The Paying Agent shall determine the necessity for a claim to be made upon any Reserve Account Insurance Policy or Reserve Account Letter of Credit. When the Paying Agent shall have determined that it shall be necessary to make such a claim or claims, the Paying Agent shall provide notice of such claim or claims to the issuer of each Reserve Account Insurance Policy or Reserve Account Letter of Credit in accordance with the terms thereof. In the case of a Bond Insurance Policy, such claim shall be made at least two (2) business days prior to the Interest Payment Date on which payment of the claim is sought. If a disbursement is made under the Reserve Account Insurance Policy or the Reserve Account Letter of Credit, the City shall be obligated to either reinstate the maximum limits of such Reserve Account Insurance Policy or Reserve Account Letter of Credit immediately following such disbursement equal to the maximum limit of such Reserve Account Insurance Policy or Reserve Account Letter of Credit, or to deposit into the Debt Service Reserve Account from the Net Revenues, as herein provided, funds in the amount of the disbursement made under such Reserve Account Insurance Policy or Reserve Account Letter of Credit, or a combination of such alternatives as shall equal the Maximum Annual Debt Service (or such other amount as required by a Supplemental Resolution). As security for the obligations of the City under any Bond Insurance Agreement, the City hereby grants to any Bond Insurer a lien on and security interest in the Net Revenues subordinate only to the lien of and pledged to secure repayment of the Bonds.

(iii) In the event that any moneys shall be withdrawn from the Debt Service Reserve Account for payments into the Interest Account, Principal Account and Bond Redemption Account such withdrawals shall be subsequently restored from the first Net Revenues or funds available after all required payments have been made into the Interest Account, Principal Account and Bond Redemption Account, including any deficiencies for prior payments unless restored by the reinstatement of the maximum limits of a Reserve Account Insurance Policy or Reserve Account Letter of Credit.

(iv) 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 Net Revenues in the Operations, Maintenance and Revenue Fund or any other fund or account held pursuant to this Ordinance and available for such purpose are insufficient therefor. In the event that moneys are held on deposit in the Debt Service Reserve Account at the same time as a Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be credited thereto and it shall become necessary to draw upon the Debt Service Reserve Account for the purposes described in the

preceding sentence, all such moneys shall be used (or investments purchased with such moneys shall be liquidated and the proceeds shall be so used) for the purpose of making such draw prior to any drawing under the Reserve Account Insurance Policy or Reserve Account Letter of Credit for such purpose, or repayment of any unpaid Policy Costs or other related draws, expenses and interest shall be made prior to the replenishment of any such moneys. If more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit shall be credited to the Debt Service Reserve Account, drawings under each such Reserve Account Insurance Policy or Reserve Account Letter of Credit and repayment of Policy Costs or other related draws, expenses and interest shall be made on a pro rata basis (calculated by reference to the maximum amounts available thereunder) after applying all available cash in the Debt Service Reserve Account and prior to replenishment of any such cash draws, respectively.

(v) Any moneys in the Debt Service Reserve Account in excess of the Maximum Annual Debt Service (or such lesser amount as provided by the Code and provided in a Supplemental Resolution) for the Bonds and any Additional Bonds hereafter 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.

(vi) 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.

(e) Net Revenues shall next be deposited in the Subordinated Indebtedness Account and used for the payment of Subordinated Indebtedness hereafter issued by the City in accordance with Section 4.6, which Subordinated Indebtedness shall have such subordinate lien on the Net Revenues as shall be determined by the City in the proceedings authorizing the issuance of such Subordinated Indebtedness.

(f) 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, such sums as shall be sufficient to pay one-twelfth (1/12th) of five percent (5%) of the Gross Revenues derived from the Water and Wastewater 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 and deposited in the Operations, Maintenance and Revenue Fund.

(g) Thereafter, the balance of any Net Revenues remaining in the Operations and Maintenance Account of the Operations, Maintenance and Revenue Fund 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 Water and Wastewater System; provided, however, that none of such Net Revenues shall ever be used for the purposes provided in this paragraph (g) unless all payments required in paragraphs (a) to (f) 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 this Ordinance.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.1 Federal Income Taxation Covenants. The City covenants with the Bondholders (except with respect to Taxable Bonds) that it shall not use the proceeds of the Bonds in any manner which would cause the interest on such Bonds to be or become included in gross income for purposes of federal income taxation.

The City covenants with the Holders of the Bonds that neither the City nor any Person under its control or direction will make any use of the proceeds of the Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and neither the City nor any other Person shall do any act or fail to do any act which would cause the interest on the Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The City hereby covenants with the Holders of the Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

Section 4.2 Rate Covenant.

(a) The City covenants with the Bondholders that it will fix, establish and maintain such rates and collect such fees, rentals or other charges for the services and facilities of the Water and Wastewater System, and 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 Bonds and any Additional Bonds hereafter issued for the then current Fiscal Year and that such Net Revenues shall be sufficient to make all other payments required by the terms of this Ordinance (including, without limitation, all Policy Costs) and that such rates, fees, rentals or other charges shall not be so reduced as to be insufficient to provide adequate Net Revenues for such purpose.

(b) 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 Bonds and any Additional Bonds, then the City shall retain a Rate Consultant during such Fiscal Year, as provided in Section 4.10 hereof, to ensure compliance with paragraph (a) above.

Section 4.3 Operation and Maintenance. The City covenants with the Bondholders that it will maintain in good condition the Water and Wastewater System and all parts thereof and will continuously operate the same in an efficient manner and at a reasonable cost as a revenue-producing enterprise, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economic operation and maintenance thereof.

Section 4.4 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 this Ordinance that constitute trust funds and shall be invested at the direction of the City as provided in this Section 4.4.

Moneys on deposit in the Operations, Maintenance and Revenue Fund, Operations and Maintenance Account, Interest Account, Principal Account, the Bond Redemption Account and the Subordinated Indebtedness Account may be invested in Permitted Investments maturing not later than the dates on which such money will be needed for the purposes of such fund or account.

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 and Bond Redemption Account and Renewal and Replacement Fund shall be transferred not less than semiannually to the Operations and Maintenance Account of 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 lesser amount as authorized by the Code and as shall be determined by Supplemental Resolution, on the Bonds and any Additional Bonds (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 hereunder 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 herein may be deposited in a single bank account for the Water and Wastewater System provided that adequate accounting procedures are maintained to reflect and control the restricted allocations of the amounts on deposit therein for the various purposes of such funds and accounts as herein provided. The designation and establishment of funds and accounts in and by this 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 Water and Wastewater System for certain purposes and to establish such certain priorities for application of certain revenues and assets as herein provided.

Section 4.5 Sale of the Water and Wastewater System. The Water and Wastewater System may be sold or otherwise disposed of only as a whole and only if the net proceeds to be realized, together with other money available for such purpose, shall be sufficient to fully to defease all of the Outstanding Bonds and any Subordinated Indebtedness issued pursuant to this

Ordinance and all interest thereon to their respective dates of maturity or earlier redemption dates. The proceeds from such sale or other disposition of the Water and Wastewater System shall immediately be deposited in the certain accounts of the Operations, Maintenance and Revenue Fund and shall be used only for the purpose of paying the principal of and interest on the Bonds and Subordinated Indebtedness, if any, as the same shall become due, or the redemption of callable Bonds and Subordinated Indebtedness, if any, or the purchase of Bonds or Subordinated Indebtedness, if any, at a price not greater than the redemption price of such Bonds or Subordinated Indebtedness, or, if the Bonds or Subordinated Indebtedness are not then redeemable prior to maturity, at prices not greater than the redemption price of such Bonds or Subordinated Indebtedness on the next ensuing redemption date.

The foregoing provision notwithstanding, the City shall have and hereby reserves the right to sell, lease, exchange or otherwise dispose of any of the tangible property or ownership interest in tangible property comprising a part of the Water and Wastewater System in the following manner, if any one of the following conditions exist: (i) such property is not necessary for the operation of the Water and Wastewater System or (ii) such property is not useful in the operation of the Water and Wastewater System or (iii) such property is not profitable in the operation of the Water and Wastewater System.

Except as provided herein, prior to any sale, lease or other disposition of the Water and Wastewater System or any portion thereof, if the amount to be received therefor is not in excess of one per centum (1%) of the original cost before depreciation of the fixed assets to be sold, leased or otherwise disposed, the Finance Director or other duly authorized officer in charge of the Water and Wastewater System shall make a finding in writing determining that such property comprising a part of such Water and Wastewater System is no longer necessary or useful or profitable in the operation thereof, and such proceeds shall be deposited in the Renewal and Replacement Fund to the extent necessary to make the amount then on deposit therein equal to the maximum amount required to be on deposit therein and if such maximum amount is maintained therein, the balance of such moneys not needed for said purpose shall also be deposited in the Renewal and Replacement Fund and used in the manner provided in Section 3.3(c) hereof.

If the amount to be received from such sale, lease or other disposition of said property shall be in excess of one per centum (1%) of the original cost before depreciation of the fixed assets, the Finance Director or other duly authorized officer in charge of such Water and Wastewater System and the Engineer, shall first each make a finding in writing determining that such property comprising a part of such Water and Wastewater System is no longer necessary or useful or profitable in the operation thereof, and the City Commission shall, by resolution duly adopted, approve and concur in the findings of the Finance Director or other duly authorized officer and the Engineer, and authorize such sale, lease or other disposition of said property and such proceeds shall be deposited into the Renewal and Replacement Fund to the extent necessary to make the amount then on deposit therein equal to the maximum amount required to be on deposit therein, and the balance of such moneys not needed for said purpose shall also be deposited in the Renewal and Replacement Fund and used in the manner provided in Section 3.3(c) hereof.

Notwithstanding the foregoing provisions of this Section 4.5, the City shall have the authority to sell for fair and reasonable consideration any land comprising a part of the Water and Wastewater System which is no longer necessary or useful in the operation of the Water and Wastewater System and the proceeds derived from the sale of such land shall be deposited in the

Renewal and Replacement Fund and applied to the purposes provided therein.

Section 4.6 Issuance of Subordinated Indebtedness. The City covenants that it will not issue any other bonds, notes or other obligations, except upon the conditions and in the manner provided herein, payable from the Net Revenues of the Water and Wastewater 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 this 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 Bonds or Additional Bonds issued under the terms, restrictions and conditions contained in this 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 this Ordinance as to lien on and source and security for payment from the Net Revenues and in all other respects.

Section 4.7 Issuance of Additional Bonds. The City covenants that no Additional Bonds payable on a parity with Bonds issued pursuant to this Ordinance out of Net Revenues shall be issued after the issuance of the Series 2025 Bonds pursuant to this Ordinance except upon the conditions and in the manner provided in this Section 4.7.

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

(a) 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 this Ordinance and the City must be currently in compliance with all covenants and provisions of this Ordinance and any Supplemental Resolution provided for the issuance of a Series of Bonds; unless upon the issuance of such Additional Bond the City will be in compliance with all such covenants and provisions.

(b) 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 such 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 (1) the Series 2025 Bonds then Outstanding, (2) any Additional Bonds theretofore issued and then Outstanding, and (3) 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 under this Section 4.7, 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.

(c) The City need not comply with paragraph (b) of this Section 4.7 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 this 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 this Section 4.7 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 such Additional Bonds” shall hereinafter be referred to as the “Calculation Period.”

(d) Upon the issuance of any Additional Bonds pursuant to this Section, the amount required to be deposited into 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.

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

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

(ii) If the City shall have acquired or has contracted to acquire any privately or publicly owned existing water system or sewer system, then the Net Revenues derived from the Water and Wastewater System during the Calculation Period immediately preceding the issuance of such Additional Bonds, shall be increased by addition to the Net Revenues for such Calculation Period of Net Revenues which would have been derived from such existing water system or sewer system as if such existing water system or sewer system, had been a part of the Water and Wastewater System during such Calculation Period. For the purposes of this paragraph, the net revenues derived from said existing water system or sewer system during 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 from the gross revenues of said existing water system or sewer system, in the same manner provided in this Ordinance for the determination of Gross Revenues, Operating Expenses and Net Revenues.

(iii) If the City, in connection with the issuance of Additional Bonds, shall enter into a contract (with a duration not less than the final maturity of such Additional Bonds) with any public or private entity whereby the City agrees to furnish services in connection with any water system or sewer system then the Net Revenues of the Water and Wastewater Systems during the Calculation Period immediately preceding the issuance of such Additional Bonds 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 Water and Wastewater System and pledged for the Bonds in the same manner as other Net Revenues derived from said Water and Wastewater System.

(f) If the City covenants to levy Special Assessment Charges 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 Water and Wastewater 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.

(g) The term "Additional Bonds" as used in this Ordinance shall be deemed to mean additional obligations evidenced by Bonds issued under the provisions and within the limitations of this Section 4.7 payable from the Net Revenues of the Water and Wastewater System on a parity with Bonds originally authorized and issued pursuant to this Ordinance. Such Additional Bonds shall be deemed to have been issued pursuant to this Ordinance the same as the Bonds originally authorized and issued pursuant to this Ordinance and all of the covenants and other provisions of this 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 this Ordinance and the holders of any Bonds evidencing Additional Bonds subsequently issued within the limitations of and in compliance with this subsection. 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 Water and Wastewater System and their sources and security for payment therefrom without preference of any Bonds over any other.

(h) The term "Additional Bonds" as used in this Ordinance shall not be deemed to include Subordinated Indebtedness which provide that such bonds, notes, certificates or other obligations subsequently issued under the terms of this Ordinance, the lien of which on the Net Revenues of the Water and Wastewater System is subordinate and subject to the prior and superior lien on the Net Revenues of such Bonds issued pursuant to this Ordinance, and the City shall not issue any obligations whatsoever payable from the Net Revenues of the Water and Wastewater System, which rank equally as to lien and source and security for their payment from such Net Revenues, with Bonds issued pursuant to this Ordinance except in the manner and under the conditions provided in this Section 4.7.

(i) In the event that the total amount of \$120,000,000 Water and Wastewater Revenue Bonds herein authorized to be issued are not issued simultaneously, such Bonds which are subsequently issued shall be subject to the restrictions, conditions and limitations of this Section 4.7.

Section 4.8 Insurance. The City covenants that it will carry such insurance as is required by the State or is ordinarily carried by private or public corporations owning and

operating similar utilities as the Water and Wastewater System with a reputable insurance carrier or carriers, including public liability insurance and such other insurance against loss or damage by fire, explosion, hurricane, cyclone or other hazards and risks.

The City may establish certain minimum levels of insurance for which the City may self-insure. Such minimum levels of insurance shall be in amounts as recommended by the Engineer or any registered professional engineer.

Section 4.9 Books and Records. The City covenants that it will keep books and records of the Water and Wastewater System, which shall be separate and apart from all other books, records and accounts of the City, in which complete and correct entries shall be made in accordance with generally accepted accounting principles of all transactions relating to the Water and Wastewater System, and any holder of a Bond or Bonds issued pursuant to this Ordinance, shall have the right at all reasonable times to inspect said Water and Wastewater System and all parts thereof, and all records, accounts and data of the City relating thereto.

(a) The City shall promptly after the close of each Fiscal Year cause the books, records and accounts of the Water and Wastewater System for such Fiscal Year to be audited by a qualified independent firm of certified public accountants and shall file the report of such certified public accountants in the office of the Finance Director of the City and shall mail upon request, and make available generally, said report, or a reasonable summary thereof, to any holder or holders of Bonds issued pursuant to this Ordinance.

(b) To the extent not included in the City's annual continuing disclosure information pursuant to a Continuing Disclosure Agreement, the City shall provide any Bond Insurer with the following information:

(i) within 180 days after the end of each Fiscal Year, the budget for the succeeding Fiscal Year, the audited financial statements of the City for the Fiscal Year last concluded, a statement of the amount credited to the Debt Service Reserve Account as of the last valuation, and, if not presented in the audited financial statements, a statement of the revenues pledged to the payment of the Bonds in the Fiscal Year last concluded;

(ii) the official statement or other disclosure document, if any, prepared in connection with the issuance of additional indebtedness of the City, whether or not such additional indebtedness shall constitute Additional Bonds, within thirty days after the sale of such additional indebtedness;

(iii) notice of any drawing upon or deficiency due to market fluctuation in the amount, if any, on deposit in the Debt Service Reserve Account;

(iv) notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, or of any advance refunding of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) simultaneously with the delivery of the annual audited financial statements, a statement of: (1) the number of users of the Water and Wastewater System as of the end of the Fiscal Year; (2) notification of the withdrawal of any user of the Water and Wastewater System comprising 5% or more of sales of the Water and Wastewater

System measured in terms of revenue dollars since the last reporting date; (3) any significant plant retirements or expansions planned or undertaken since the last reporting date; (4) maximum and average daily usage of the Water and Wastewater System during such Fiscal Year; (5) updated capital plans for expansion and improvement projects; and (6) results of engineering inspections required under this Ordinance, if any, occurring during such Fiscal Year; and

(vi) such additional information as any Bond Insurer may reasonably request from time to time.

Section 4.10 Operating Budget and Rate Consultant.

(a) The City covenants to annually prepare and adopt by proper proceedings of its governing body a budget of the estimated expenditures for operation and maintenance of the Water and Wastewater System and the estimated Revenues of the Water and Sewer System during the succeeding Fiscal Year. During that Fiscal Year the City shall cause to be prepared, each month, a report in which actual expenditures are compared with such amounts. The City shall review these reports and institute appropriate corrective action if they determine variances, if any, are contrary to prudent utility management. The City shall mail copies of such annual budget and any amendments thereto to any Bond Insurer and any holder or holders of Bonds who shall file his address with the City and request in writing that copies of all such budgets and any amendments thereto be furnished to them, and shall make available such budgets and any amendments thereto at all reasonable times to any holder or holders of Bonds issued pursuant to this Ordinance.

(b) The City shall cause to be employed a rate consultant to review and report in writing to the City Commission the rates of the Water and Wastewater System ("Rate Consultant"), at any time such rates are inadequate to comply with Section 4.2(a) hereof, or at least every seven (7) years, to ensure compliance with the rate covenants provided in Section 4.2 of this Ordinance. Any written report by such Rate Consultant shall be reviewed by the City Commission, and such rates will be modified to comply with Section 4.2(a), as necessary. A copy of such written report of the Rate Consultant shall be provided to any Bond Insurer.

Section 4.11 No Free Services Rendered by the City. The City covenants that it will not render or cause to be rendered any free services of any nature by the Water and Wastewater System or any part thereof, nor will any preferential rates be established for users of the same class; and in the event the City, or any other political subdivision, public body, or any department, agency or instrumentality, officer or employee thereof, shall avail itself of the facilities or services provided by the Water and Wastewater System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the City, or such other political subdivision, public body, or any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue. The revenues so received shall be deemed to be Revenues derived from the operation of the Water and Wastewater System and shall be deposited and accounted for in the same manner as other Revenues.

Provisions of this Section 4.11 shall not be deemed in any way to apply to any reduced rates for any classification of users for services and facilities of the Water and Wastewater System in effect on the date of the adoption of this Ordinance and shall be subject to any present or future

applicable laws or regulations.

Section 4.12 Default and Remedies.

(a) *Default.* In the event that default shall be made in the payment of the interest on or the principal of any of the Bonds issued pursuant to this Ordinance, as the same shall become due, or in the making of the payments into the Interest Account, Principal Account, Bond Redemption Account or the Debt Service Reserve Account held in the Operations, Maintenance and Revenue Fund or any other payments required to be made by this Ordinance, or in the event that the City or any officer, agent or employee thereof shall fail to refuse to comply with the provisions of this Ordinance or shall default in any covenant made herein and shall continue for the period of sixty (60) days, other than the covenant to pay interest or on principal of any of the Bonds shall be an event of default hereunder.

(b) *Remedies.* Subject to the provisions of the succeeding paragraph, any holder of Bonds issued under the provisions of this Ordinance or any trustee acting for such Bondholders in the manner hereinafter provided may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Ordinance, and may enforce and compel the performance of all duties required by this Ordinance or by any applicable statutes to be performed by the City or by any officer thereof, including the fixing, charging and collecting of rates, fees, rentals or other charges for the services and facilities of the Water and Wastewater System.

Anything to the contrary, notwithstanding, any Bond Insurer shall, and the holder of Bonds insured by such Bond Insurer may, but only with the consent of such Bond Insurer, exercise any of the rights granted in this Section 4.12. The City shall provide to any Bond Insurer immediate notice of any default by the City in the payment when due of the principal of or interest on the Bonds and notice of any other default under this Ordinance within 30 days of the City's knowledge thereof. In the event that default shall be made in the payment of the interest on or the principal of any of the Bonds issued pursuant to this Ordinance, as the same shall become due, or in the making of the payments into the Interest Account, Principal Account, Bond Redemption Account or the Debt Service Reserve Account held in the Operations, Maintenance and Revenue Fund or any other payments required to be made by this Ordinance, or in the event that the City or any officer, agent or employee thereof shall fail to refuse to comply with the provisions of this Ordinance or shall default in any covenant made herein and in the further event that any such default in any covenant, other than the covenant to pay interest or on principal of any of the Bonds, shall continue for the period of sixty (60) days, any Holder of such Bonds, or any trustee appointed to represent Bondholders as hereinafter provided, shall be entitled as of right to the appointment of a receiver of the Water and Wastewater System in an appropriate judicial proceeding in a court of competent jurisdiction, whether or not such Holder or trustee is also seeking or shall have sought to enforce any other right or exercise any other remedy in connection with Bonds issued pursuant to this Ordinance. In the event of a default hereunder, the City shall give prompt written notice to any Bond Insurer. In determining whether a default shall have occurred under this Ordinance with respect to a failure to pay the principal of and interest on the Bonds when due, no effect shall be given to payments made under any Bond Insurance Policy.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of the Water and Wastewater System, and each and every part thereof, and shall hold, operate and maintain, manage and control the Water and Wastewater System, and each and every part thereof, and in the name of the City shall exercise all the rights and powers of the City with respect to the Water and Wastewater System as the City itself might do. Such receiver shall collect and receive all Revenues and maintain and operate the Water and Wastewater System in the manner provided in this Ordinance and comply under the jurisdiction of the court appointing such receiver, with all of the provisions of this Ordinance. Any Bond Insurer shall be notified of any such appointment of a receiver.

Whenever all that is due upon Bonds issued pursuant to this Ordinance, and interest thereon, and under the covenants of this Ordinance for the Interest Account, Principal Account, Bond Redemption Account and Debt Service Reserve Account held in the Operations, Maintenance and Revenue Fund or other funds or accounts, and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Net Revenues of the Water and Wastewater System shall have been paid and made good, and all defaults under the provisions of this Ordinance, shall have been cured and made good, possession of the Water and Wastewater System shall be surrendered to the City upon the entry of any order of the court to that effect. Upon any subsequent default, any Holder of Bonds issued pursuant to this Ordinance, or any trustee appointed for Bondholders as hereinafter provided, shall have the right to secure the further appointment of a receiver upon any such subsequent default.

Each receiver shall in the performance of the powers hereinabove conferred upon him be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function or specifically set forth herein. Any receiver appointed as provided herein shall hold and operate the Water and Wastewater System in the name of the City and for the joint protection and benefit of the City and for the joint protection and benefit of the City and the Holders of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the Water and Wastewater System, except as provided herein, but the authority of such receiver shall be limited to the possession, operation and maintenance of the Water and Wastewater System for the sole purpose of the protection of both the City and the Bondholders.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five per centum (25%) of Bonds issued under this Ordinance then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Ordinance with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders. Such certificate shall be executed by such Bondholders of their duly authorized attorneys or representatives and shall be filed in the office of the City Clerk of the City. Any Bond Insurer shall be notified of any such appointment of a trustee.

Section 4.13 Enforcement of Collections. The City covenants that it will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the Water and Wastewater System, and take all steps, actions and proceedings for the enforcement and collection

of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by applicable laws and regulations.

The City will, to the full extent permitted by law, under reasonable rules and regulations, shut off and discontinue the supplying of the services and facilities of the Water and Wastewater System for the nonpayment of fees, rentals or other charges for said Water and Wastewater services, and will not restore said Water and Wastewater services until all delinquent charges, together with interest and reasonable penalties, have been paid in full. Where the user of the Sewer System is also a customer of the Water System, the City shall furnish to such a customer a single bill containing the charges due for the use of the services and facilities of the Water System and the Wastewater System and the City will, to the full extent permissible by law, discontinue furnishing water service to such user in the event of the nonpayment of charges imposed for the services of the Sewer System.

Section 4.14 Connections to the Wastewater System. The City covenants that it will, to the full extent permitted by law, require all lands, buildings and structures within the City which can use the services and facilities of the Wastewater System, to connect with and use the facilities and services of the Wastewater System, and to cease all other means and methods for the collection, purification, treatment and disposal of sewage and waste matter.

Section 4.15 Inspection of the Water And Wastewater System. The City shall at the end of every third Fiscal Year cause the Water and Wastewater System to be inspected by the Engineer, who shall make a written report of such inspection and of the condition of the Water and Wastewater System and file such triennial report with any Bond Insurer and the City, and the City shall mail upon request, and make available generally, the report of said Engineer, or a reasonable summary thereof, to any Holder of Bonds issued pursuant to this Ordinance who so requests in writing.

Section 4.16 No Competing System. The City will not grant any franchise, license or permit, or cause or permit the granting of any franchise, license or permit, to any firm, corporation, agency or body, public or private, or any person whatsoever, for the supplying of Water and Wastewater services within the corporate limits of the City as they may exist from time to time, to the extent permitted by law.

Section 4.17 Discharge and Satisfaction of Bonds.

(a) The covenants, liens and pledges entered into, created or imposed pursuant to this Ordinance may be fully discharged and satisfied with respect to the Bonds in any one or more of the following ways:

(i) by paying the principal of and interest on Bonds when the same shall become due and payable; or

(ii) by depositing in the Interest Account, the Principal Account and the Bond Redemption Account and/or in such other accounts which are irrevocably pledged to the payment of Bonds as the City may hereafter create and establish, by Supplemental Ordinance or Supplemental Resolution, certain moneys which together with other moneys lawfully available therefor, if any, shall be sufficient at the time of such deposit to pay

when due the principal, redemption premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof; or

(iii) by depositing in the Interest Account, the Principal Account and the Bond Redemption Account and/or such other accounts which are irrevocably pledged to the payment of Bonds as the City may hereafter create and establish, by Supplemental Ordinance or Supplemental Resolution, moneys which together with other moneys lawfully available therefor when invested in such Defeasance Obligations which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof, will provide moneys which shall be sufficient to pay when due the principal, redemption premium, if any, and interest due and to become due on such Bonds on or prior to the redemption date or maturity date thereof.

(b) Upon such payment or deposit in the amount and manner provided in this Section 4.17 of this Ordinance, such Bonds shall be deemed to be paid and shall no longer be deemed to be Outstanding for the purposes of this Ordinance and all liability of the City with respect to such Bonds shall cease, terminate and be completely discharged and extinguished, and the Holders thereof shall be entitled to payment solely out of the moneys or securities so deposited. Notwithstanding the foregoing, (i) in the event that the payment or deposit in the amount and manner provided in this Section 4.17 has been made by any Bond Insurer, such Bond Insurer shall be subrogated to the rights of the Holders of the Bonds and the liability of the City with respect thereto shall not be discharged or extinguished; and (ii) in the event that there remain any unpaid Policy Costs after the payment or deposit in the amount and manner provided in this Section 4.17, such Bond Insurer shall be subrogated to the rights of the Holders of the Bonds and the liability of the City with respect thereto shall not be discharged or extinguished.

(c) As to Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (a)(i), (ii) or (iii) above, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions of the Supplemental Resolution that authorized the issuance of such Variable Rate Bonds; provided however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds pursuant to the provisions of this Section 4.17, the City may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Ordinance, upon payment in full of such Variable Rate Bonds.

(d) Notwithstanding any of the provisions of this Ordinance to the contrary, Option Bonds may only be fully discharged and satisfied either pursuant to subsection (a)(i) above or by depositing in the Interest Account, the Principal Account and the Bond Redemption Account, or in such other accounts which are irrevocably pledged to the payment of the Option Bonds as the City may hereafter create and establish by Supplemental Resolution, moneys which together with other moneys lawfully available therefor, if any, shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of and redemption premium, if any, and interest on such Option Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; provided however, that if, at the time a deposit is made pursuant to this subsection (d), the options originally exercisable by the

Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection (d).

(e) Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge and satisfaction of any issue of a Series of Bonds, any portion of an issue of a Series of Bonds, any maturity or maturities of an issue of a Series of Bonds, any portion of a maturity of an issue of a Series of Bonds or any combination thereof, provided that the provisions of this subsection (e) shall not affect the requirements regarding Option Bonds set forth in subsection (d). If any portion of the moneys deposited for the payment of the principal of and redemption premium, if any, and interest on any portion of a Series of Bonds is not required for such purpose, the City may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Bonds or otherwise existing under this Ordinance.

Section 4.18 Concerning a Reserve Account Insurance Policy And/Or a Reserve Account Line of Credit, and a Bond Insurance Policy.

(a) As long as the City shall have a Reserve Account Insurance Policy and/or a Reserve Account Letter of Credit on deposit in the Debt Service Reserve Account, the City covenants that it will comply with the provisions of the Reserve Account Insurance Policy and/or the reimbursement or similar agreement with respect to the Reserve Account Letter of Credit.

(b) As long as any Bonds are guaranteed or insured by a Bond Insurance Policy, the City covenants that it will comply with the provisions of the Bond Insurance Policy and an Bond Insurance Agreement with respect to the issuance of such Bond Insurance Policy.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1 Modification or Amendment.

(a) Except as otherwise provided in the second paragraph this subsection (a), no material modification or amendment of this Ordinance, or of any ordinance amendatory hereof, may be made without the consent in writing of any Bond Insurer and (i) the Holders of fifty-one percent or more in principal amount of the Bonds then Outstanding or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the Holders of fifty-one percent or more in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or affecting the unconditional promise of the City to fix, establish and maintain rates and collect fees, rentals and other charges for the services and facilities of the Water and Wastewater System or to pay the principal of and interest on the Bonds, as the same mature or become due, from the Net Revenues of the Water and Wastewater System, or reduce the percentage of Holders of Bonds required for such modification or amendments, without the consent of any Bond Insurer and the Holders of all the Bonds.

Notwithstanding the preceding paragraph, but subject to Section 5._, for all purposes of

this Ordinance, including the exercise of remedies, any Bond Insurer shall be deemed to be the Holder of all Bonds insured by it that are issued subsequent to the effective date of this Ordinance.

(b) This Ordinance may be amended, modified and altered without the consent of the Holders of Bonds to (i) cure any ambiguity, correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) provide other changes including without limitation, (a) such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of Variable Rate Bonds, Capital Appreciation Bonds, Option Bonds and Capital Appreciation and Income Bonds, which changes will not adversely affect the interest of such Holder of Bonds and (b) such changes as may be necessary to adjust the terms hereof so as to permit the City, if it elects to do so by Supplemental Resolution proceedings, to pledge Connection Charges to the payment of the Bonds, and (iii) provide for the issuance of Bonds in coupon form if, in the opinion of a nationally recognized bond counsel, such issuance will not affect the exemption from federal income taxation of interest on the Bonds.

(c) This Ordinance may be supplemented by Supplemental Ordinance to provide for the issuance of Additional Bonds and may be supplemented by a Supplemental Resolution providing for the details of a Series of Bonds without the consent of any Bond Insurer or Bondholder provided the requirement set forth in Section 4.7 hereof have been met.

(d) The City shall post a notice of each proposed amendment to this Ordinance at least fifteen days in advance of its enactment on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA").

Section 5.2 Severability of Invalid Provisions. If any one of more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions, and shall in no way affect the validity of any of the other provisions of this Ordinance or of the Bonds issued hereunder.

Section 5.3 Sale of Bonds. The Bonds shall be issued and sold at one time or from time to time and at such price or prices consistent with the provisions of the Act and the requirements of this Ordinance as the City shall hereafter determine by Supplemental Resolution.

Section 5.4 Capital Appreciation Bonds; Capital Appreciation And Income Bonds.

(a) For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable under the provisions of this Ordinance, or (iii) computing the amount of the Maximum Annual Debt Service and of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the City any notice, consent, request or demand pursuant to this Ordinance for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

(b) For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation and Income Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation and Income Bond if the principal of all such Bonds is declared immediately due and payable under the provisions of this Ordinance, or (iii) computing the amount of the Maximum Annual Debt Service and of Bonds held by the registered owner of a Capital Appreciation and Income Bond in giving to the City any notice, consent, request or demand pursuant to this Ordinance for any purpose whatsoever, the principal amount of a Capital Appreciation and Income Bond shall be deemed to be its Appreciated Value.

Section 5.5 Bond Anticipation Notes. The City may, if it determines it to be in its best financial interest, issue its bond anticipation notes in order to temporarily finance the cost of the acquisition and construction of the Project as provided in this Ordinance. The City shall by proper proceedings authorize the issuance and establish the details of such bond anticipation notes pursuant to the provisions of Section 215.431, Florida Statutes, as amended.

Section 5.6 Authority to Repurchase Obligations. The City shall have the power to purchase its obligations out of any funds available therefor and the City may hold, cancel or resell such obligations subject to and in accordance with this Ordinance and any Supplemental Ordinance or Supplemental Resolution authorizing such obligations.

Section 5.7 Bond Insurer; Default. Notwithstanding any of the provisions of this Ordinance to the contrary, all of the rights of any Bond Insurer granted herein, except with respect to its rights to receive notices, shall be null and void if such Bond Insurer is in default under the applicable Bond Insurance Policy and/or Bond Insurance Agreement.

Section 5.8 Provisions in Respect of Bond Insurance Policies. The City shall provide any Bond Insurer with written notice of the resignation or removal of the Registrar or Paying Agent and the appointment of a successor thereto and of the issuance of Additional Bonds. Such notice shall be mailed to such Bond Insurer as provided in the Bond Insurance Policy or Bond Insurance Agreement.

Section 5.9 Repeal. All ordinances or parts of ordinances in conflict herewith being the same are hereby repealed to the extent of such conflict. In addition, Ordinance No. 85-27, as supplemented, amended and restated by Ordinance Nos. 92-34, 96-16, 99-29, 2004-02, 2006-06, 07-04 and 2009-06 are hereby repealed.

Section 5.10 Effective Date. This Ordinance shall become effective immediately upon enactment at its second reading.

[Remainder of Page Intentionally Left Blank]

PASSED ON FIRST READING THIS ____ day of ____, 2025.

PASSED ON SECOND READING THIS ____ day of ____, 2025.

ATTEST:

JENNIFER M. JOHNSON
CITY CLERK

MAYOR ARLENE R. SCHWARTZ

RECORD OF VOTE - 1ST READING

Arserio	_____
Ruzzano	_____
Caggiano	_____
Schwartz	_____
Simone	_____

RECORD OF VOTE - 2ND READING

Arserio	_____
Ruzzano	_____
Caggiano	_____
Schwartz	_____
Simone	_____

EXHIBIT A

[Form of Bond other than a Capital Appreciation Bond
or a Capital Appreciation and Income Bond]

No. R

\$ _____

**UNITED STATES OF AMERICA STATE OF FLORIDA
CITY OF MARGATE
WATER AND WASTEWATER IMPROVEMENT REVENUE BONDS,
SERIES**

Interest Rate

Maturity Date

Dated Date

Cusip No.

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS, that the City of Margate, Florida (the “City”), for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns (the “Registered Owner” or “Holder”), from the sources hereinafter mentioned, upon presentation and surrender hereof at the principal corporate trust office of _____, as paying agent (the “Paying Agent”), the principal sum shown above, and to pay to the registered owner hereof, by wire transfer, interest on such principal sum at the rate specified above, from the date hereof or from the _____ 1, or _____ 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a _____ 1, or _____ 1, to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on _____ 1 and _____ 1 in each year, commencing on _____, 20____. Principal of this Bond is payable in lawful money of the United States of America. Interest on this Bond is payable to the registered owner as such name and address shall appear on the registry books of _____ as Registrar (the “Registrar”) at the close of business on the fifteenth day of the calendar month preceding each Interest Payment Date or the date on which the principal of a Bond is to paid (the “Record Date”).

This Bond is one of a Series of Bonds authorized to be issued by the City of Margate, Florida designated as its “Water and Wastewater Improvement Revenue Bonds, Series 20____” (the “Series 20____ Bonds”), in the aggregate principal amount of _____ dollars (\$_____) of like date, tenor and effect, except as to number, date of maturity and interest rate, issued for the purpose of financing the cost of acquisition and construction of certain additions, extensions and improvements to the Water and Wastewater System of the City of Margate, Florida, as such terms are defined in Ordinance No. 2025-____ enacted by the City Commission on January ____, 2025 (the “Ordinance”) under the authority of and in full compliance with the Charter of the City of Margate, Florida and the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended and supplemented, and other applicable provisions of law (collectively, the

“Act”).

This Bond is payable from and secured by a first lien on and pledge of the Net Revenues derived from the operation of the City's Water and Wastewater System, as such capitalized terms are defined in the Ordinance, all in the manner provided in the Ordinance. The City is not obligated to pay this Bond or the interest hereon except from the Net Revenues pledged thereto, and the full faith and credit of the City is not pledged for the payment of this Bond and this Bond does not constitute an indebtedness of the City within the meaning of any constitutional, statutory or other provision or limitation; and it is expressly agreed by the Holder of this Bond that such Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the City, or taxation in any form of any real or personal property therein, for the payment of the principal of and interest on this Bond or the making of any other payments provided for in the Ordinance.

It is further agreed between the City and the Holder of this Bond that this Bond and the obligation evidenced thereby shall not constitute a lien upon the City's Water and Wastewater System, or any part thereof, or on any other property of or in the City, but shall constitute a lien only on the Net Revenues derived from the operation of the City's Water and Wastewater System, all in the manner provided in the Ordinance.

The City has covenanted in the Ordinance that in each Fiscal Year it will fix, establish and maintain such rates and collect such fees, rentals or other charges for the services and facilities of its Water and Wastewater System and revise the same from time to time whenever necessary, as will always provide in each Fiscal Year, Net Revenues which shall be adequate to pay at least one hundred ten percent (110%) of the Annual Debt Service for the Series 2025 Bonds and any Additional Bonds (as such terms are defined in the Ordinance) hereafter issued, and that such Net Revenues shall be sufficient to make all of the payments required by the terms of the Ordinance and that such rates, fees, rentals or other charges shall not be so reduced so as to be insufficient for such purposes.

[Insert Redemption Provisions]

At least thirty (30), but not more than sixty (60), days before the redemption date, a notice of any such redemption, either in whole or in part, signed by the Finance Director, (a) shall be filed with the Registrar and (b) shall be mailed, first class mail, postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for, but failure so 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 Bonds of a Series are to be redeemed, the numbers or other distinguishing marks of such Bonds to be redeemed in part only, such notice shall also specify 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 Bonds to be redeemed the redemption price or the specified portions thereof in the case of 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

Additional Bonds may be issued by the City from time to time upon the conditions and within the limitations and in the manner provided in the Ordinance.

The original registered owner, and each successive registered owner of this Bond shall be conclusively deemed to have agreed and consented to the following terms and conditions:

1. The Registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds as provided in the Ordinance. The Bonds shall be transferable by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the City kept by the Registrar and only upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds.

2. The City, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

3. At the option of the registered owner thereof and upon surrender hereof at the principal corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney and upon payment by such registered owner of any charges which the Registrar or the City may make as provided in the Ordinance, the Bonds may be exchanged for Bonds of the same series and maturity of any other authorized denominations.

4. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Registrar and cancelled by the Registrar in the manner provided in this Article. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require the payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to transfer or exchange Bonds of any Series for a period of fifteen (15) days next preceding an interest payment date on such Bonds of such Series or next preceding any selection of Bonds of such Series to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds of any Series called for redemption.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, is in full compliance with all constitutional, statutory or charter limitations or provisions.

IN WITNESS WHEREOF, the City of Margate, Florida has caused this Bond to be signed by its City Manager and Mayor, either manually or with their facsimile signatures, and the seal of the City of Margate, Florida or a facsimile thereof to be affixed hereto or imprinted or reproduced hereon, and attested by the City Clerk of Margate, Florida, either manually or with their facsimile signature, all as of the ____ day of _20__.

CITY OF MARGATE, FLORIDA

City Manager

Mayor

(SEAL)

Attest:

City Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the herein mentioned Ordinance.

Date of Authentication:

as Registrar

By: _____

Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bonds in the books kept by the City for the registration thereof, with full power of substitution in the premises.

Date: _____

SOCIAL SECURITY NUMBER OR
FEDERAL IDENTIFICATION
NUMBER OF ASSIGNEE

NOTICE: The signature of this assignment must correspond with the name as it appears upon the within Bond in every particulate, or any change whatever.

[Form of Abbreviations]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with the right of survivorship and not as tenants in common UNIFORM

TRANS MIN ACT - _____ Custodian for _____(Cust.) (Minor) under Uniform
Transfers to Minors Act of _____ (State).

Additional abbreviations may also be used
though not in the above list.

Name and address of assignee for payment and notice purposes

Notice: _____

Payment: _____

Date: _____

Assignee: _____

By: _____

Title: _____

[Form of Capital Appreciation Bond]

No. R

\$ _____

**UNITED STATES OF AMERICA STATE OF FLORIDA
CITY OF MARGATE
WATER AND WASTEWATER IMPROVEMENT REVENUE BONDS,
SERIES _____**

Interest Rate

Maturity Date

Dated Date

Cusip No.

Registered Owner:

Principal Amount:

Amount Due at Maturity: \$ _____ per \$5,000 Amount Due at Maturity

KNOW ALL MEN BY THESE PRESENTS, that the City of Margate, Florida (the "City"), for value received, hereby promises to pay, to the Registered Owner or registered assigns on the maturity date specified above, from the sources hereinafter mentioned upon presentation and surrender hereof at the principal corporate trust office of _____ as paying agent (said and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the Amount Due at Maturity (stated above), constituting the Principal Amount per \$5,000 Amount Due at Maturity (stated above) and interest thereon at the Interest Rate (stated above) from the Date of Original Issuance (stated above) compounded on _____ and thereafter on and _____ of each year (an "Interest Payment Date") until payment of said maturity amount or, upon earlier redemption or acceleration as set forth herein, payment to be made at the Accreted Value as of the date of redemption or acceleration. The "Accreted Value" as of any date of computation with respect to this Bond, an amount equal to the principal amount stated above, plus the interest accrued on this Bond from the date of delivery to the Registered Owner thereof to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at the interest rate stated above, compounded periodically, plus, with respect to matters related to the payment upon redemption or acceleration of this Bond, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months. The Accreted Value per \$5,000 maturity amount of this Bond on each _____ 1, or _____ 1, is set forth in a table attached to this Bond. The table should not be construed as a representation as to the market value of this Bond at any time in the future but may bear a relationship to the amount of tax-exempt interest and taxable gain with respect to this Bond if sold prior to maturity.

This Bond is one of a Series of Bonds authorized to be issued by the City of Margate, Florida designated as its “Water and Wastewater Improvement Revenue Bonds, Series 20__” (the “Series 20__ Bonds”), in the aggregate principal amount of _____ dollars (\$) of like date, tenor and effect, except as to number, date of maturity and interest rate, issued for the purpose of financing the cost of acquisition and construction of certain additions, extensions and improvements to the Water and Wastewater System of the City of Margate, Florida, as such terms are defined in Ordinance No. 2025- ____ enacted by the City Commission on January __, 2025 (the “Ordinance”) under the authority of and in full compliance with the Charter or the City of Margate, Florida and the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended and supplemented, and other applicable provisions of law (collectively, the “Act”).

This Bond is payable from and secured by a first lien on and pledge of the Net Revenues derived from the operation of the City's Water and Wastewater System, as such capitalized terms are defined in the Ordinance, all in the manner provided in the Ordinance. The City is not obligated to pay this Bond or the interest hereon except from the Net Revenues pledged thereto, and the full faith and credit of the City is not pledged for the payment of this Bond and this Bond does not constitute an indebtedness of the City within the meaning of any constitutional, statutory or other provision or limitation; and it is expressly agreed by the Holder of this Bond that such Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the City, or taxation in any form of any real or personal property therein, for the payment of the principal of and interest on this Bond or the making of any other payments provided for in the Ordinance.

It is further agreed between the City and the Holder of this Bond that this Bond and the obligation evidenced thereby shall not constitute a lien upon the City's Water and Wastewater System, or any part thereof, or on any other property of or in the City, but shall constitute a lien only on the Net Revenues derived from the operation of the City's Water and Wastewater System, all in the manner provided in the Ordinance.

The City has covenanted in the Ordinance that in each Fiscal Year it will fix, establish and maintain such rates and collect such fees, rentals or other charges for the services and facilities of its Water and Wastewater System and revise the same from time to time whenever necessary, as will always provide in each Fiscal Year, Net Revenues which shall be adequate to pay at least one hundred ten percent (110%) of the Annual Debt Service for the Series 2025 Bonds and any Additional Bonds (as such terms are defined in the Ordinance) hereafter issued, and that such Net Revenues shall be sufficient to make all of the payments required by the terms of the Ordinance and that such rates, fees, rentals or other charges shall not be so reduced so as to be insufficient for such purposes.

[Insert Redemption Provisions]

At least thirty (30), but not more than sixty (60), days before the redemption date, a notice of any such redemption, either in whole or in part, signed by the Finance Director, (a) shall be filed with the Registrar and (b) shall be mailed, first class mail, postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for, but failure so 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 Bonds of a Series are to be redeemed, the numbers or other distinguishing marks of such Bonds to be redeemed in part only, such notice shall also specify 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 Bonds to be redeemed the redemption price or the specified portions thereof in the case of 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.

Additional Bonds may be issued by the City from time to time upon the conditions and within the limitations and in the manner provided in the Ordinance.

The original registered owner, and each successive registered owner of this Bond shall be conclusively deemed to have agreed and consented to the following terms and conditions:

1. The Registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds as provided in the Ordinance. The Bonds shall be transferable by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the City kept by the Registrar and only upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds.

2. The City, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

3. At the option of the registered owner thereof and upon surrender hereof at the principal corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney and upon payment by such registered owner of any charges which the Registrar or the City may make as provided in the Ordinance, the Bonds may be exchanged for Bonds of the same series and maturity of any other authorized denominations.

4. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Registrar and cancelled by the Registrar in the manner provided in this Article. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require the payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to transfer or exchange Bonds of any Series for a period of fifteen (15) days next preceding an interest payment date on such Bonds of such Series or next preceding any selection of Bonds of such Series to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds of any Series called for redemption.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, is in full compliance with all constitutional, statutory or charter limitations or provisions.

IN WITNESS WHEREOF, the City of Margate, Florida has caused this Bond to be signed by its City Manager and Mayor, either manually or with their facsimile signatures, and the seal of the City of Margate, Florida or a facsimile thereof to be affixed hereto or imprinted or reproduced hereon, and attested by the City Clerk of Margate, Florida, either manually or with their facsimile signature, all as of the ____ day of ____20__.

CITY OF MARGATE, FLORIDA

City Manager

Mayor

(SEAL)

Attest:

City Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within mentioned Ordinance.

Date of Authentication: _____

REGISTRAR

By _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bonds in the books kept by the City for the registration thereof, with full power of substitution in the premises.

Date: _____

SOCIAL SECURITY NUMBER OR
FEDERAL IDENTIFICATION
NUMBER OF ASSIGNEE

NOTICE: The signature of this assignment must correspond with the name as it appears upon the within Bond in every particulate, or any change whatever.

[Form of Abbreviations]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with the right of survivorship and not as tenants in common UNIFORM TRANS

MIN ACT - _____ Custodian for _____ (Cust.) (Minor) under _____ Uniform Transfers to Minors Act of _____ (State).

Additional abbreviations may also be used
though not in the above list.

Name and address of assignee for payment and notice purposes

Notice: _____

Payment: _____

Date: _____

Assignee: _____

By: _____

Title: _____

ACCRETED VALUE PER \$5,000 MATURITY AMOUNT

Date	Accreted Value	Date	Accreted Value

[FORM OF CAPITAL APPRECIATION AND INCOME BOND]

No. R-

\$ _____

**UNITED STATES OF AMERICA
CITY OF MARGATE
WATER AND WASTEWATER IMPROVEMENT REVENUE BOND,
SERIES**

Interest Rate	Date of Commencement of Interest	Maturity Date	Date of Original Issuance	CUSIP
--------------------------	---	--------------------------	--------------------------------------	--------------

Registered Owner:

Principal Amount: \$ per \$1,000

Amount Due
at Maturity: \$ _____

KNOW ALL MEN BY THESE PRESENTS, that the City of Margate, Florida (the "City"), that the City of Margate, Florida (the "City"), for value received, hereby promises to pay, to the Registered Owner named above or registered assigns on the maturity date specified above, from the sources hereafter mentioned upon presentation and surrender hereof at the principal corporate trust office of _____ as paying agent (said and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the Amount Due at Maturity (stated above), constituting the Principal Amount (stated above) per \$1,000 Amount Due at Maturity and interest thereon at the Interest Rate (stated above) from the Date of Original Issuance (stated above) compounded on each _____ 1, and _____ 1, during the period from the Date of Original Issuance, the City further promises to pay to the Registered Owner hereof by wire transfer of the Paying Agent to such Registered Owner at the address shown on the registry books of the City kept for that purpose at the principal corporate trust office of _____ as Registrar (and any successor Registrar being herein called the "Registrar"), as of the fifteenth day of the month preceding such Interest Payment Date, interest on the Amount Due at Maturity from at the rate per annum equal to the Interest Rate (stated above), payable on the first days of _____ and _____, in each year (commencing on _____ 1, until the City's obligation with respect to the payment of such Amount Due at Maturity shall be discharged. Upon earlier redemption or other payment prior maturity as set forth on the attached schedule, payment shall be made at the Appreciated Value as of the date of redemption or other payment of this Bond.

The "Appreciated Value" of this Bond shall mean (i) as of any date of computation up to and including, _____ 1, 20____, an amount equal to the Principal Amount hereof plus the interest accrued thereon to the _____ 1, 20____ or _____ next preceding the date of computation or the date of computation if a _____ 1, 20____ plus, if such date of computation shall not be a _____ 1, or _____ 1, a portion of the difference between the Appreciated Value as of the immediately' preceding _____ or the Date of Original Issuance if the date of computation is prior to _____ 1, 20____) and the Appreciated Value as of the immediately succeeding _____ 1, or _____ 1, calculated based upon an assumption that Appreciated Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve 30-day months, and (ii)

after _____ 1, 20__ Appreciated Value at _____ 1, 20__. The Appreciated Value per \$1,000 Amount Due at Maturity of this Bond on each _____ 1 and _____ 1 is set forth in a table attached hereto. Upon redemption or other payment subsequent to _____ 1, 20__ and prior to the Maturity Date in accordance with the provisions set forth on the attached schedule, payment of this Bond shall be made in an amount equal to the Amount Due at Maturity plus any applicable premium plus accrued and unpaid interest on such Amount Due at Maturity.

This Bond is one of a Series of Bonds authorized to be issued by the City of Margate, Florida designated as its “Water and Wastewater Improvement Revenue Bonds, Series 20__” (the “Series 20__ Bonds”), in the aggregate principal amount of _____ dollars (\$) of like date, tenor and effect, except as to number, date of maturity and interest rate, issued for the purpose of financing the cost of acquisition and construction of certain additions, extensions and improvements to the Water and Wastewater System of the City of Margate, Florida, as such terms are defined in Ordinance No. 2025- _____ enacted by the City Commission on January ___, 2025 (the “Ordinance”) under the authority of and in full compliance with the Charter or the City of Margate, Florida and the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Florida Statutes, as amended and supplemented, and other applicable provisions of law (collectively, the “Act”).

This Bond is payable from and secured by a first lien on and pledge of the Net Revenues derived from the operation of the City's Water and Wastewater System, as such capitalized terms are defined in the Ordinance, all in the manner provided in the Ordinance. The City is not obligated to pay this Bond or the interest hereon except from the Net Revenues pledged thereto, and the full faith and credit of the City is not pledged for the payment of this Bond and this Bond does not constitute an indebtedness of the City within the meaning of any constitutional, statutory or other provision or limitation; and it is expressly agreed by the Holder of this Bond that such Holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the City, or taxation in any form of any real or personal property therein, for the payment of the principal of and interest on this Bond or the making of any other payments provided for in the Ordinance.

It is further agreed between the City and the Holder of this Bond that this Bond and the obligation evidenced thereby shall not constitute a lien upon the City's Water and Wastewater System, or any part thereof, or on any other property of or in the City, but shall constitute a lien only on the Net Revenues derived from the operation of the City's Water and Wastewater System, all in the manner provided in the Ordinance.

The City has covenanted in the Ordinance that in each Fiscal Year it will fix, establish and maintain such rates and collect such fees, rentals or other charges for the services and facilities of its Water and Wastewater System and revise the same from time to time whenever necessary, as will always provide in each Fiscal Year, Net Revenues which shall be adequate to pay at least one hundred ten percent (110%) of the Annual Debt Service for the Series 2025 Bonds and any Additional Bonds (as such terms are defined in the Ordinance) hereafter issued, and that such Net Revenues shall be sufficient to make all of the payments required by the terms of the Ordinance and that such rates, fees, rentals or other charges shall not be so reduced so as to be insufficient for such purposes.

[Insert Redemption Provisions]

At least thirty (30), but not more than sixty (60), days before the redemption date, a notice of any such redemption, either in whole or in part, signed by the Finance Director, (a) shall be filed with the Registrar and (b) shall be mailed, first class mail, postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for, but failure so 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 Bonds of a Series are to be redeemed, the numbers or other distinguishing marks of such Bonds to be redeemed in part only, such notice shall also specify 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 Bonds to be redeemed the redemption price or the specified portions thereof in the case of 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.

Additional Bonds may be issued by the City from time to time upon the conditions and within the limitations and in the manner provided in the Ordinance.

The original registered owner, and each successive registered owner of this Bond shall be conclusively deemed to have agreed and consented to the following terms and conditions:

1. The Registrar shall keep books for the registration of Bonds and for the registration of transfers of Bonds as provided in the Ordinance. The Bonds shall be transferable by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the City kept by the Registrar and only upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the City shall issue in the name of the transferee a new Bond or Bonds.

2. The City, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

3. At the option of the registered owner thereof and upon surrender hereof at the principal corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney and upon payment by such registered owner of any charges which the Registrar or the City may make as provided in the Ordinance, the Bonds may be exchanged for Bonds of the same series and maturity of any other authorized denominations.

4. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Registrar and cancelled by the Registrar in the

manner provided in this Article. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Registrar may require the payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to transfer or exchange Bonds of any Series for a period of fifteen (15) days next preceding an interest payment date on such Bonds of such Series or next preceding any selection of Bonds of such Series to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds of any Series called for redemption.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, is in full compliance with all constitutional, statutory or charter limitations or provisions.

IN WITNESS WHEREOF, the City of Margate, Florida has caused this Bond to be signed by its City Manager and Mayor, either manually or with their facsimile signatures, and the seal of the City of Margate, Florida or a facsimile thereof to be affixed hereto or imprinted or reproduced hereon, and attested by the City Clerk of Margate, Florida, either manually or with their facsimile signature, all as of the ____ day of _____ 20__.

CITY OF MARGATE, FLORIDA

City Manager

Mayor

(SEAL)

Attest:

City Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within mentioned Ordinance.

Date of Authentication: _____

REGISTRAR

By: _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bonds in the books kept by the City for the registration thereof, with full power of substitution in the premises.

Date:

SOCIAL SECURITY NUMBER OR
FEDERAL IDENTIFICATION
NUMBER OF ASSIGNEE

NOTICE: The signature of this assignment must correspond with the name as it appears upon the within Bond in every particulate, or any change whatever.

[Form of Abbreviations]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with the right of survivorship and not as tenants in common UNIFORM

TRANS MIN ACT - _____ Custodian for _____ (Cust.) (Minor) under Uniform Transfers to Minors Act of _____ (State).

Additional abbreviations may also be used though not in the above list.

Name and address of assignee for payment and notice purposes

Notice:

Payment:

Date:

Assignee:

By:

Title:

ACCREDITED VALUE PER \$1,000 AMOUNT DUE AT MATURITY

<u>Date</u>	<u>Accreted Value</u>	<u>Date</u>	<u>Accreted Value</u>
-------------	-----------------------	-------------	-----------------------