

EXHIBIT E

FORM OF PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2019

NEW ISSUE - FULL BOOK-ENTRY

See "RATINGS" herein

In the opinion of bond counsel, assuming compliance by the City with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax. INTEREST ON THE SERIES 2019B BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds.

CITY OF PEMBROKE PINES, FLORIDA

	\$ _____*	\$ _____*	
[CITY LOGO]	Capital Improvement Revenue Bonds, Series 2019A	Taxable Capital Improvement Revenue Bonds, Series 2019B	[DAC LOGO]

Dated: Date of Delivery

Due: October 1, as shown on inside cover page

The City of Pembroke Pines, Florida (the "City") is issuing its City of Pembroke Pines, Florida Capital Improvement Revenue Bonds, Series 2019A (the "Series 2019A Bonds") and its City of Pembroke Pines, Florida Taxable Capital Improvement Revenue Bonds, Series 2019B (the "Series 2019B Bonds" and together with the Series 2019A Bonds, the "Series 2019 Bonds"), in fully registered form and initially will be registered in the name of Cede & Co., for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be available to purchasers in denominations of \$5,000 or integral multiples thereof under the book-entry system maintained by DTC. Purchasers will not receive physical delivery of the Series 2019 Bonds. Interest on the Series 2019 Bonds is payable on _____ 1, 2019 and on each April 1 and October 1 thereafter until maturity. The principal of and interest on the Series 2019 Bonds will be paid by U.S. Bank National Association, as paying agent and registrar. So long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to DTC. Disbursement of such payments to the Direct Participants (as defined herein) is the responsibility of DTC, and disbursements of such payments to Beneficial Owners (as defined herein) is the responsibility of DTC Participants (as defined herein), as more fully described herein. See "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System" herein.

Certain of the Series 2019 Bonds are subject to redemption prior to their stated dates of maturity as stated herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A COMPLETE SUMMARY OF THIS ENTIRE OFFICIAL STATEMENT. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES, TO OBTAIN INFORMATION ESSENTIAL IN MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE SERIES 2019 BONDS.

The Series 2019 Bonds are being issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including, particularly, Chapter 166, Florida Statutes, the municipal charter of the City and other applicable provisions of law (the "Act") and pursuant to Resolution No. ___ adopted by the City Commission of the City (the "Commission") on September __, 2019 (the "Bond Resolution"). All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Bond Resolution.

Together with other legally available funds, the Series 2019A Bonds are being issued to (i) current refund the outstanding City of Pembroke Pines, Florida Charter School Revenue Bonds, Series 2008 currently held by PNC Bank (the "Refunded Bonds"), (ii) finance and/or reimburse the cost certain capital improvements to the City's Enterprise Resource Planning System, and (iii) pay costs associated with the issuance of the Series 2019ABonds. The Series 2019B Bonds are being issued to (i) finance all or a portion of the payments required to be made by the City to

* Preliminary, subject to change

terminate certain interest rate swap agreements related to the Refunded Bonds and (ii) pay costs associated with the issuance of the Series 2019B Bonds.

The Series 2019 Bonds and interest thereon will be payable solely from and secured by a lien on the Pledged Funds, which consist of (i) all legally available revenues of the City other than ad valorem tax revenues ("Non-Ad Valorem Revenues") budgeted and appropriated by the City in accordance with the Bond Resolution and deposited into the Debt Service Fund, and (ii) until applied in accordance with the Bond Resolution, all moneys, including the investments thereof, in the funds and accounts established under the Bond Resolution, with the exception of the Rebate Fund. The City has covenanted and agreed to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year in which the Series 2019 Bonds remain Outstanding, and deposit into the Debt Service Fund, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2019 Bonds and to make all other payments required thereunder in each such Fiscal Year, subject to the limitations described in the Bond Resolution.

THE SERIES 2019 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY SERIES 2019 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OR THE USE OF AD VALOREM TAX REVENUES TO PAY SUCH SERIES 2019 BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE BOND RESOLUTION, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2019 BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE BOND RESOLUTION. SEE "SECURITY FOR THE SERIES 2019 BONDS" HEREIN.

The Series 2019 Bonds will be offered when, as and if issued by the City and accepted by the Underwriters, subject to the approval of legality by Bryant Miller Olive P.A., Tallahassee, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Goren, Cherof, Doody & Ezrol, P.A., Fort Lauderdale, Florida, and by Holland & Knight LLP, Fort Lauderdale, Florida, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Bryant Miller Olive P.A., Tampa, Florida. Ford & Associates, Inc., Tampa, Florida, is serving as Financial Advisor to the City in connection with the issuance of the Series 2019 Bonds. It is expected that the Series 2019 Bonds in definitive form will be available for delivery through the facilities of DTC on or about _____, 2019.

PNC Capital Markets LLC

BofA Merrill Lynch

Dated: _____, 2019

CITY OF PEMBROKE PINES, FLORIDA

\$ _____^{*}
**Capital Improvement
 Revenue Bonds,
 Series 2019A**

\$ _____^{*}
**Taxable Capital Improvement
 Revenue Bonds,
 Series 2019B**

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

\$ _____^{*}
**Capital Improvement Revenue Bonds,
 Series 2019A**

<u>Maturity (October 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial CUSIP Number†</u>
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\$ _____^{*}
**Taxable Capital Improvement Revenue Bonds,
 Series 2019B**

<u>Maturity (October 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial CUSIP Number†</u>
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* Preliminary, subject to change.

† The City is not responsible for the use of CUSIP Numbers, nor is any representation made as to their correctness. The CUSIP Numbers are included solely for the convenience of the readers of this Official Statement and may be changed after the issuance of the Series 2019 Bonds.

RED HERRING LANGUAGE

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds by any person in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

CITY OF PEMBROKE PINES, FLORIDA

CITY COMMISSION

Frank C. Ortis, Mayor
Jay D. Schwartz, Vice Mayor
Angelo Castillo, Commissioner
Thomas Good, Jr., Commissioner
Iris A. Siple, Commissioner

CITY MANAGER

Charles F. Dodge

CITY CLERK

Marlene Graham

FINANCE DIRECTOR

Lisa Chong

CITY ATTORNEY

Goren, Cherof, Doody & Ezrol, P.A.
Fort Lauderdale, Florida

BOND COUNSEL

Bryant Miller Olive P.A.
Tallahassee, Florida

DISCLOSURE COUNSEL

Holland & Knight LLP
Fort Lauderdale, Florida

FINANCIAL ADVISOR

Ford & Associates, Inc.
Tampa, Florida

No dealer, broker, salesman or other person has been authorized by the City of Pembroke Pines, Florida (the "City") to give any information or to make any representations in connection with the Series 2019 Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, The Depository Trust Company and other sources which are believed to be reliable.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2019 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the City expressly makes no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2019 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2019 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2019 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2019 BONDS. THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

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OFFICIAL STATEMENT

CITY OF PEMBROKE PINES, FLORIDA

\$ _____*
**Capital Improvement
Revenue Bonds,
Series 2019A**

\$ _____*
**Taxable Capital Improvement
Revenue Bonds,
Series 2019B**

INTRODUCTION

The purpose of this Official Statement of the City of Pembroke Pines, Florida (the "City"), which includes the Cover Page, the inside Cover Page and the Appendices hereto, is to furnish information with respect to the \$ _____* City of Pembroke Pines, Florida Capital Improvement Revenue Bonds, Series 2019A (the "Series 2019A Bonds") and the \$ _____* City of Pembroke Pines, Florida Taxable Capital Improvement Revenue Bonds, Series 2019B (the "Series 2019B Bonds" and together with the Series 2019A Bonds, the "Series 2019 Bonds"). The Series 2019 Bonds are being issued pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida (the "State"), including particularly Chapter 166, Florida Statutes, Article VIII, the municipal charter of the City and other applicable provisions of law (the "Act") and pursuant to Resolution No. ____ adopted by the City Commission of the City (the "Commission") on September __, 2019 (the "Bond Resolution"). For a complete description of the terms and conditions of the Series 2019 Bonds, reference is made to "APPENDIX B – FORM OF BOND RESOLUTION" attached hereto. All information included herein has been provided by the City, except where attributed to other sources.

This introduction is not, and is not intended to be, a complete summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and Appendices hereto and the documents summarized or described herein. A full review should be made of this entire Official Statement. The offering of the Series 2019 Bonds is made only by means of this Official Statement and is subject in all respects to the information contained herein.

Capitalized terms used in this Official Statement that are not defined herein shall have the meanings ascribed thereto in the Bond Resolution.

Together with other legally available funds, the Series 2019A Bonds are being issued to (i) current refund the outstanding City of Pembroke Pines, Florida Charter School Revenue Bonds, Series 2008 currently held by PNC Bank (the "Refunded Bonds"), (ii) finance and/or reimburse the cost certain capital improvements to the City's Enterprise Resource Planning System (the "Project") and (iii) pay certain costs of issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued to (i) finance the payments (the "SWAP Termination Payments") required to be made by the City to terminate the interest rate swap agreements with Royal Bank of Canada and The Bank of New York (the "Swap Counterparties"), each dated March 24, 2008, and originally entered into in connection with the original issuance of the Refunded Bonds and (ii) pay certain costs of issuance of the Series 2019B Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2019 Bonds and interest thereon will be payable solely from and secured by a lien on the Pledged Funds, which consist of (i) all Governmental Funds Revenues, other than revenues generated from ad valorem taxation on real or personal property, which are legally available to make the payments required under the Bond Resolution ("Non-Ad Valorem Revenues") budgeted and appropriated by the City in accordance with the Bond Resolution and deposited into the Debt Service Fund, and (ii) until applied in

* Preliminary, subject to change

accordance with the Bond Resolution, all moneys, including the investments thereof, in the funds and accounts established under the Bond Resolution, with the exception of the Rebate Fund. The City has covenanted and agreed to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year in which the Series 2019 Bonds remain Outstanding, and deposit into the Debt Service Fund, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2019 Bonds and to make all other payments required thereunder in each such Fiscal Year, subject to the limitations described in the Bond Resolution. THE SERIES 2019 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY SERIES 2019 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OR THE USE OF AD VALOREM TAX REVENUES TO PAY SUCH SERIES 2019 BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE BOND RESOLUTION, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2019 BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE BOND RESOLUTION. SEE "SECURITY FOR THE SERIES 2019 BONDS" HEREIN.

THE CITY

The City is located in Broward County, Florida. For general information regarding the City and Broward County, Florida, including statistical and demographic information that may affect the collection of Non-Ad Valorem Revenues, see APPENDIX A hereto.

The City sponsors two single-employer defined benefit plans and also participates, with respect to certain of its employees, in the Florida Retirement System. See APPENDIX A – "GENERAL INFORMATION CONCERNING THE CITY OF PEMBROKE PINES, FLORIDA AND BROWARD COUNTY, FLORIDA" under the captions "PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS" and "OTHER POST-EMPLOYMENT BENEFIT PLANS (OPEB)" therein for a description of the pension and OPEB plans and the liabilities of the City associated with such plans.

PLAN OF FINANCE

Refunded Bonds

The Refunded Bonds will be called for redemption on or about _____, 2019, at a redemption price equal to 100% of the principal amounts thereof, plus accrued interest to the redemption date.

The interest rates on the Refunded Bonds are hedged, in part, by two swap agreements with the Swap Counterparties. In connection with the refunding of the Refunded Bonds, the two swap agreements will be terminated and the City will make the SWAP Termination Payments in the [estimated] amounts of \$ _____ and \$ _____, respectively, to the swap counterparties from the proceeds of the Series 2019B Bonds.

Project

The Project consists of the capital improvements involved in replacing, expanding and enhancing the City's Enterprise Resource Planning (ERP) system, including the upgrade and integration of the City's core business functions, replacing approximately 200 different and out-of-date applications and processes.

DESCRIPTION OF THE SERIES 2019 BONDS

General

The Series 2019 Bonds will be dated the date of delivery, bear interest at the rates per annum set forth on the inside cover page of this Official Statement, payable semiannually on April 1 and October 1 in each year, commencing _____ 1, 2019, and mature on October 1 in the years and principal amounts set forth on the inside cover page of this Official Statement.

As further described below, the Series 2019 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). For so long as DTC or its nominee, Cede & Co., will be the registered owner of the Series 2019 Bonds, references in this Official Statement to "Registered Owner," "Bondholder" or "Owner of the Series 2019 Bonds" will mean Cede & Co. and will not mean the Beneficial Owner (hereinafter defined) of the Series 2019 Bonds. The principal of, premium, if any, and interest on the Series 2019 Bonds will be payable to the Beneficial Owners in the manner described under the heading "DESCRIPTION OF THE SERIES 2019 BONDS - Book-Entry Only System" herein. If DTC or its nominee, Cede & Co., is no longer the registered owner of the Series 2019 Bonds, such principal and premium will be payable when due upon presentation and surrender of the Series 2019 Bonds at the designated corporate trust office of the Bond Registrar and Paying Agent (as defined below), and interest will be payable by check or draft mailed by the Bond Registrar and Paying Agent on each interest payment date to the Registered Owners of the Series 2019 Bonds registered as such as of the close of business on the date which is the 15th day of the calendar month (whether or not a Business Day) next preceding the interest payment date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

U.S. Bank National Association will serve as initial bond registrar (the "Bond Registrar") and paying agent (the "Paying Agent") for the Series 2019 Bonds.

Registration, Transfer and Exchange

The provisions set forth under this heading will not be generally applicable while the book-entry only system for the Series 2019 Bonds is in effect. However, in the event that the book-entry only system is discontinued, transfers and exchanges of the Series 2019 Bonds will be accomplished as described below.

Series 2019 Bonds, upon surrender thereof at the office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Series 2019 Bonds of the same maturity of any other authorized denominations.

The Series 2019 Bonds issued under the Bond Resolution shall be and have all the qualities and incidents of negotiable instruments under the commercial laws and the Uniform Commercial Code of the State, subject to the provisions for registration and transfer contained in the Bond Resolution and in the Series 2019 Bonds. So long as any of the Series 2019 Bonds shall remain Outstanding, the City shall maintain and keep, at the office of the Bond Registrar, books for the registration and transfer of the Series 2019 Bonds.

Each Series 2019 Bond shall be transferable only upon the books of the City, at the office of the Bond Registrar, under such reasonable regulations as the City may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Series 2019 Bond, the City shall

issue, and cause to be authenticated, in the name of the transferee a new Series 2019 Bond or Bonds of the same aggregate principal amount and series and maturity as the surrendered Series 2019 Bond. The City, the Bond Registrar and any Paying Agent or fiduciary of the City may deem and treat the Person in whose name any Outstanding Series 2019 Bond shall be registered upon the books of the City as the absolute owner of such Series 2019 Bond, whether such Series 2019 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on, such Series 2019 Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2019 Bond to the extent of the sum or sums so paid and neither the City nor the Bond Registrar nor any Paying Agent or other fiduciary of the City shall be affected by any notice to the contrary.

The Bond Registrar, in any case where it is not also the Paying Agent in respect to the Series 2019 Bonds, forthwith (A) following the fifteenth (15th) day prior to an Interest Date; (B) following the fifteenth (15th) day next preceding the date of the first mailing of notice of redemption of any Series 2019 Bonds; and (C) at any other time as reasonably requested by the Paying Agent, shall certify and furnish to such Paying Agent the names, addresses and holdings of Series 2019 Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Series 2019 Bond shall effect payment of interest on such Series 2019 Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Series 2019 Bonds or transferring Series 2019 Bonds is exercised, the City shall execute and the Bond Registrar shall authenticate and deliver such Series 2019 Bonds in accordance with the provisions of the Bond Resolution. Execution of Series 2019 Bonds in the same manner as is provided in the Bond Resolution for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series 2019 Bonds. All Series 2019 Bonds surrendered in any such exchanges or transfers shall be held by the Bond Registrar in safekeeping until directed by the City to be canceled by the Bond Registrar. For every such exchange or transfer of Series 2019 Bonds, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The City and the Bond Registrar shall not be obligated to make any such exchange or transfer of Series 2019 Bonds during the fifteen (15) days next preceding an Interest Date on the Series 2019 Bonds, or in the case of any proposed redemption of Series 2019 Bonds, then during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

Book-Entry Only System

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2019 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2019 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2019 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2019 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2019 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2019 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2019 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2019 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2019 BONDS IS BASED

SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Bond Registrar and Paying Agent or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Bond Registrar and Paying Agent for the Series 2019 Bonds. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The City does not have any responsibility or obligations to the DTC Participants, Indirect Participants or the Beneficial Owners with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2019 Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Bond Registrar and Paying Agent, of any notice with respect to the Series 2019 Bonds, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Bond Registrar and Paying Agent, of any amount with respect to principal of, or interest on the Series 2019 Bonds.

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE SERIES 2019 BONDS AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE SERIES 2019 BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

Redemption Provisions

Optional Redemption of Series 2019A Bonds. The Series 2019A Bonds that mature before October 1, 20__ are not subject to redemption prior to their maturities. The Series 2019A Bonds that mature on or after October 1, 20__, are subject to redemption beginning _____ 1, 20__, in whole or in part at any time, in any order of maturities at the option of the City, and by lot within a maturity if less than a full maturity is redeemed, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

Optional Redemption of Series 2019B Bonds. The Series 2019B Bonds of each maturity are subject to redemption at the option of the City in whole or in part pro-rata at any time at the redemption price that is the greater of (A) 100% of the principal amount of the Series 2019B Bonds to be redeemed and (B) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2019B Bonds to be redeemed, not including any portion of those payments of interest accrued unpaid as of the date on which the Series 2019B Bonds are to be redeemed, discounted to the date on which the Series 2019B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus _____ basis points, plus, in each case, accrued and unpaid interest on the Series 2019B Bonds to be redeemed to but not including the redemption date.

"Treasury Rate" means, as of any redemption date for a Series 2019B Bond, (i) the time-weighted interpolated average yield to maturity, assuming a 360-day year consisting of twelve 30-day months, for a term equal to the Make Whole Period of the yields of the two U.S. Treasury nominal securities at "constant maturity" (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that is publicly available not less than two (2) Business Days nor more than 45 calendar days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data reasonably selected by the Paying Agent most nearly equal to the period from the redemption date to the maturity date of such Series 2019B Bond)) maturing immediately preceding and succeeding the Make Whole Period or (ii) if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded U.S. Treasury Securities adjusted to a constant maturity of one year. The Treasury Rate will be determined by the Calculation Agent.

The redemption price of the Series 2019B Bonds to be redeemed pursuant to the make whole optional redemption provision described above will be determined by Calculation Agent or an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense to calculate such redemption price. The City may conclusively rely on such determination of redemption price by such Calculation Agent or independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

"Calculation Agent" means an independent accounting firm, investment banking firm or financial advisor retained by the City and compensated by the City at the City's expense to determine the redemption price of the Series 2019B Bonds to be redeemed pursuant to the make whole optional redemption provisions above.

"Make Whole Period" means the period between the date of redemption of the Series 2019B Bonds to be redeemed pursuant to the make whole redemption provisions and the maturity date.

Selection of Series 2019 Bonds to be Redeemed. The Series 2019 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The City shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Series 2019 Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Series 2019 Bonds of a single maturity, the particular Series 2019 Bonds or portions of Series 2019 Bonds to be redeemed shall be selected

not more than thirty-five (35) days prior to the redemption date by the Registrar from the Outstanding Series 2019 Bonds of the maturity or maturities designated by the City by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Series 2019 Bonds or portions of Series 2019 Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Series 2019A Bonds of a single maturity or an Amortization Installment are to be redeemed, the Registrar shall promptly notify the City and Paying Agent (if the Registrar is not the Paying Agent for such Series 2019 Bonds) in writing of such Series 2019 Bonds or portions of Series 2019 Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

If less than all of the Outstanding Series 2019B Bonds of a maturity or an Amortization Installment shall be called for redemption such Series 2019B Bonds or Amortization Installment to be redeemed shall be selected on a pro-rata pass-through distribution of principal basis in accordance with DTC Procedures, provided that, so long as such Series 2019 Bonds are held in book-entry form, the selection for redemption of such Series 2019 Bonds shall be made in accordance with the operational arrangements with DTC then in effect.

Notice of Redemption. Unless waived by any Holder of Series 2019 Bonds to be redeemed, notice of such redemption, identifying the Series 2019 Bonds or portions thereof called for redemption and any conditions to which such redemption may be subject, including, but not limited to the availability of funds for such redemption on the date designated for such redemption, (i) shall be filed with the paying agents and any Registrar; and (ii) shall be mailed by the Registrar, first-class mail, postage prepaid, to all registered owners of the Series 2019 Bonds to be redeemed not more than thirty (30) days and not less than twenty (20) days prior to the date fixed for redemption at their addresses as they appear on the registration books to be maintained in accordance with the provisions of the Bond Resolution. Failure to give such notice by mailing to any owner of Series 2019 Bonds, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Series 2019 Bonds.

A notice of redemption may be contingent upon the occurrence of certain conditions and if such conditions do not occur, the notice will be deemed rescinded and of no force or effect.

Payment of Redeemed Series 2019 Bonds. Notice of redemption having been given substantially as aforesaid, the Series 2019 Bonds or portions of Series 2019 Bonds so to be redeemed shall, subject to any conditions to such redemption set forth in the notice of redemption, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2019 Bonds or portions of Series 2019 Bonds shall cease to bear interest. Upon surrender of such Series 2019 Bonds for redemption in accordance with said notice, such Series 2019 Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Series 2019 Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

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ESTIMATED SOURCES AND USES OF FUNDS

It is estimated that proceeds received from the sale and delivery of the Series 2019 Bonds, together with other legally available sources from the City, will be used as follows:

	<u>Series 2019A Bonds</u>	<u>Series 2019B Bonds</u>	<u>Total</u>
<u>SOURCES OF FUNDS:</u>			
Principal Amount of Series 2019 Bonds	\$	\$	\$
[Net] Original Issue [Premium/Discount]			
Other Legally Available Funds ⁽¹⁾			
TOTAL SOURCES:	\$	\$	\$
<u>USES OF FUNDS:</u>			
Amount Applied to Refunding Refunded Bonds ⁽²⁾	\$	\$	\$
Amount Applied to SWAP Termination Payment ⁽²⁾			
Construction Fund			
Costs of Issuance ⁽³⁾			
TOTAL USES:	\$	\$	\$

(1) Funds allocable to the Refunded Bonds.

(2) See "PLAN OF FINANCE – Refunded Bonds" herein.

(3) Includes fees of Bond Counsel, Disclosure Counsel, Financial Advisor, rating agency fees, underwriters' discount and other costs of issuance of the Series 2019 Bonds.

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SEMI-ANNUAL DEBT SERVICE SCHEDULE

The following table sets forth the annual principal and semi-annual interest requirements for the Series 2019 Bonds:

<u>Date</u>	Series 2019A Bonds <u>Principal</u>	Series 2019A Bonds <u>Interest</u>	Series 2019A Bonds Semi-Annual Debt Service <u>Requirement</u>	Series 2019B Bonds <u>Principal</u>	Series 2019B Bonds <u>Interest</u>	Series 2019B Bonds Semi-Annual Debt Service <u>Requirement</u>	Annual Debt Service <u>Requirement</u>
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SECURITY FOR THE SERIES 2019 BONDS

General

The Series 2019 Bonds and the interest thereon are payable solely from and secured by a lien on and pledge of the Pledged Funds which consist of (1) Non-Ad Valorem Revenues budgeted and appropriated by the City in accordance with the Bond Resolution and deposited into the Debt Service Fund and (2) until applied in accordance with the provisions of the Bond Resolution, all moneys, including the investment thereof, in the funds and accounts established under the Bond Resolution, with the exception of the Rebate Fund. The City has covenanted and agreed to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year in which the Series 2019 Bonds remain Outstanding, and deposit into the Debt Service Fund, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2019 Bonds and to make all other payments required thereunder in each such Fiscal Year, subject to the limitations described in the Bond Resolution.

The Bond Resolution defines the following terms as follows:

"Charter School Lease Revenues" shall mean the lease charges paid to the City's by the Charter Schools and other users for use of the City's Charter School facilities, (including school buses) pursuant to lease or use agreements entered into by the City and the Charter Schools or other lessees or users from time to time.

"Charter Schools" shall mean the Charter Schools for which the City holds the Charter from time to time, which presently consist of a 600 student K-5 elementary school located on the City's East Campus, a 600 student K-5 elementary school and a 600 student grade 6-8 middle school located on the City's West Campus, a 600 student K-5 elementary school and a 600 student grade 6-8 middle school located on the City's Central Campus, a 610 student K-5 elementary school located on the City's FSU Campus, and a 1,700 student grade 9-12 High School located on the City's Academic Village Campus.

"Governmental Fund Revenues" shall mean total revenues of the Issuer derived from any source whatsoever except for (i) Charter School Revenues derived from the City's operation of the Charter Schools other than amounts derived from Charter School Lease Revenues paid to the City and (ii) revenues derived by the City from the operation of its Senior Housing Facilities, and that are allocated and accounted for in the "governmental funds" as shown in the annual audited financial statements of the Issuer for the applicable Fiscal Year.

"Senior Housing Facilities" shall mean the residential rental facilities owned and operated by the City which is located at the Senator Howard C. Forman Human Services Campus.

Limited Obligations

THE SERIES 2019 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY SERIES 2019 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OR THE USE OF AD VALOREM TAX REVENUES TO PAY SUCH SERIES 2019 BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE BOND RESOLUTION, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE AVAILABLE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2019 BOND FROM ANY MONEYS OF THE CITY EXCEPT

FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE BOND RESOLUTION. SEE "SECURITY FOR THE SERIES 2019 BONDS" HEREIN.

Funds and Accounts

Pursuant to the Bond Resolution, the City will establish a separate fund to be known as the "City of Pembroke Pines, Florida Capital Improvement Revenue Bonds, Debt Service Fund" (the "Debt Service Fund"). The City will maintain in the Debt Service Fund three accounts: the "Interest Account," the "Principal Account" and the "Bond Amortization Account." Moneys in the aforementioned funds and accounts, until applied in accordance with the provisions of the Bond Resolution, are subject to a lien and charge in favor of the Holders of the Series 2019 Bonds and for the further security of such Holders.

Flow of Funds

Pursuant to the Bond Resolution, Non-Ad Valorem Revenues appropriated for such purpose must be deposited or credited at least five business days prior to the applicable due date, in the following manner:

(a) Interest Account. The City must deposit into or credit to the Interest Account the sum which, together with the balance in said account, must be equal to the interest on the Series 2019 Bonds accrued and unpaid and to accrue on such Interest Date. Moneys in the Interest Account must be used to pay interest on the Series 2019 Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

(b) Principal Account. The City must deposit into or credit to the Principal Account the sum which, together with the balance in said account, must equal the portion of the principal of Series 2019 Bonds next due. Moneys in the Principal Account must be used to pay the principal of the Series 2019 Bonds as and when the same shall mature, and for no other purpose.

(c) Bond Amortization Account. The City must deposit into or credit to the Bond Amortization Account the sum which, together with the balance in said account, must equal the portion of the Amortization Installments of the Series 2019 Bonds next due. Moneys in the Bond Amortization Account must be used to purchase or redeem Term Bonds in the manner provided in the Bond Resolution, and for no other purpose. Payments to the Bond Amortization Account shall be on a parity with payments to the Principal Account.

On the date established for payment of any principal of, or interest on, the Series 2019 Bonds, the City shall withdraw from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or interest and deposit such moneys with the Paying Agent for the Series 2019 Bonds to be paid.

Investments in Funds and Accounts

Moneys on deposit in the Debt Service Fund may be invested and reinvested in Permitted Investments maturing not later than the date on which the moneys will be needed. Any and all income received by the City from the investment of moneys in the Debt Service Fund, the Interest Account, the Principal Account and the Bond Amortization Account shall be retained in such respective fund or account unless otherwise required by applicable law.

Separate Accounts

The Bond Resolution provides that the moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that

adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as provided.

The designation and establishment of the various funds and accounts in and by the Bond Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

Construction Fund

Pursuant to the Bond Resolution, the City has covenanted to establish a Construction Fund in which a portion of the proceeds of the Series 2019 Bonds shall be deposited. Funds on deposit in the Construction Fund shall be used to pay the costs of the Project.

The City's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties, and all proceeds of insurance compensating for damages to the Project during the period of construction, shall be deposited in the Construction Fund to assure completion of the Project.

When all costs of the Project have been paid in full, the City is permitted to use remaining funds on deposit in the Construction Fund to pay debt service on the Series 2019 Bonds.

All moneys deposited in said Construction Fund shall be and constitute a trust fund created for the purpose stated, and there is created a lien upon such fund in favor of the Bondholders until the moneys thereof shall have been applied in accordance with the Bond Resolution.

Covenant to Budget and Appropriate

In the Bond Resolution, the City has covenanted and agreed to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year in which the Series 2019 Bonds remain Outstanding, and deposit into the Debt Service Fund, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2019 Bonds and to make all other payments required under the Bond Resolution in each such Fiscal Year. Such covenant and agreement on the part of the City shall be cumulative and shall continue and carry over from Fiscal Year to Fiscal Year until all payments of principal of and interest on the Series 2019 Bonds shall have been budgeted, appropriated, deposited and actually paid. The City agreed that the covenant and agreement would be deemed to be entered into for the benefit of the Holders of the Series 2019 Bonds and that the obligation may be enforced in a court of competent jurisdiction. Notwithstanding the foregoing or any provision of the Bond Resolution to the contrary, the City has not covenanted to maintain any services or programs now maintained or provided by the City, including those programs and services which generate Non-Ad Valorem Revenues. Other than the anti-dilution test described below, the covenant and agreement shall not be construed as a limitation on the ability of the City to pledge all or a portion of such Non-Ad Valorem Revenues or to covenant to budget and appropriate Non-Ad Valorem Revenues for other legally permissible purposes. Nothing in the Bond Resolution shall be deemed to pledge ad valorem tax revenues or to permit or constitute a mortgage or lien upon any assets owned by the City and no Holder of Series 2019 Bonds or other Person may compel the levy of ad valorem taxes on real or personal property within the boundaries of the City for the payment of the City's obligations under the Bond Resolution.

The covenant to budget and appropriate by the City in its annual budget for the purposes and in the manner stated in the Bond Resolution has the effect of making available for the payment of the Series 2019 Bonds the Non-Ad Valorem Revenues of the City in the manner provided in the Bond Resolution and placing on the City a positive duty to budget and appropriate, by amendment if necessary, amounts sufficient to meet its obligations under the Bond Resolution; subject, however, in all respects to the

restrictions of Section 166.241, Florida Statutes, insofar as there are not sufficient Non-Ad Valorem Revenues to comply with such covenant after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City.

The obligation of the City to make payments on the Series 2019 Bonds from its Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues. See "OUTSTANDING DEBT SECURED BY OR PAYABLE FROM NON-AD VALOREM REVENUE SOURCES" herein. In addition, such obligation is subject to the funding requirements for essential public purposes affecting health, welfare and safety of the inhabitants of the City. Subject to compliance with the anti-dilution test provided in the Bond Resolution, the City may hereafter provide a covenant to budget and appropriate Non-Ad Valorem Revenues or pledge all or a portion of such Non-Ad Valorem Revenues to provide for the payment of obligations (including debt obligations) incurred by the City. No priority of payment among such obligations is established by the provision of a covenant to budget and appropriate Non-Ad Valorem Revenues for the payment thereof.

The City's covenant to budget and appropriate under the Bond Resolution does not create any lien upon or pledge of Non-Ad Valorem Revenues until such funds are deposited in the Debt Service Fund established pursuant to the Bond Resolution, nor, subject to the satisfaction of the anti-dilution test provided in the Bond Resolution, does it preclude the City from pledging in the future or covenanting to budget and appropriate in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Holders of the Series 2019 Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. The payment of the debt service of all of the Series 2019 Bonds issued under the Bond Resolution shall be secured equally and ratably by a pledge of and a lien upon the Pledged Funds, as now or hereafter constituted. In the Bond Resolution, the City has irrevocably pledged such Pledged Funds to the payment of the principal of and interest on the Series 2019 Bonds issued pursuant to the Bond Resolution, and the City has irrevocably agreed in the Bond Resolution to the deposit of Non-Ad Valorem Revenues into the Debt Service Fund at the times provided of the sums required to secure to the Holders of the Series 2019 Bonds issued under the Bond Resolution, the payment of the principal of and interest thereon when due. The Pledged Funds shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City.

Until applied in accordance with the Bond Resolution, the Non-Ad Valorem Revenues deposited by the City in the Debt Service Fund and other amounts on deposit from time to time in the funds and accounts established pursuant to the Bond Resolution, plus any earnings thereon, shall be pledged to the repayment of the Series 2019 Bonds.

Anti-Dilution Test

Pursuant to the Bond Resolution, the City has agreed and covenanted during such time as the Series 2019 Bonds are Outstanding under the Bond Resolution not to incur any Debt unless it demonstrates that Non-Ad Valorem Revenues shall cover Maximum Annual Debt Service on the Series 2019 Bonds and such Debt by at least 1.50x. Such calculation shall be determined using the average of actual Non-Ad Valorem Revenues for the prior two Fiscal Years based on the City's annual audited financial statements for such Fiscal Years.

For purposes of this covenant, Debt is defined as at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from any Non-Ad Valorem Revenues (A) all obligations of the City for borrowed money or evidenced by bonds, debentures, notes or similar instruments; (B) all obligations of the City as lessee under capitalized leases; and (C) all indebtedness of other Persons to the extent guaranteed by, or secured by, Non-Ad Valorem Revenues of

the City; provided, however, if with respect to any obligation contemplated in (A) or (B) above, to which the City has covenanted to budget and appropriate sufficient Non-Ad Valorem Revenues to satisfy such obligation but has not secured such obligation with a lien on or pledge of any Non-Ad Valorem Revenues then, and with respect to any obligation contemplated in (C) above, such obligation shall not be considered "Debt" for purposes of the Bond Resolution unless the City has actually used Non-Ad Valorem Revenues to satisfy such obligation during the immediately preceding Fiscal Year or reasonably expects to use Non-Ad Valorem Revenues to satisfy such obligation in the current or immediately succeeding Fiscal Year. If an obligation is considered "Debt" as a result of the proviso set forth in the immediately preceding sentence, it shall continue to be considered "Debt" until the City has not used any Non-Ad Valorem Revenues to satisfy such obligation for two (2) consecutive Fiscal Years.

For the purposes of the additional debt covenant, Maximum Annual Debt Service on Debt means, with respect to Debt that bears interest at a fixed interest rate, the actual annual debt service, and, with respect to Debt which bears interest at a variable interest rate, annual debt service on such Debt shall be determined assuming that interest accrues on such Debt at the current "Bond Buyer Revenue Bond Index" as published in The Bond Buyer no more than two weeks prior to any such calculation; provided, however, if any Debt, whether bearing interest at a fixed or variable interest rate, constitutes Balloon Indebtedness, annual debt service on such Debt shall be determined assuming such Debt is amortized over 25 years on an approximately level debt service basis. "Balloon Indebtedness" means Debt, 25% or more of the original principal of which matures or is obligated to be repaid during any one Fiscal Year. The foregoing notwithstanding, for purposes of calculating annual debt service, any Debt which bears interest at a variable rate with respect to which the City has entered into an interest rate swap or interest rate cap for a notional amount equal to the principal amount of such variable rate indebtedness shall be treated as bearing interest at a fixed rate equal to the fixed rate payable by the City under the interest rate swap, or the capped rate provided by the interest rate cap.

The Bond Resolution provides that with respect to debt service on any Debt with respect to which the City elects to receive or is otherwise entitled to receive direct subsidy payments from the United States Department of Treasury, when determining the interest on such Debt for any particular interest payment date, the amount of the corresponding subsidy payment shall be deducted from the amount of interest which is due and payable with respect to such Debt on the interest payment date, but only to the extent that the City reasonably believes that it will be in receipt of such subsidy payment on or prior to such interest payment date. In that case, such direct subsidy payments shall not be treated as Non-Ad Valorem Revenues to avoid double counting.

The City may become, a party to certain other resolutions and/or other agreements which contain anti-dilution tests different from the anti-dilution test described herein and set forth in the Bond Resolution. The City is required to satisfy all such anti-dilution tests prior to the issuance of Debt.

GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES

General

The City generally receives two primary sources of revenue: ad valorem taxes and non-ad valorem revenues. Ad valorem taxes may not be pledged for the payment of debt obligations of the City maturing more than twelve months from the date of issuance thereof without approval of the electorate of the City. The ad valorem tax revenues of the City are not pledged as security for the payment of the Series 2019 Bonds and the City is not obligated to budget and appropriate ad valorem tax revenues for the payment of the Series 2019 Bonds.

Non-ad valorem revenues of the City may be pledged, subject to certain limitations disclosed herein, for the payment of debt obligations of the City. Such non-ad valorem revenues include a broad

category of revenues, including, but not limited to, revenues received from the State, investment income and income produced from certain services and facilities of the City, as described below.

As more fully described herein under "SECURITY FOR THE SERIES 2019 BONDS," the City has covenanted and agreed in the Bond Resolution, subject to certain restrictions and limitations, to appropriate sufficient Non-Ad Valorem Revenues in each year to pay debt service on the Series 2019 Bonds. The holders of the Series 2019 Bonds do not have a lien on any specific Non-Ad Valorem Revenues of the City and the City has certain other debt obligations payable in the same manner as the Series 2019 Bonds.

A large percentage of the revenues of the City, including ad valorem taxes and non-ad valorem revenues, are deposited in the General Fund. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES - General Fund" herein. Furthermore, as described herein under "SECURITY FOR THE SERIES 2019 BONDS," the obligation of the City to budget and appropriate Non-Ad Valorem Revenues is subject to a variety of factors, including the payment of essential governmental services of the City and the obligation of the City to have a balanced budget.

The term "Non-Ad Valorem Revenues" does not include all non-ad valorem revenues of the City, but instead includes only those which are legally available to pay debt service on the Series 2019 Bonds. For the full definition of "Non-Ad Valorem Revenues" under the Bond Resolution, see "SECURITY FOR THE SERIES 2019 BONDS – General" herein and "APPENDIX B – FORM OF BOND RESOLUTION" attached hereto.

The Florida Department of Financial Services has developed, as part of the Uniform Accounting System Manual's Chart of Accounts, six major categories of local government revenues: taxes, intergovernmental revenues, permits, fees and special assessments, charges for services, fines and forfeitures, and miscellaneous revenues. Using that organization, the following describes the sources of the City's Non-Ad Valorem Revenues:

Taxes

Public Service Tax

The "Public Service Tax" (also, commonly referred to as the "Utilities Services Tax" or "Public Services Tax") is imposed by the City pursuant to the Constitution of the State and Section 166.231, Florida Statutes and other applicable provisions of law. Florida law authorizes any municipality in the State to levy a public service tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Services competitive with those enumerated in the previous sentence, as defined by ordinance, shall be taxed on a comparable base at the same rates.

Pursuant to Ordinance No. 708 enacted by the City on September 19, 1984, as amended and supplemented including by Ordinance No. 1481 enacted by the City on May 5, 2004, as amended and supplemented (the "Public Service Tax Ordinance") the City levies a public service tax on the purchase of electricity, metered or bottled gas and water service at a rate equal to 10 percent of the charge made by the seller of such service. The City currently levies the Public Service Tax at the maximum rates permitted by Florida law.

Florida law provides that a municipality may exempt from the public service tax the first 500 kilowatts of electricity per month purchased for residential use, metered on bottled gas or fuel oil for agricultural purposes, purchases of electricity, natural gas, liquefied petroleum gas or manufactured gas by industrial customers for use in industrial manufacturing or processing facilities in the City and electrical energy used in a facility located in a designated enterprise zone. The City has not adopted any such

exemptions but it does exempt purchases by the United States Government, the State, Broward County, Florida (the "County"), the City, their agencies, boards, commissions and authorities and school districts, from the levy of such tax, as well as purchases by all other governmental entities and all religious entities. In addition, purchases of natural gas or fuel oil by a utility either for resale or for use as fuel in the generation of electricity are exempt, as is the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines. The foregoing exemptions are required by Florida law.

The Public Service Tax shall not be applied against any fuel adjustment charge. The term "fuel adjustment charge" means all increases in the cost of utility services to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

The Public Service Tax must be collected by the seller from purchasers at the time of sale and remitted to the City on a monthly basis. Taxes on most utility services are separately itemized on the bill rendered to customers, but separate disclosure is not required. A failure by a consumer to pay that portion of the bill attributable to the Public Service Tax may result in a suspension of the service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

The amount of Public Service Tax collected by the City may fluctuate as the price of fuel, gas, electricity and the other services subject to the Public Service Tax fluctuates and a sustained increase in the price thereof may have an adverse effect on the amount of Public Service Tax collected.

Local Communications Services Tax

The Communications Services Tax Simplification Law, codified in part as Chapter 202, Florida Statutes (the "CSTA") established, effective October 1, 2001, a communications services tax on the sale of "communications services" as defined in the CSTA ("Communications Services"). Section 202.19, Florida Statutes, authorizes counties and municipalities to levy a discretionary communications services tax (the "Communications Services Tax") on Communications Services that originate or terminate in the State and are charged to a service address in the municipality, the revenues from which may be pledged for the repayment of current or future bonded indebtedness. Pursuant to Section 202.20, Florida Statutes, and as a result of the City's election pursuant to Resolution No. 2822 adopted by the Commission on June 14, 2001 the Communications Services Tax is levied by the City on Communications Services at a rate of 5.42%, commencing October 1, 2002.

Communications Services are defined in the CSTA to include the transmission, conveyance or routing of voice, data, audio, video or any other information or signals, including video services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code, or protocol of the content for purposes of transmission, conveyance, or routing without regard to whether such service is referred to as voice-over-Internet-protocol services or is classified by the Federal Communications Commission as enhanced or value-added. The term does not include:

- (a) Information services;
- (b) Installation or maintenance of wiring or equipment on a customer's premises;
- (c) The sale or rental of tangible personal property;
- (d) The sale of advertising, including, but not limited to, directory advertising;
- (e) Bad check charges;
- (f) Late payment charges;
- (g) Billing and collection services; and

- (h) Internet access service, electronic mail service, electronic bulletin board service or similar on-line computer services.

The sale of Communications Services to (i) the federal government, or any instrumentality or agency thereof, or any entity that is exempt from state taxes under federal law, (ii) the State or any county, municipality or political subdivision of the State when payment is made directly to the dealer by the governmental entity, and (iii) any home for the aged, educational institution or any religious institution having an established physical place for worship at which nonprofit religious services are regularly conducted, that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended is exempt from the Communications Services Tax. In addition, the Communications Services Tax does not apply to any direct to home satellite service.

The CSTA provides that, to the extent that a provider of Communications Services is required to pay a tax, charge or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the Communications Services Tax, such provider is entitled to a credit against the amount of such Communications Services Tax payable to the State in the amount of such tax, charge or fee with respect to such service or revenue. The amount of such credit is deducted from the amount that the local taxing jurisdiction is entitled to receive.

Providers of Communications Services collect the local Communications Services Tax revenues and may deduct 0.75% of the tax due and accounted for and remitted to the Florida Department of Revenue (the "FDOR") as a collection fee (or 0.25% in the case of providers who do not employ an enhanced zip code database or a database that is either supplied or certified by the FDOR). The communications services providers remit the remaining proceeds to the FDOR for deposit into the Local Communications Tax Clearing Trust Fund (the "Trust Fund"). The FDOR then makes monthly contributions from the Trust Fund to local governments after deducting an administrative fee. The amount deducted for the costs of administration may not exceed 1% of the total revenue generated for all municipalities, counties, and school boards levying the Communications Services Tax.

In 2012, pursuant to Chapter 2012-70, Laws of Florida ("Chapter 2012-70"), a number of provisions regarding the Communications Services Tax were modified, including, but not limited to, provisions regarding the manner in which the communications services tax is levied, definitional changes, including the addition of a definition of "internet access service" and the amendment of the definition of "sales price" to expand the existing provisions relating to what charges a Communications Services dealer may exclude from the taxable sales price of communications services (certain charges may now be excluded if they are separately itemized on a customer's bill, or can be reasonably identified in the seller's books and records), and revision of statutory provisions that govern the liability of a Communications Services Tax dealer regarding underpayment resulting from the dealers assignment of customers to local taxing jurisdictions for the purpose of imposing the Communications Services Tax. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the collection of the Communications Services Tax revenues.

Also impacting the collection of Communications Services Tax revenues are federal laws prohibiting the imposition of taxes on internet access by states and political subdivisions. Pursuant to the Internet Tax Nondiscrimination Act ("ITNA") which was enacted in 1988, "Internet Access" includes telecommunications services (unregulated non-utility telecommunications, such as cable services) purchased, used or sold by a provider of internet access to provide Internet access, including related communication services, such as email and instant messaging. The ITNA, after being extended several times, sunset on December 11, 2015. The U.S. House of Representatives introduced and passed H.R. 235, known as the Permanent Internet Tax Freedom Act (the "Permanent ITFA") to permanently ban the imposition of taxes on state and local Internet Access. The U.S. Senate passed the bill and it became

permanent law when President Obama signed the Trade Facilitation and Trade Enforcement Act of 2015 (Public Law 114-125) in 2016.

Overall, the collection of Communications Services Tax revenues has been negatively impacted by increased use of communication services through non-taxed services such as email, increased use of prepaid cell phones which are not subject to the Communications Services Tax and reductions in the use of landline phones and long distance telephone plans. The amount of Communications Services Tax revenues received by the City is also subject to increase or decrease, the impact of which cannot be predicted, due to (i) increases or decreases in the dollar volume of taxable sales within the City, (ii) legislative changes, and/or (iii) technological advances which could further affect consumer preferences.

Local Business Tax

The "Local Business Tax" (formerly called the "Occupational Tax") includes the business taxes levied and collected by the City pursuant to Chapter 205, Florida Statutes and Article II, Section 18 of the City Code. Section 205.042, Florida Statutes authorizes the City to levy a business tax for a person to engage in, conduct or manage any business, occupation or profession within its jurisdiction. The tax must be based upon reasonable classifications and must be uniform throughout any class and must comply with various additional limitations. A Local Business Tax is levied by the City in accordance with Ordinances Nos. 543, 969 and 1419 enacted by the City Commission on August 18, 1980, October 2, 1991 and September 4, 2002. Payment is received annually and is due on or before October 1 of each year. The annual fee for the Local Business Tax varies depending on the nature of the business.

Intergovernmental Revenues

All revenues received by a local unit from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes would be included in the intergovernmental revenues category. The category is further classified into eight subcategories: federal grants, federal payments in lieu of taxes ("PILOT"), state grants, state shared revenues, state PILOT, local grants, local shared revenues, and local PILOT. If a particular grant is funded from separate intergovernmental sources, then the revenue is recorded proportionately. The largest component is the Local Government Half-Cent Sales Tax.

Local Government Half-Cent Sales Tax

Pursuant to Chapter 212, Part I, Florida Statutes, as amended, the State is authorized to levy and collect a sales tax on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances as set forth in Chapter 212. Chapter 212 was amended in 1982 by Chapter 82-154, Laws of Florida, to increase the sales tax from 4% to 5% and Chapter 218, Florida Statutes, as amended, was amended to add Part VI thereto entitled "Participation In Half-Cent Sales Tax Proceeds." Pursuant to Chapter 218, Part VI, which became effective October 1, 1982, one-half of the net additional taxes remitted to the State of Florida pursuant to Chapter 82-154, Laws of Florida, by a sales tax dealer located within a county is required to be deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Local Government Half-Cent Sales Tax Trust Fund") and earmarked for distribution to the governing body of that county and of each municipality within the county pursuant to a distribution formula. Such monies are referred to in Chapter 218, Part VI, as the Local Government Half-Cent Sales Tax (the "Half-Cent Sales Tax"). The Half-Cent Sales Tax is distributed from the Local Government Half-Cent Sales Tax Trust Fund on a monthly basis to participating units of local government. In 1987, Chapter 212 was amended to increase the sales tax from 5% to 6% (currently 5.7% for tax on rental of real property); with certain adjustments the amount to be transferred under Chapter 218 was correspondingly increased.

The Half-Cent Sales Tax collected within a county and distributed to local government units is distributed among the county and the municipalities therein in accordance with the following formula:

$$\begin{array}{l} \text{County Share} \\ \text{(\% of total Half-Cent Sales Tax receipts)} \end{array} = \frac{\text{(Unincorporated Area Population) + (2/3 Incorporated Area Population)}}{\text{(Total County Population) + (2/3 Incorporated Area Population)}}$$

$$\begin{array}{l} \text{Each Municipality Share} \\ \text{(\% of total Half-Cent Sales Tax receipts)} \end{array} = \frac{\text{Municipality Population}}{\text{(Total County Population) + (2/3 Incorporated Area Population)}}$$

To be eligible to participate in the Local Government Half-Cent Sales Tax program, the City must meet certain eligibility requirements. Otherwise, the City may lose its Local Government Half-Cent Sales Tax Trust Fund distributions for 12 months following a "determination of non-compliance" by the Florida Department of Revenue. The City is required to have:

- (i) reported its finances for its most recently completed fiscal year to the State Department of Financial Services as required by Florida law;
- (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;
- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of three (3) mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such three (3) mill ad valorem tax, to have received a remittance from the county pursuant to a municipal services benefit unit, collected an occupational license tax, utility tax, or ad valorem tax, or have received revenue from any combination of those four sources;
- (iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation;
- (v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation;
- (vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and
- (vii) certified to the Florida Department of Revenue that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law.

The City has complied with all of the requirements set forth in Chapter 218, Part VI, including the filing of a certificate of compliance with the Florida Department of Revenue, which is necessary in order for the City to receive its portion of funds from the Local Government Half-Cent Sales Tax Trust Fund during the Fiscal Year ended September 30, 2018 and expects to take all action in order for the City to receive its portion of funds from the Local Government Half-Cent Sales Tax Trust Fund during the Fiscal Year ended September 30, 2019 and thereafter.

Recent Legislation

The State Legislature passed CS/HB 7087 ("CS/HB 7087") during its 2018 session that went into effect on July 1, 2018. Among other things, CS/HB 7087 implemented new, extended, or expanded sales

tax exemptions for: sales tax credits for contributions to the Gardiner Scholarship and Florida Tax Credit Scholarship programs; certain generators for nursing homes and assisted living facilities; certain purchases of agriculture related fencing materials and building materials for repair of storm damage from Hurricane Irma. Additionally, CS/HB 7087 added sales tax holidays including: a ten-day "back to school" holiday for clothing, footwear, school supplies and computers; and three seven-day "disaster preparedness" holidays for sales of specified items related to disaster preparedness. The City does not expect CS/HB 7087 will have an adverse impact on its ability to pay debt service on the Series 2019 Bonds.

Proposed Legislation

The State Legislature recently passed and the State's Governor approved CS/HB 7123 ("CS/HB 7123") during its 2019 session and became effective on May 15, 2019. Among other things, CS/HB 7123 implemented a temporary three-day "back-to-school" holiday for certain clothing, school supplies, and personal computers, and a permanent seven-day "disaster preparedness" holiday for specified disaster preparedness items. The City cannot determine at this time what the fiscal impact will be to the City's Half-Cent Sales Tax Revenues, if any. However, the City does not expect it will have an adverse impact on its ability to pay debt service on the Series 2019 Bonds.

Communications Service Tax Deposited Into Trust Fund

As of October 1, 2001, the Trust Fund began receiving a portion of certain taxes imposed by the State on the sales of communication services (the "State CST Revenues") pursuant to Chapter 202, Florida Statutes (the "CSTA"). Pursuant to the CSTA, the State is authorized to levy and collect a sales tax on every person who engages in the business of selling communications services at retail in the State, subject to certain exceptions and dealer allowances as set forth in Chapter 202, Florida Statutes. Accordingly, moneys distributed from the Trust Fund now consist of funds derived from both Half-Cent Sales Tax proceeds and State CST Revenues required to be deposited into the Trust Fund. For Fiscal Year ended 2018, 5.24% of the distribution to the City from the Trust Fund is expected to be derived from State CST Revenues. The amount of State CST Revenues deposited into the Trust Fund is subject to change based on changes to the CSTA and changes in population.

Legislative Developments Effecting the Share of CST Revenues in the Trust Fund

On June 16, 2015, Governor Scott signed into law House Bill 33A ("HB 33A"), relating to taxation. Among the several provisions contained in HB 33A are expanded sales tax exemptions and a reduction in the State CST Revenues. As mentioned, some of the moneys distributed from the Trust Fund include State CST Revenues. The City cannot determine at this time what the fiscal impact will be to the City's Half-Cent Sales Tax Revenues, but it does not believe that it would have a material adverse impact on the City's receipt of Half-Cent Sales Tax Revenues.

The amount of Half-Cent Sales Tax Revenues distributed to the City is subject to increase or decrease due to (1) more or less favorable economic conditions, (2) increases or decreases in the dollar volume of taxable sales within the County, (3) legislative changes relating to which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Sales Tax Trust Fund and (4) other factors which may be beyond the control of the City, including but not limited to increasing use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State and then distributed to the City. In addition, the share of the Half-Cent Sales Tax Revenues collected within the County which is to be distributed to the City will be affected by changes in the relative populations of the unincorporated and incorporated areas within the County, whether by annexation of unincorporated portions of the County by the City and other cities within the County, or incorporation of new municipalities or general changes in populations.

State Revenue Sharing

A portion of the sales and use taxes levied and collected by the State is shared with local governments under provisions of Chapter 218.215, Florida Statutes and is deposited by FDOR into the State Revenue Sharing Trust Fund for Municipalities (the "Revenue Sharing Trust Fund"). The amount deposited by the FDOR into the Revenue Sharing Trust Fund is 1.3653% of available sales and use tax collections after certain required distributions and the net collections from the one-cent municipal fuel tax. Effective January 1, 2014, the 12.5% of the Florida alternative fuel user decal fee program was repealed and therefore no further revenues from such program will be deposited into the Revenue Sharing Trust Fund. Beginning January 1, 2024, the Revenue Sharing Trust Fund will receive 25% of the four-cent fuel tax on natural gas used as motor fuel. Amounts distributed to municipalities from the Revenue Sharing Trust Fund are referred to herein as "Revenue Sharing Trust Funds."

The amount of the Revenue Sharing Trust Funds distributed to any one municipality is the average of three factors: an adjusted population factor; a sales tax collection factor, and a relative revenue-raising ability factor. The adjusted population factor means the proportion of the municipality's population to the total population of all eligible municipalities in the State, as adjusted by certain statutorily set factors. The sales tax collection factor means the proportion of the sales tax collected within a municipality to the total sales tax collected within all eligible municipalities in the State, as determined by allocating sales tax collected within the county to the municipality on the basis of the proportion of the municipality's population to the total population of the county. The revenue-raising ability factor means the municipality's ability to raise revenue relative to other eligible municipalities in the State, based upon the population of the given municipality and its assessed property values.

Each eligible municipality is entitled to receive a minimum amount of Revenue Sharing Trust Funds, known as the "guaranteed entitlement" which is defined in the Chapter 218.21, Florida Statutes, Revenue Sharing Act as that amount of revenue which a municipality shall receive from the Revenue Sharing Trust Fund in any Fiscal Year equal to the aggregate amount it received from the State in the Fiscal Year ended June 30, 1972 from certain then existing taxes on cigarettes, roads and motor fuels (the "Guaranteed Entitlement"). Next, the revenues are adjusted so that all municipalities receive at least their minimum entitlement, which means the amount of revenue necessary for a municipality to meet its obligations as the result of pledges, assignments, or trusts entered into that obligated Revenue Sharing Trust Fund monies (the "Minimum Entitlement"). Finally, after making these adjustments, any remaining monies in the Revenue Sharing Trust Fund are distributed on the basis of the additional money of each qualified municipality in proportion to the total additional money for all qualified municipalities (the "Growth Monies").

To be eligible for distributions from the Revenue Sharing Trust Fund funds beyond the Minimum Entitlement in any Fiscal Year, a local government must have:

- (i) reported its finances for its most recently completed fiscal year to the Florida Department of Financial Services as required by Florida law;
- (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;
- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of three mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such three mill ad valorem tax, to have received a remittance from the county pursuant to a municipal services benefit unit, collected an occupational license tax, utility tax, or ad valorem tax, or have received revenue from any combination of those four sources;

- (iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation;
- (v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation;
- (vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and
- (vii) certified to the FDOR that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law.

Eligibility is retained if the local government has met eligibility requirements for the previous three years, even if the local government reduces its millage or utility taxes because of the receipt of the Revenue Sharing Trust funds.

Funds derived from the municipal fuel tax on motor fuel that comprise a portion of the moneys deposited into the Revenue Sharing Trust Fund for Municipalities may only be used to pay debt service allocable to transportation-related expenditures, including transportation facilities and road and street rights-of-way; construction, reconstruction, and maintenance of roads, streets, bicycle paths, and pedestrian pathways; adjustment of city-owned utilities as required by road and street construction; and construction, reconstruction, transportation-related public safety activities, maintenance, and operation of transportation facilities. None of the proceeds of the Series 2019 Bonds are allocable to transportation projects and therefore the portion of the municipal fuel tax comprising the Revenue Sharing Trust Funds is not available to pay debt service on the Series 2019 Bonds.

For the State's 2018 fiscal year, approximately 76.40% of the deposits of the Revenue Sharing Trust Fund for Municipalities were from sales and use tax, and 23.60% were from the municipal fuel tax.

The City has complied with all requirements to be eligible to receive Revenue Sharing Trust Funds beyond the Minimum Entitlement during the Fiscal Year ended September 30, 2018 and plans to take all actions to remain eligible to receive Revenue Sharing Trust Funds beyond the Minimum Entitlement during the Fiscal Year ended September 30, 2019 and thereafter.

Permits and Fees

These are revenues derived from the issuance of licenses and permit fees.

Franchise Fees

Franchise fees are derived from revenues by the City pursuant to franchise agreements that the City entered into with private entities to provide certain services within the jurisdiction of the City. Such services may include electric, gas, water, telephone, cable television, towing and rolloff container services. Section 337.401, Florida Statutes, also authorizes the City to grant public rights-of-way for the placing and maintaining along, across or on any road or publicly owned rail corridor within the jurisdiction of the City, electric transmission or other communication service lines or poles or pipelines, fences, gasoline tanks and pumps or other structures for any "utility," in accordance with Section 337.401, Florida Statutes. The City is authorized to charge franchise fees in connection with the granting of such public rights-of-way in accordance with Section 337.401, Florida Statutes and its Chapter. The City currently levies franchise fees on electricity, natural gas, sanitation, bus bench, resource recovery host and towing services.

Electric Franchise Fee

Pursuant to Ordinance No. 1613 enacted by the Commission on August 6, 2008 (the "Electric Franchise Ordinance"), as amended, the City granted an electric franchise to Florida Power and Light

Company (the "Company"), and its successors and assigns. The Electric Franchise Ordinance granted a 30-year electric franchise to the Company, which consists of the non-exclusive privilege of constructing, maintaining and operating in streets, rights of way and other public places in the City, electric light and power facilities for the purpose of supplying electricity to the City, its inhabitants and persons and corporations beyond the City limits. The Company is a subsidiary of Juno Beach, Fla.-based NextEra Energy, Inc. The 30-year franchise will expire August 6, 2038, unless extended by the City and the Company.

The Electric Franchise Ordinance requires an annual payment equal to 5.9% of the revenues derived by the Company, which is inclusive of the amount of all licenses, excises, fees, charges and other impositions of any kind whatsoever (except ad valorem property taxes and non-ad valorem tax assessments on property) levied or imposed by the City against the Company's property, business or operations and those of the Company's subsidiaries, less actual write-offs, from the sale of electrical energy to residential, commercial and industrial customers within the corporate limits of the City for the monthly billing period ending 60 days prior to each scheduled monthly payment, subject to final adjustment at the end of each Fiscal Year. Certain revenues of the Company are not included in the franchise fee calculation described above, including but not limited to, (a) revenues from the sale of electrical energy serving public ways and areas; (b) revenues from services to areas with eligibility restricted to government entities; (c) revenues from services to railroads and railways; (d) revenues from sales to other utilities for resale purposes; (e) franchise fees; (f) late payment charges; (g) collection charges and (h) other service charges. The City has agreed not to engage in the business of distributing and selling electricity during the life of the franchise in competition with the Company. If the Company fails to comply with the terms of the franchise, the City has the power to terminate the franchise, but the Company has six months after final determination of default by a court of competent jurisdiction within which to cure its default.

The Electric Franchise Ordinance provides that if the City grants a right, privilege or franchise to any other person or otherwise enables any other such person to construct, operate or maintain electric light and power facilities within any part of the incorporated areas of the City in which the Company may lawfully serve or compete on terms and conditions which the City determines are more favorable than the terms in the Electric Franchise Ordinance, the Company, upon providing the City 60-days advanced notice in writing of its intent, may terminate the franchise if such terms and conditions are not remedied within 60 days.

The Company may, pursuant to the Electric Franchise Ordinance terminate the franchise if, as a consequence of any legislative, regulatory or other action by the United States of America or the State of Florida (or any department, agency, authority, instrumentality or political subdivision of either), any person is permitted to provide electric service within the incorporated areas of the City to a customer then being served by the Company, or to any new applicant for electric service within any part of the incorporated areas of the City in which the Company may lawfully serve, and the Company determines that such competition would place it at a competitive disadvantage, the Company must provide the City with 90-days advanced written notice of its intent to terminate the franchise, and upon receipt of such notice, the City has 90 days in which to correct or remedy the competitive disadvantage.

The failure on the part of the City to comply in substantial respect with any of the provisions of the Electric Franchise Ordinance will be grounds for forfeiture, but no forfeiture shall take effect if the reasonableness or propriety thereof is protested by the City until there is final determination (after the expiration or exhaustion of all rights of appeal) by a court of competent jurisdiction that the City has failed to comply in substantial respect with any of the provisions of the franchise, at which time the City shall have six months after to cure the default before a forfeiture shall result with the right of the Company at its discretion to grant such additional time to the City for compliances as the case may require. In addition, failure on the part of the City to comply in substantial respect with any of the provisions of the Electric Franchise Ordinance, including but not limited to: (a) denying the Company use of public rights-of-way for reasons other than unreasonable interference with motor vehicular traffic; (b) imposing conditions for

use of public rights-of-way contrary to Florida law or the terms and conditions of the franchise; (c) unreasonable delay in issuing the Company a use permit, if any, to construct its facilities in public rights-of-way, shall constitute a breach of the franchise and entitle the Company to withhold all or part of the payments required of it under the Electric Franchise Ordinance until such time that a court of competent jurisdiction has reached a final determination in the matter.

The amount of electric franchise revenues collected by the City may be affected by changes in the electric utility industry. The electric utility industry in general has been, and in the future may be, affected by a number of factors which could have a material adverse impact upon the cost of providing power and the rates charged to its customers, and the financial condition of the Company. Such factors include, among others: (i) effects of inflation on the operating and maintenance costs of an electric utility and its facilities, (ii) increases in costs and uncertain availability of capital for renewal and replacement costs of fixed assets, (iii) shifts in the availability and relative costs of different fuels, (iv) effects of compliance with rapidly changing environmental, safety, licensing and regulatory requirements, (v) changes resulting from conservation and demand side management programs on the timing and use of electric energy, and (vi) changes that might result from a national energy policy and regulation of electric industry. Any of these factors, among others, could have a material adverse effect on the financial condition of any electric utility and likely would affect individual utilities in different ways. In turn, these factors could increase the rates charged to its customers (subject to any required regulatory approvals) and result in a reduction in the electric franchise revenues collected based upon a reduction in the use of electric power. The City does not have control over changes in the rates charged, including a reduction in such rates, which could affect the electric franchise revenues collected. The Electric Franchise Fee Ordinance is subject to amendment and termination upon the occurrence of certain covenants.

The City has pledged the revenues derived from the Electric Franchise Ordinance to its Capital Improvement Revenue Refunding Bonds, Series 2017. See "OUTSTANDING DEBT SECURED BY OR PAYABLE FROM NON-AD VALOREM REVENUE SOURCES" herein.

Other Franchise Fees

The City has adopted an ordinance granting Peoples Gas System, a division of Tampa Electric Company ("PGS") a non-exclusive franchise for the provision of natural gas service within the City pursuant to which PGS pays the City six percent of PGS's gross revenue as set forth in the ordinance. The agreement expires in December 2038.

The City has entered into an agreement with Waste Pro of Florida, Inc. ("Waste Pro") for the solid waste and recycling collection and disposal pursuant to which Waste Pro pays the City a twenty percent franchise fee, subject to certain adjustments, as set forth in the agreement. The agreement expires May 31, 2021.

The City has entered into an agreement with Reuter Recycling of Florida, Inc. ("Reuter") for disposal of waste within the City pursuant to which Reuter pays the City host fees in base amount of \$450,000 per year plus additional amounts based on each ton of solid waste in excess of 105,000 annually, a host fee of \$1.50 per ton for all third party waste delivered to Reuter and an enhanced host fee of \$750,000 per year, all subject to adjustment as set forth in the agreement. The agreement with Reuters expires July 2022 but may be renewed for additional terms by mutual written agreement.

The City has entered into an agreement with Martin-Gold Coast, LLC ("Martin") to provide for bus bench and shelter installation and advertising pursuant to which Martin pays the City \$132,000 or 17% of Martin's gross revenue, whichever is greater, each year (subject to adjustment upon the addition of bus benches and shelters). The agreement with Martin expires July 2023 but may be renewed for one additional five year term under the terms of the agreement.

The City has entered into an agreement with Bazin Corporation d/b/a A&B Towing Service (the "Towing Service") to provide vehicle towing within the City pursuant to which the Towing Service pays \$205,000 per year to the City. The agreement with Towing Service expires in July 2021 but may be extended for two additional three year terms under the terms of the agreement.

Building Fee Revenues

In accordance with Chapter 150 of the City's Code of Ordinances, the City collects permit fees on the construction and improvements made to all buildings, structures, electrical, plumbing, mechanical and gas systems within the City. The fees for each permit are required to be paid at the time of filing the application for such permit.

Charter School Revenues

The City has entered into three charters with The School Board of Broward County, Florida for charter schools (the "Traditional Charter Schools") and a charter agreement with Florida State University for a charter school (the "Charter Lab School"). The charters provide the basis for the Traditional Charter Schools and the Charter Lab School to receive a substantial portion of their revenues. A charter public school has no taxing power and may not charge tuition or registration fees (except those normally charged by a public school) to a student attending the school and, with respect to the Charter Lab School, a student activity and service fee. The City owns the real property on which each of the Traditional Charter Schools and Charter Lab School are located and has entered into leases with each of the Charters Schools and Charter Lab School. The term of each lease is for one year. Each lease will be renewed for an additional year so long as the City operates each of the Traditional Charter Schools and Charter Lab Schools. No less frequently than annually, and prior to the commencement of each fiscal year of a Charter School and the Charter Lab School, the City must establish the lease charges with respect to the use of the facilities of the Traditional Charter Schools and Charter Lab School. The revenues of the Traditional Charter Schools and Charter Lab School are used to pay the lease payments.

The operations of the Traditional Charter Schools and the Charter Lab School are dependent on sufficient demand for such facilities, adequate revenues from enrollment at the facilities and control of expenses. The failure of the Traditional Charter Schools or the Charter Lab School to meet the requirements of their respective charters or state or federal laws could result in the termination of the applicable charter and would have a material adverse effect on the ability of the Traditional Charter Schools and the Charter Lab School to make lease payments.

Charter School Lease Revenues were historically transferred to the City from the Traditional Charter Schools and the Charter Lab School to pay debt service on the Refunded Bonds which were issued to finance improvements to such charter schools. To the extent available, the City anticipates continuing making such transfers in amounts sufficient to pay debt service on the Series 2019 Bonds, however such transfers are discretionary and there is no obligation of the City to continue making such transfers.

Charges for Services

All revenues resulting from a local unit's charges for services are reflected in this category and include those charges received from private individuals or other governmental units. The following functional areas include such charges:

- General government – document reproduction fees, sales of maps & publications
- Public safety – fees for police and fire protection services
- Planning and zoning – administrative fees for zoning changes and planning reviews
- Indirect services – fees associated with services provided to City Proprietary Funds
- Transportation and parking – including parking fees and decals

- Recreation and culture – fees for special events, and parks and recreation activities such as athletics programs and swimming pool usage
- Other – fees for services not specifically mentioned above

Fines and Forfeitures

Fines and forfeitures reflect those penalties and fines imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Forfeitures include revenues resulting from parking and court fines as well as proceeds from the sale of contraband property seized by law enforcement agencies.

Miscellaneous Revenues

This category includes a variety of revenues and transfers from other funds, including:

- Interest earnings
- Gains (or losses) on sale of investments
- Rents and royalties
- Disposition of fixed assets
- Sales of surplus materials and scrap
- Contributions from private sources

Interfund Transfers

Transfers from Other Funds

Except to the extent that funds accounted for in the City's proprietary funds, such as the water and sewer funds are transferred to the General Fund, such funds and the revenues on deposit therein will not be available to pay debt service on the Series 2019 Bonds.

Non-Ad Valorem Revenue Collections

The following table represents the City's determination of Non-Ad Valorem Revenues for the City's Fiscal Years ended September 30, 2014 through September 30, 2018 (excludes Non-Ad Valorem Revenues of the City which are not legally available to pay debt service on the Series 2019 Bonds) that are on deposit in the City's General Fund. Additional Non-Ad Valorem Revenues may be available to pay debt service that are not deposited in the City's General Fund. The availability of Non-Ad Valorem Revenues available to pay debt service on the Series 2019 Bonds, as needed, is limited by the City's obligations to adopt a balanced budget, funding requirements for essential governmental services of the City and other limitations on the collection, appropriation or use of non-ad valorem funds of the City. Unless otherwise expressly noted in the following table, no attempt has been made to quantify what portion of the non-ad valorem funds of the City will be affected by such limitations.

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CITY OF PEMBROKE PINES, FLORIDA
LEGALLY AVAILABLE NON-AD VALOREM REVENUES⁽¹⁾

Revenues:	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Taxes:					
Public Service Tax-Electric	\$11,452,361	\$11,002,694	\$10,772,091	\$10,617,674	\$10,461,326
Public Service Tax-Water	2,483,104	2,054,780	1,980,528	2,008,862	1,961,101
Communication Services Tax	5,131,400	5,254,642	5,545,281	6,197,471	6,350,145
Local Business Tax	3,609,836	3,541,780	3,455,361	3,378,223	3,272,689
Intergovernmental Revenues:					
Local Government Half-Cent Sales Tax	11,186,202	10,521,234	10,400,007	10,013,065	9,526,264
Sharing Trust Funds	4,386,162	4,152,629	3,897,200	3,747,868	3,362,805
Permits, Fees, and Licenses:					
Franchise Fees-Electric	8,419,672	8,507,143	8,292,391	8,577,201	8,529,691
Franchise Fees-Other ⁽²⁾	5,233,405	5,015,156	4,841,470	4,691,111	4,672,392
Building Permits	1,236,657	1,003,703	828,672	999,476	482,875
Charter School Revenues ⁽³⁾	4,781,807	4,989,068	5,195,734	5,139,170	5,225,454
Charges for Services:					
General Government	15,987,248	15,388,183	15,113,316	15,449,416	15,275,231
Public Safety	6,403,400	5,977,967	5,640,502	5,576,048	5,486,888
Culture/Recreation	8,665,554	8,229,551	8,475,914	8,641,965	8,604,514
Miscellaneous Revenues:					
Investment Income ⁽⁴⁾	1,261,546	388,565	1,048,949	553,530	393,696
Rental revenue ⁽⁵⁾	5,791,939	5,306,644	5,024,679	4,449,966	4,268,096
Total Sources of Legally Available Non-Ad Valorem Revenues	\$96,030,293	\$91,333,739	\$90,512,095	\$90,041,046	\$87,873,167

- (1) The table above includes a general description of Non-Ad Valorem Revenues that are legally available to pay debt service on the Series 2019 Bonds, certain of which revenues have been pledged to secure other indebtedness of the City. Certain other Non-Ad Valorem Revenues may be received by the City that are not reflected in the table above as such revenues are considered restricted for certain purposes, and would not be available for payment as debt service on the Series 2019 Bonds.
- (2) Includes franchise fees on natural gas, sanitation, bus bench, resource recovery host fee and towing services.
- (3) Shows historical amounts transferred from Charter School Lease Revenues to pay debt service on the Refunded Bonds which were issued to finance improvements to the Charter Schools. To the extent available, the City anticipates continuing making such transfers in amounts sufficient to pay debt service on the Series 2019 Bonds, however such transfers are discretionary and there is no obligation of the City to continue making such transfers. See "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES - Permits and Fees - Charter School Revenues" herein.
- (4) To the extent investment income are earnings on investment held to the credit of funds that are not legally available to pay debt service on the Series 2019 Bonds, such investment earnings will not constitute Non-Ad Valorem Revenues.
- (5) Rental revenue excludes revenues of the Senior Housing Facilities which are not legally available.

Source: Finance Department, City of Pembroke Pines, Florida

General Fund

The General Fund is the general operating fund of the City. It accounts for all financial resources except for those required to be accounted for in another fund. The largest source of revenue in this fund is ad valorem taxation (ad valorem taxes are not legally available to pay debt service on the Series 2019 Bonds). Revenues deposited in the General Fund do not directly correspond to the Non-Ad Valorem Revenues from which debt service on the Series 2019 Bonds is payable as some General Fund revenues are not legally available to pay debt service on the Series 2019 Bonds and some Non-Ad Valorem Revenues are not deposited into the General Fund. Operations are removed from the General Fund only when they are deemed to be true enterprise operations. Additionally, certain Governmental Fund Revenues, which may include Non-Ad Valorem Revenues may not be accounted for in the General Fund.

Although the Series 2019 Bonds are not payable from ad valorem taxation, in Fiscal Year 2018 approximately 39% of General Fund revenues (excluding transfers into the General Fund from other funds and accounts of the City) which are collected by the City came from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues or non-ad valorem revenues is adversely affected, a larger portion of non-ad valorem revenues would be required to balance the budget and provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are mandated by applicable law. See the caption "FLORIDA CONSTITUTIONAL LIMITATIONS AND PROPERTY TAX REFORM" in APPENDIX A attached hereto for a discussion of the City's ad valorem taxation authority and statutory limitations. As described above, the limitations on the City's ad valorem taxing authority could adversely impact the availability of Non-Ad Valorem Revenues available to pay debt service on the Series 2019 Bonds.

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The following chart shows information regarding the Governmental Fund Revenues for the City's Fiscal Years ending September 30, 2014 through September 30, 2018:

**CITY OF PEMBROKE PINES, FLORIDA
GOVERNMENTAL FUND REVENUES AND EXPENSES**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES					
Property Taxes	\$ 70,531,487	\$ 65,813,501	\$ 61,226,024	\$ 56,921,852	\$ 53,606,532
Utility taxes	14,165,682	13,284,313	12,995,837	12,865,364	12,655,027
Communications services tax	5,131,400	5,254,642	5,545,281	6,197,472	6,350,145
Insurance premium taxes	2,485,959	2,420,304	2,445,532	2,470,921	2,629,081
Local option, use and fuel taxes	2,956,209	2,954,782	2,868,929	2,780,280	2,682,012
Local business tax	3,609,836	3,541,780	3,455,361	3,378,223	3,272,689
Special assessments	24,868,419	23,141,007	23,134,760	22,179,789	22,212,257
Permits, fees and licenses	19,749,605	18,744,385	18,024,711	18,266,865	17,606,785
Intergovernmental	68,955,406	69,016,566	65,741,161	62,616,021	59,602,343
Charges for services	32,706,342	31,187,238	30,776,622	31,143,921	30,900,561
Fines and forfeitures	1,403,701	990,113	1,627,353	1,924,777	1,522,857
Investment income	1,644,759	762,104	1,451,836	(43,581)	717,564
Contributions	12,421,391	1,869,826	2,111,449	1,417,371	2,277,717
Rental revenue	14,678,948	25,285,587	25,365,440	24,599,904	25,537,050
Other	2,061,693	1,983,259	1,879,427	1,818,498	1,793,160
TOTAL REVENUES	<u>277,370,837</u>	<u>266,249,407</u>	<u>258,649,723</u>	<u>248,537,677</u>	<u>243,365,780</u>
EXPENDITURES					
Current:					
General Government	30,841,912	29,705,739	26,676,269	27,672,048	25,685,959
Public Safety	116,296,801	108,208,057	103,334,591	99,510,607	98,070,048
Physical environment	2,983,832	10,281,352	10,292,747	8,021,490	10,284,640
Transportation	6,482,366	10,585,966	6,413,099	6,621,778	8,127,464
Economic environment	9,111,465	8,831,839	8,942,361	8,793,498	10,595,084
Human services	59,653,031	57,692,994	58,288,428	55,650,058	54,231,101
Culture and recreation	18,647,950	37,930,064	44,526,500	14,807,661	11,497,504
Debt Service:					
Principal	12,767,950	12,269,466	11,683,165	11,784,365	10,305,165
Interest	12,662,074	12,593,430	14,496,970	12,601,764	16,231,252
Other debt service costs	3,700	640,794	147,925	702,331	1,622,757
TOTAL EXPENDITURES	<u>269,451,081</u>	<u>288,739,701</u>	<u>284,802,055</u>	<u>246,165,600</u>	<u>246,650,974</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,919,756</u>	<u>(22,490,294)</u>	<u>(26,152,332)</u>	<u>2,372,077</u>	<u>(3,285,194)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,261,598	19,312,919	13,484,656	2,412,504	2,593,289
Transfers out	(3,261,598)	(5,521,576)	(2,422,736)	(2,412,504)	(2,593,289)
Sale of equipment/land	293,463	47,218	3,385,907	7,110,308	-
Refunding bonds issued		63,346,400	7,636,000	76,045,000	108,896,529
Issuance premium on refunding bonds		5,511,204	-	9,830,036	-
Payment to be refunded bond escrow agent		(71,149,279)	(7,565,000)	(75,230,994)	(109,277,444)
TOTAL OTHER FINANCING SOURCES (USES)	<u>293,463</u>	<u>11,546,886</u>	<u>14,518,827</u>	<u>17,754,350</u>	<u>(380,915)</u>
NET CHANGE IN FUND BALANCES	8,213,219	(10,943,408)	(11,633,505)	20,126,427	(3,666,109)
Fund Balances, beginning, as previously reported					
	98,180,268	109,123,676	120,757,181	100,630,754	104,296,863
Fund Balances, ending	<u>\$ 106,393,487</u>	<u>\$ 98,180,268</u>	<u>\$ 109,123,676</u>	<u>\$ 120,757,181</u>	<u>\$ 100,630,754</u>

* Includes ad valorem taxes and other revenues which are not available to pay debt service on the Series 2019 Bonds and all non-ad valorem revenues, including those that are not legally available to pay debt service on the Series 2019 Bonds.

Source: Finance Department, City of Pembroke Pines, Florida

While the table above is not intended to represent revenues of the City which would necessarily be available to pay debt service on the Series 2019 Bonds, they are an indication of the relative amounts of legally available Non-Ad Valorem Revenues of the City which may be available for the payment of principal of and interest on the Series 2019 Bonds taking into account general governmental expenditures. The ability of the City to appropriate Non-Ad Valorem Revenues in sufficient amounts to pay the principal of and the interest on the Series 2019 Bonds is subject to a variety of factors, including the City's satisfaction of funding requirements for obligations having an express lien on or pledge of such revenues and after satisfaction of funding requirements for essential governmental services of the City. No representation is being made by the City that any particular non-ad valorem revenue source will be available in future years, or if available, will be budgeted to pay debt service on the Series 2019 Bonds.

The amounts and availability of any of the non-ad valorem revenues to the City are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem revenues are allocated, including aggressive annexation policies by cities within the County or population changes in the incorporated areas of the County as compared to unincorporated areas could have an adverse effect on non-ad valorem revenues. In addition, the amount of certain of the non-ad valorem revenues collected by the City is directly related to the general economy of the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem revenues collected by the City. The City may also specifically pledge certain of the non-ad valorem revenues or covenant to budget and appropriate legally available non-ad valorem revenues of the City to future obligations that it issues. In the case of a specific pledge, such non-ad valorem revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2019 Bonds.

Classification of Local Government Expenditures; Budgeting and CIP Planning

Classification of Local Government Expenditures

The City classifies its expenditures in accordance with the Uniform Accounting System devised by the Florida Department of Financial Services.

General government expenditures arise from operations of legislative and administrative activities of the local government. These costs are related to operations of the Commission, the City Manager's office, pension benefits, comprehensive planning, financial operations, legal expenses and other general government services.

Public safety expenditures reflect all costs associated with the City's police and fire department operations, as well as emergency disaster relief services and protective inspections.

Physical environment expenditures relate to the City's utilities and garbage/solid waste operations.

Transportation expenditures generally reflect the costs of roads and streets, parking facilities, and the City's Regional Transit System.

Economic environment expenditures include the costs of providing economic development activities, housing opportunities and related programs, and other activities intended to raise the economic status of the citizenry.

Human services expenditures reflect the City's activities related to public assistance and handicapped and similar services.

Culture and recreation expenditures include the City's costs of operating parks and recreation facilities and of offering special events, cultural services and programs and similar services.

Debt service expenditures reflect expenditures for principal, interest and other debt related to local government debt.

Budget

The City's budget is adopted by the Commission no later than September 30 of each year. The City's budget has received the Government Finance Officers Association of the United States and Canada ("GFOA") distinguished budget presentation award for its budget presentations for the last 33 years. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles. The City utilizes the following procedures in establishing the budgetary data reflected in its financial statements:

1. Prior to October 1, the City prepares a proposed operating budget for the subsequent fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain tax payer comment.
3. Prior to October 1, the budget is legally adopted through passage of an ordinance.

Capital Improvement Plan

The City also prepares a five-year capital improvement plan which is updated annually in connection with the adoption of the budget. Proposed projects are prioritized and funds are allocated to projects according to their order of priority. The 5-year capital plans coordinate capital needs and the impact of those capital needs on operating budgets.

OUTSTANDING DEBT SECURED BY OR PAYABLE FROM NON-AD VALOREM REVENUE SOURCES

Debt Secured by a Lien on Non-Ad Valorem Revenues

The obligation of the City to budget and appropriate Non-Ad Valorem Revenues to make payments on the Series 2019 Bonds from its Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues. The City has other indebtedness outstanding which is secured by a lien on and payable from specific Non-Ad Valorem Revenues. Such indebtedness is described below and does not include indebtedness secured only by a lien on and payable from non-ad valorem revenues that are not legally available to pay debt service on the Series 2019 Bonds. Since the Series 2019 Bonds do not have a lien on the Non-Ad Valorem Revenues of the City, the exercise of remedies by the holders of the obligations described below or of obligations hereafter issued which are secured by a lien on certain Non-Ad Valorem Revenues of the City could result in payment of debt service on any such obligations prior to the payment of debt service on the Series 2019 Bonds.

Upon the issuance of the Series 2019 Bonds and refunding to the Refunded Bonds, only the Series 2019 Bonds will be secured by a covenant to budget and appropriate non-ad valorem revenues for the payments thereof. The City subject to compliance with the Bond Resolution, may hereafter provide a covenant to budget and appropriate non-ad valorem revenues for the payment of additional debt incurred by the City. No priority of payment among such obligations is established by the provisions of a covenant

to budget and appropriate non-ad valorem revenues for the payments thereof. See "SECURITY FOR THE SERIES 2019 BONDS - Anti-Dilution Test" herein.

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The following table represents current debt service on obligations with a pledge of non-ad valorem revenues of the City (which does not include the Refunded Bonds, Series 2019 Bonds, enterprise fund debt or general obligation bonds of the City):

CITY OF PEMBROKE PINES, FLORIDA
Schedule of Debt Service on Outstanding Bonds with a pledge of Non-Ad Valorem Revenues as of September 30, 2018⁽¹⁾

Fiscal Y/E Sep 30	Capital Improvement Refunding Series 2010 ⁽²⁾	Taxable Comm. Services Tax Refunding Series 2013 ⁽³⁾	Taxable Comm. Services Tax Refunding Series 2014 ⁽⁴⁾	Public Improvement. Refunding Series 2014 ⁽⁵⁾	Variable Rate Cap. Improvement. Refunding Series 2016 ⁽⁶⁾	Public Improvement. Refunding Series 2016 ⁽⁷⁾	Capital Improvement. Refunding Series 2017 ⁽⁸⁾
2019	\$ 705,234	\$2,841,173	\$ 3,160,801	\$ 2,176,606	\$ 340,869	\$ 3,021,949	\$ 4,570,038
2020	706,283	2,840,187	3,160,213	2,182,106	347,200	3,027,331	4,554,288
2021	706,141	2,837,531	3,156,67	2,180,706	353,365	3,021,895	4,565,988
2022	708,345	2,832,555	3,150,650	2,171,931	361,365	3,023,956	4,542,963
2023	708,938	2,830,701	3,148,094	2,182,431	369,165	3,019,999	4,529,212
2024	707,946	2,823,222	3,149,365	2,175,306	377,766	-	4,532,837
2025	827,893	2,824,932	3,139,715	2,172,681	387,151	-	4,420,962
2026	827,124	2,820,253	3,139,235	2,171,681	396,304	-	4,418,462
2027	829,084	2,818,689	3,132,980	2,172,056	407,224	-	4,412,337
2028	-	2,815,086	3,131,112	2,184,731	417,879	-	2,325,588
2029	-	2,809,437	3,128,153	2,174,953	429,268	-	2,320,463
2030	-	2,802,421	3,128,602	2,176,625	441,375	-	2,345,162
2031	-	2,799,073	3,117,365	2,165,000	454,184	-	2,340,988
2032	-	2,793,378	3,119,832	2,159,875	467,676	-	2,227,800
2033	-	2,789,904	3,116,182	2,155,374	481,837	-	1,195,931
2034	-	2,788,075	3,106,414	2,165,850	495,649	-	1,185,375
2035	-	-	-	2,154,850	511,113	-	1,189,250
2036	-	-	-	-	527,195	-	1,185,500
2037	-	-	-	-	543,878	-	1,189,000
2038	-	-	-	-	560,147	-	-
Total debt service	<u>\$6,726,988</u>	<u>\$45,066,617</u>	<u>\$50,185,387</u>	<u>\$36,922,765</u>	<u>\$8,670,610</u>	<u>\$15,115,130</u>	<u>\$ 58,052,144</u>

- (1) Information regarding each of the sources of pledged revenues can be found in the section captioned "GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES" herein.
- (2) The City of Pembroke Pines, Florida Capital Improvement Revenue Refunding Bonds, Series 2010 are secured by pledged revenues consisting of electric franchise fees.
- (3) The City of Pembroke Pines, Florida Taxable Communication Services Tax Revenue Refunding Bonds, Series 2013 are secured by pledged revenues consisting of communications services taxes and water public service taxes.
- (4) The City of Pembroke Pines, Florida Taxable Communication Services Tax Revenue Refunding Bonds, Series 2014 are secured by pledged revenues consisting of communications services taxes and water public service taxes.
- (5) The City of Pembroke Pines, Florida Public Improvement Revenue Refunding Bonds, Series 2014 are secured by pledged revenues consisting of electric public service taxes.
- (6) Based on the 1.66% seven year term (from September 30, 2016) Direct Purchase fixed rate in effect at the financial statement date (September 30, 2018) per GASB Statement No. 38, paragraph 10. The Variable Rate Capital Improvement Revenue Refunding Bonds (Susan B. Anthony Center), Series 2016 are secured by pledged revenues consisting of electric franchise fees.
- (7) The City of Pembroke Pines, Florida Public Improvement Revenue Refunding Bonds, Series 2016 are secured by pledged revenues consisting of electric public service taxes.
- (8) The City of Pembroke Pines, Florida Capital Improvement Revenue Refunding Bonds, Series 2017 are secured by pledged revenues consisting of electric franchise fees.

LIABILITIES OF THE CITY

General

The City is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets; error and omissions; injuries to employees and natural disasters. The City's self-insurance internal service funds are used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation and general liability, as specified by applicable federal and state statutes.

The laws of the State provide that each city has waived sovereign immunity for liability in tort to the extent provided in Section 768.28, Florida Statutes. The City is therefore liable for tort claims in the same manner and, subject to limits stated below, to the same extent as a private individual under like circumstances, except that the City is not liable for punitive damages or interest for the period prior to judgment. Such legislation also limits the liability of a city to pay a judgment in excess of \$200,000 to any one person or in excess of \$300,000 because of any single incident or occurrence. Judgments in excess of \$200,000 and \$300,000 may be rendered, but may be paid from City funds only pursuant to further action of the Florida Legislature in the form of a "claims bill." Notwithstanding the foregoing, the City may agree, within the limits of insurance coverage provided, to settle a claim made or a judgment rendered against it without further action by the Florida Legislature, but the City shall not be deemed to have waived any defense or sovereign immunity or to have increased the limits of its liability as a result of its obtaining insurance coverage for tortuous acts in excess of the \$200,000 or \$300,000 waiver provided by Florida Statutes. See "LITIGATION" herein.

Defined Benefit Pension Plans

The City sponsors and administers two single-employer defined benefit retirement plans, which are accounted for in separate pension trust funds.

- The Police and Firefighter's Pension Plan
- The General Employees' Pension Plan

For a summary description of each plan and the liabilities of the City associated with such plans, see "APPENDIX A – GENERAL INFORMATION CONCERNING THE CITY OF PEMBROKE PINES, FLORIDA AND BROWARD COUNTY, FLORIDA" under the caption "PENSION PLANS."

Other Post-Employment Benefit Plan

The City provides health insurance, prescription drug coverage and life insurance benefits to its active and retired employees (the "OPEB Plans"). For a summary description of the City's OPEB Plans and the liabilities of the City associated with such plans, see "APPENDIX A – GENERAL INFORMATION CONCERNING THE CITY OF PEMBROKE PINES, FLORIDA AND BROWARD COUNTY, FLORIDA" under the captions "OTHER POST-EMPLOYMENT BENEFIT PLAN."

LITIGATION

There is no litigation of any nature now pending or, to the knowledge of the City, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2019 Bonds or the collection of Non-Ad Valorem Revenues, or in any way contesting or affecting the validity of the Series 2019 Bonds or any proceedings of the City taken with respect to the issuance or sale thereof the financing of the Project or the refunding of the Refunded Bonds. Neither the creation, organization or existence, nor

the title of the present members of the Commission or other officers of the City to their respective offices is being contested.

The City is involved in long-standing litigation with the Town of Southwest Ranches ("SWR") and Corrections Corporation of America ("CCA"), regarding alleged damages each claim they suffered relating to a decision by Immigration Control and Enforcement ("ICE") to not proceed with an immigration processing facility on property previously owned by CCA (now owned by SWR) located within SWR ("CCA Site"). SWR and CCA contend that the City's failure to provide water and sewer services to the CCA Site in 2012 was the cause of the ICE decision. However, ICE has provided a sworn affidavit stating that the decision not to proceed with the facility was because it was not needed at that time. Based upon this affidavit, the City does not believe that a legitimate claim exists for damages by SWR or CCA.

There have been two appellate decisions during the course of the litigation that affect the current posture of the matter. On April 12, 2017, the Florida Fourth District Court of Appeal ("4th DCA"), issued an opinion holding that the City, based on its prior conduct, had a duty to provide water to the CCA Site. On May 29, 2019, the 4th DCA reversed an order of the lower court denying the City's motion to dismiss the state tort claims in CCA's amended counterclaim, and remanded with direction to the trial court to enter a final order dismissing the four state tort claims. On July 19, 2019, CCA's Motion for Rehearing was denied by the 4th DCA. As a result, there is only one count remaining in CCA's counterclaim against the City, a federal claim for equal protection, which the City will continue to vigorously defend.

In April, 2018, the trial court consolidated the previously separate SWR and CCA lawsuits against the City. No trial date has been set for the consolidated case.

The City continues to vigorously defend each of the above described lawsuits on numerous grounds. Potential relief, if granted to CCA and/or SWR, cannot be estimated at this time and could result in damages payable to CCA and/or SWR in a lump sum or periodically that are not covered by insurance, the payment of which could affect the City's ability to satisfy its other general fund liabilities or maintain current reserves. In the event of a judgment against the City in the above described lawsuits, the City anticipates any judgment would be paid from the reserves of the City or other available sources and would not have a material adverse effect on the City.

In addition to the litigation described above, the City experiences routine litigation and claims incidental to the conduct of its affairs. The City carries insurance for most of these exposures, and many pending claims are defended by and, if necessary, are anticipated to be paid by the insurance carriers less the applicable insurance deductible amounts.

TAX MATTERS

Series 2019A Bonds

General. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance of the Series 2019A Bonds in order that interest on the Series 2019A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2019A Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2019A Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2019A Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2019A Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2019A Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2019A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2019A Bonds. Prospective purchasers of Series 2019A Bonds should be aware that the ownership of Series 2019A Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2019A Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2019A Bonds; (iii) the inclusion of interest on the Series 2019A Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Series 2019A Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2019A Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City in the Resolution, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2019A Bonds and of the property financed or refinanced thereby).

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2019A BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE HOLDERS OF THE SERIES 2019A BONDS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE HOLDERS OF THE SERIES 2019A BONDS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds such as the Series 2019A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2019A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2019A Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2019A Bonds and proceeds from the sale of Series 2019A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2019A Bonds. This withholding generally applies if the owner of Series 2019A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2019A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters. During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2019A Bonds. In some cases, these proposals have contained

provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2019A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2019A Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2019A Bonds.

Prospective purchasers of the Series 2019A Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2019A Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount. Under the Code, the difference between the maturity amount of the Series 2019A Bonds maturing on _____ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excluded from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium. The difference between the principal amount of the Series 2019A Bonds maturing on _____ (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Series 2019B Bonds

INTEREST ON THE SERIES 2019B BONDS IS **NOT** EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Except as described herein, Bond Counsel will express

no opinion as to any other tax consequences regarding the Series 2019B Bonds. Holders of the Series 2019B Bonds should consult their tax advisors with respect to the inclusion of interest on Series 2019B Bonds in gross income for federal income tax purposes.

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2019B Bonds by certain persons. The summary is based upon provisions of the Code, the regulations promulgated thereunder and rulings and court decisions now in effect, all of which are subject to change. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2019B Bonds, limited to those persons who hold the Series 2019B Bonds as "capital assets" within the meaning of Section 1221 of the Code. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding the Series 2019B Bonds as a hedge against currency risks or as a position in a straddle for tax purposes, foreign investors or persons whose functional currency is not the U.S. dollar. This summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Series 2019B Bonds. Potential purchasers of the Series 2019B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2019B Bonds.

As stated above, interest on the Series 2019B Bonds is **not** excluded from gross income for federal income tax purposes. Purchasers other than those who purchase the Series 2019B Bonds in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2019B Bonds. Generally, interest paid on the Series 2019B Bonds and recovery of accrued original issue and market discount, if any, will be treated as ordinary income to the Bondholder, and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

Market Discount. If a bondholder purchases the Series 2019B Bonds in the secondary market for an amount that is less than the adjusted issue price of the Series 2019B Bonds, and such difference is not considered to be *de minimis*, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale, exchange or other disposition of the Series 2019B Bonds, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of the sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense intended to carry a market discount bond is limited. Such bondholders should consult their own tax advisors with respect to whether or not they should elect to accrue market discount currently, the determination and treatment of market discount for federal income tax purposes and the state and local tax consequences of owning such Series 2019B Bonds.

Tax Treatment of Bond Premium for the Series 2019B Bonds. If a bondholder purchases a Series 2019B Bond at a cost greater than its principal amount, the bondholder may elect to treat such excess as amortizable bond premium. As the tax accounting treatment of bond premium is complex, such bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Sale, Exchange or Redemption. Upon a sale, exchange or redemption of the Series 2019B Bonds, bondholders will generally realize a capital gain or loss on the Series 2019B Bonds equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the bondholder's adjusted tax basis on the Series 2019B Bonds. The bondholder's adjusted tax basis for the Series 2019B Bonds is the price such owner pays

for the Series 2019B Bonds plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than qualified periodic interest payments) and any amortized bond premium. The legal defeasance of the Series 2019B Bonds may result in a deemed sale or exchange of such bonds under certain circumstances, in which event an owner of the Series 2019B Bonds will also recognize taxable gain or loss as described above. Owners of such Series 2019B Bonds should consult their tax advisors as to the federal income tax consequences of such an event.

Information Reporting and Backup Withholding. The Code subjects certain non-corporate owners of Series 2019B Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2019B Bonds and proceeds from the sale of Series 2019B Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2019B Bonds. This withholding generally applies if the owner of Series 2019B Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2019B Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Nonresidents. Under the Code, interest and original issue discount income with respect to the Series 2019B Bonds held by nonresident alien individuals, foreign corporations and other non-United States persons ("Nonresidents") may not be subject to withholding. Payments on the Series 2019B Bonds to a Nonresident that has no connection with the United States other than holding the Series 2019B Bonds will generally be made free of withholding tax, as long as such holder has complied with certain tax identification and certification requirements. Nonresidents should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2019B Bonds.

The above discussion was written to support the promotion and marketing of the Bonds and was not intended or written to be used, and cannot be used, by a taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

General

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance of the Series 2019 Bonds in order that interest on the Series 2019 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2019 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2019 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2019 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Bond Resolution with respect to the Series 2019 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2019 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2019 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2019 Bonds is not an item of tax preference

for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Series 2019 Bonds may be subject to the federal alternative minimum tax when any Series 2019 Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the Series 2019 Bonds.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should be aware that the ownership of the Series 2019 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2019 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2019 Bonds; (iii) the inclusion of interest on the Series 2019 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Series 2019 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2019 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2019 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2019 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2019 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2019 Bonds from gross income for federal income tax purposes. However, in conjunction with the information reporting requirement, the Code subjects certain non-corporate owners of the Series 2019 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2019 Bonds and proceeds from the sale of Series 2019 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Series 2019 Bonds. This withholding generally applies if the owner of Series 2019 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2019 Bonds may also wish to consult with their

tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2019 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2019 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2019 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2019 Bonds. For example, in connection with the federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2019 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2019 Bonds.

Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2019 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2019 Bonds maturing on October 1, 20__ through and including October 1, 20__ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of such Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2019 Bonds maturing on _____ 1, 2019 through and including _____ 1, 20__ and _____ 1, 20__ through and including _____ 1, 20__ (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which

price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, delivery and sale of the Series 2019 Bonds and with respect to the tax-exempt status of interest on the Series 2019 Bonds are subject to the approving legal opinion of Bryant Miller Olive P.A., Tallahassee, Florida, Bond Counsel. The proposed form of such opinion is included herein as APPENDIX D. The signed legal opinion of Bond Counsel, which will be dated and premised on law in effect on the date of issuance of the Series 2019, may vary from the form attached hereto to reflect facts and law on the date of delivery. Certain other legal matters will be passed upon for the City by its counsel, Goren, Cherof, Doody & Ezrol, P.A., Fort Lauderdale, Florida. Certain legal matters relating to disclosure will be passed upon for the City by Holland & Knight LLP, Fort Lauderdale, Florida, Disclosure Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Bryant Miller Olive P.A., Tampa, Florida.

The legal opinions of counsel are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made to such counsel as of the date thereof and such counsel assumes no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by the expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

INVESTMENT POLICY

Pursuant to Section 218.415, Florida Statutes, the City is authorized to establish a policy for investment of all funds held by or for the benefit of the City, and the City has, by ordinance, established such a policy. Investment of the moneys held in the funds and accounts created under the Bond Resolution is governed by the terms of the Bond Resolution subject to compliance with such policy. See "APPENDIX B – FORM OF BOND RESOLUTION."

The investment policy currently permits the following investments:

(a) The Local Government Surplus Funds Trust Fund and any other investment plan or investment trust developed by the Florida League of Cities, the Florida Association of Counties, the Florida Association of Court Clerks, or similar state or national associations, approved by the City.

(b) Negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government or its agencies, including, but not limited to, U.S. Government Treasury Securities, and Government National Mortgage Association (GNMAs).

(c) Non-negotiable interest-bearing time certificates of deposits or savings accounts in state or federal banks, state or federal savings and loan associations as permitted and/or prescribed by Chapter 280, Florida Statutes.

(d) Government Sponsored Enterprises, including, but not limited to, Federal Farm Credit Banks, Federal Home Loan Bank or its district banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.

(e) Prime commercial paper. Commercial paper having a maturity of 90 days or less shall require one of the following three minimum ratings: A-1, P-1 or F-1, or better as rated by S&P, Moody's and/or Fitch Ratings rating services. Prime commercial paper of U.S. corporations having a maturity in excess of 90 days shall require two of the three above-mentioned ratings.

(f) Repurchase agreements comprised of only those investment instruments as otherwise authorized by the investment policy.

(g) State or local government taxable and tax exempt debt, general obligation and/or revenue bonds rated at least "A3" by Moody's or "A-" by S&P for long-term debt or rated at least "MIG-2" by Moody's or "SP-2" by S&P for short-term debt.

(h) Securities or, other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio meets the City's investment policy.

(i) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. The funds must be in compliance with Title 17, Part 270, Section 2a-7 of the Federal Code of Regulations (Appendix B).

(j) U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets having two of the following three minimum ratings: BBB, Baa2, or BBB, as rated by S&P, and/or Moody's, and/or Fitch Ratings. However, if such obligations are rated by only one rating service, then such rating shall be at least A-, A3, or A- by S&P, or Moody's or Fitch Ratings.

(k) Real estate, so long as the acquisition and sale complies with applicable federal and State laws and regulations in addition to applicable City Charter provisions, if any, and the City Code of Ordinances.

(l) Real Estate Investment Trusts ("REITs") which are properly registered pursuant to applicable federal and State laws, provided the REITs portfolio meets the City's investment policy.

(m) Land Trusts or Title Trusts as described in Section 689.07 or Section 689.071, Florida Statutes, so long as the Land Trust or Title Trust complies with any applicable federal and State laws and regulations, applicable City Charter provisions, if any, and the City's Code of Ordinances.

(n) Mortgage-Backed Securities. Securities collateralized by mortgages on residential property or commercial (industrial, office, retail, etc.) property. The securities may be issued by a federal

instrumentality or by a private corporation and may be structured as collateralized mortgage obligations or unstructured pass-through securities.

(o) **Asset-Backed Securities.** Securities collateralized by pools of assets (credit cards, autos, home equity loans, etc.). The securities may be structured or unstructured pass-through securities.

The stated objectives of the investment policy of the City are safety of capital, liquidity of funds and investment income, in that order. The investment policy states that safety of capital will be ensured by establishing minimally acceptable credit ratings and limiting any exception thereto, limiting the portfolio's maximum average duration, setting maximum exposure by market sector, and requiring a minimum basket of securities either fully guaranteed by the U.S. government or issued by an agency or instrumentality of the U.S. government. The City will maintain sufficient liquidity in the Florida State Board of Administration or other short-term investment portfolio to enable the City to meet operating requirements, which might be reasonably anticipated. The stated objectives also include the City striving to maximize the return on the portfolio and to preserve the purchasing power but will avoid assuming unreasonable investment risk.

To meet the day-to-day operating needs of the City and to provide the ready cash to meet unforeseen temporary cash requirements, the City shall maintain a minimum of \$10,000,000 in liquid investments defined as repurchase agreements purchased under the terms of the City's depository contract, open repurchase agreements, negotiable certificates of deposit, banker's acceptances, commercial paper, U.S. Treasury direct and agency obligations all having a maturity of 90 days or less, and/or the SBA Local Government Pool, all as purchased under the dictates of the investment policy. The investment policy also states that, to the extent possible, the City will attempt to match its investments with its overall cash flow requirements, and the average maturity of the investment portfolio as a whole may not exceed five years. The Finance Director of the City is responsible for investment decisions and activities, under the direction of the City Manager. The City's investment policy may be modified from time to time by Ordinance adopted by the City Commission.

RATINGS

[Moody's, Fitch Ratings and S&P Global Ratings] have assigned the Series 2019 Bonds a rating of "____" (____ outlook), "____" (____ outlook) and "____" (____ outlook), respectively. Generally, the rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. Such rating agencies may have obtained and considered information and material which has not been included in this Official Statement. The ratings reflect only the views of the rating agency and an explanation of the significance of such rating may be obtained from the respective rating agency. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the market price of the Series 2019 Bonds. A securities rating is not a recommendation to buy, sell or hold securities. The City has undertaken no responsibility after issuance of the Series 2019 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

UNDERWRITING

The Series 2019 Bonds are being purchased by PNC Capital Markets LLC and BofA Securities, Inc. (collectively, the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the Series 2019A Bonds from the City at a purchase price of \$____ (par amount of \$____, less Underwriters' discount of \$____, and plus/less [net] original issue premium/discount of \$____) and the Series 2019B Bonds from the City at a purchase price of

\$_____ (par amount of \$_____, less Underwriters' discount of \$_____). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 2019 Bonds if any Series 2019 Bonds are purchased. The Series 2019 Bonds may be offered and sold to certain dealers (including the Underwriters and dealers depositing such Series 2019 Bonds into investment trusts) at prices lower than the public offering price, and such public offering price may be changed from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, that may include securities sales and trading, commercial and investment banking, municipal advisory, brokerage and asset management, investment management, investment research, principal investment, hedging, market making, and other financial and non-financial activities and services. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps) and the Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City, and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., an underwriter of the Series 2019 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2019 Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Florida law requires the City to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required that such disclosure include information concerning the dates, amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not, since December 31, 1975, been in default as to the payment of principal of and interest on its bonds or other debt obligations.

Although the City has certified that it is not aware of any defaults with respect to bonds or other debt obligations as to which it has served only as a conduit issuer, it has not undertaken an independent review or investigation of such bonds or other debt obligations for which it served as a conduit issuer. To the extent any of such bonds or other debt obligations are in default as to principal and/or interest, the obligation of the City thereunder is limited solely to payment from funds received by the party on whose behalf such bonds or other debt obligations were issued, and the City is not obligated to pay the principal of or interest on such bonds or other debt obligations from any funds of the City. The City in good faith believes the disclosure of such defaults or investigations would not be considered material by a reasonable investor in the Series 2019 Bonds.

GENERAL PURPOSE FINANCIAL STATEMENTS

The audited basic financial statements of the City, as of and for the Fiscal Year ended September 30, 2018 included in this Official Statement, have been audited by GLSC & Company PLLC, Miami, Florida, independent accountants (the "Auditor"), as stated in their report included in APPENDIX C hereto. Such financial statements, including the Auditor's report, have been included in this Official Statement as public documents and the Auditor has not been requested to provide its consent to the use of such financial statements or to perform any other services in association with the offering of the Series 2019 Bonds, and is therefore not associated with the offering of the Series 2019 Bonds.

The Series 2019 Bonds are secured by a covenant and agreement by the City to budget and appropriate Non-Ad Valorem Revenues as described herein and in the Bond Resolution. The audited financial statements are presented for general information purposes only.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of Series 2019 Bondholders to provide certain financial information and operating data relating to the City in each year (the "Annual Report"), to provide notices of the occurrence of certain enumerated events and that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate to be executed by the City and dated as of the date of the Series 2019 Bonds, as such Continuing Disclosure Certificate may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). A form of the Continuing Disclosure Certificate is included as APPENDIX E to this Official Statement. Failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default under the Bond Resolution or the Continuing Disclosure Certificate; however, any Series 2019 Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Certificate.

The Annual Report will be filed by the City with the Electronic Municipal Market Access ("EMMA") system operated by the Municipal Securities Rule Making Board. The event notices will be filed by or on behalf of the City with EMMA. The specific nature of the information to be contained in the Annual Report or the event notices is set forth in the Continuing Disclosure Certificate. These covenants have been made to assist the Underwriters in complying with the secondary market disclosure requirements of Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the "Rule").

With respect to the Series 2019 Bonds, no party other than the City is obligated to provide or expected to provide any continuing disclosure information with respect to the Rule. The City has not failed to comply in all material respects with its continuing disclosure undertakings entered into pursuant to the Rule during the last five (5) years.

The City has retained Digital Assurance Certification, L.L.C. ("DAC") as its dissemination agent. The City implemented procedures with DAC to ensure compliance with its existing continuing disclosure certificates and fully anticipates satisfying all future disclosure obligations required pursuant to its existing continuing disclosure certificates, including the Continuing Disclosure Certificate.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2019 Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code and, the Bond

Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

FORWARD-LOOKING STATEMENTS

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

FINANCIAL ADVISOR

Ford & Associates, Inc., Tampa, Florida, is acting as financial advisor to the City in connection with the issuance of the Series 2019 Bonds. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2019 Bonds.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2019 Bonds. Payment of all or a portion of the fees of such professionals relating to the issuance of the Series 2019 Bonds and a discount to the Underwriters (which includes the fees of Underwriters' counsel) are each contingent upon the issuance of the Series 2019 Bonds.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to in this Official Statement do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters relating to the Series 2019 Bonds, the security for the payment of the Series 2019 Bonds and the rights and obligations of the owners of the Series 2019 Bonds.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, however, such information is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the City from the date hereof.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or the holders of any of the Series 2019 Bonds.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2019 Bonds, the City will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC, and the book-entry only system of registration and information contained under the caption "UNDERWRITING," which is provided by the Underwriters, as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2019 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF PEMBROKE PINES, FLORIDA

By: _____
Mayor

By: _____
City Manager

By: _____
Finance Director

#67550325_v10 109604.00008

APPENDIX A

**GENERAL INFORMATION CONCERNING THE
CITY OF PEMBROKE PINES, FLORIDA AND BROWARD COUNTY, FLORIDA**

CITY OF PEMBROKE PINES, FLORIDA

GENERAL INFORMATION

Introduction

The City of Pembroke Pines, Florida (the "City") is a multi-cultural, ethnically diverse and integrated city, located in the Miami-Fort Lauderdale-Pompano Beach, Florida Metropolitan Statistical Area, which is the 8th largest in the country with an estimated population of 5.7 million. The population of the City is currently estimated at 165,352 which is the second largest city in Broward County, Florida (the "County"). During the year, the City has a mean average annual temperature of 75.6 degrees. The general terrain of this 34.22-square mile residential city is similar to that of other southwestern County communities. Elevations range from seven to eight feet above sea level. Fort Lauderdale and the cruise ship docks at Port Everglades are 45 minutes away northeast, and Miami, 45 minutes south of the City, provide numerous cultural advantages of a larger metropolitan area as well as a major cruise ship port. South of the City is the City of Miramar with its notable Miramar Park of Commerce, to the northwest are the upscale communities of Southwest Ranches and Weston, and northeast is the Town of Davie, home of Nova Southeastern University, the Bergeron Rodeo Grounds, and the exotic Flamingo Gardens. The City also borders Cooper City on the north and the oceanfront city of Hollywood on the east. The City maintains its own top-rated police and fire and rescue departments, provides two sites containing a total of five senior housing apartment buildings, provides other senior-related services, and maintains its own Water Treatment Plant.

Airports

The City has the benefit of being served by a number of airlines, as the Fort Lauderdale-Hollywood International Airport is only a 40-minute drive northeast, and the Miami International Airport, located south of Pembroke Pines, is a little over a 45-minute drive. The Palm Beach International Airport can also be reached by a one and a half hour drive north of the City. The Opa-locka Airport, a full Fixed-Base Operator ("FBO") service executive airport located in North Miami-Dade County is about a 30-minute drive south of the City. Other full service FBOs include the Boca Raton Airport which is about a one hour drive northeast of the City, and the City of Fort Lauderdale Executive Airport which is about a 45-minute drive northeast. The North Perry Airport, originally opened in the City by the U. S. Navy in 1943 as a World War II training field, is a general aviation facility open to non-commercial, non-jet aircraft. Facilities include a charter service, aircraft rentals, repair and fuel for small aircraft, as well as a flight school.

Road and Highway Systems

Pines Boulevard is the main east-west corridor that connects into the Atlantic Ocean beaches at the east end and into the Everglades at the west end. The City has a complete and adequate network of approximately 460 miles of paved and signalized roadways, in addition to bike paths and sidewalks that meet the latest national standards. The Florida Turnpike passes through the eastern section of the City and provides transportation to the north central part of the State of Florida (the "State") and as far south as the entrance to the Florida Keys. Interstate 95, which is about five miles east of the community, provides alternative north-south transportation to the City and other areas of the southeastern section of Florida. Interstate 75, a north-south controlled access highway located in the geographic center of the City, provides north-south transportation from Miami to Tampa via the Alligator Alley which crosses the Florida peninsula connecting the Atlantic Ocean east coast with the Gulf of Mexico west coast. US

27, a major through the central portion of Florida to the state capital in Tallahassee, passes through the western edges of the City.

Parks and Recreation

The City operates a year-round comprehensive community recreation program. The hub of the City's athletic, cultural, and social programs for adults and youth are the five recreation centers. Programs include such diverse activities as art, music, baseball, softball, football, volleyball, basketball, swimming, tennis, soccer, roller-hockey, karate, gymnastics, preschool and after-school programs, Jazzercise, and dancing.

Located throughout the City are 31 fully developed recreation facilities covering more than 972 acres. In addition, three public golf courses are located within the City besides the City-owned and renovated 18-hole Pembroke Lakes Golf and Racquet Club. The other three are the Hollybrook Golf and Tennis Club, the Flamingo Lakes Country Club located in Century Village at Pembroke Pines, and the Grand Palms Golf and Country Club Resort. In August 2002, the City purchased 57 acres in western portion of the City which has been developed with wetlands and athletic facilities, including soccer fields, handball courts and basketball courts. Cultural arts programs are available at the City's River of Grass Arts Park and the Fletcher Art and Cultural Center. A number of the residential developments in the community are also served by their own private recreational facilities. The City is also home to the County-operated C. B. Smith Park, a large Regional Park offering many activities, including camping, boat rentals, and a 4.69-acre aquatic complex interactive water playground with two waterslides and a tube ride. The park hosts 20,000 visitors every year who attend the annual KISS Country 99.9 FM's Chili Cook-off and Concert. Of special interest to the public is the City-owned Chapel Trail Nature Preserve consisting of 459 acres of reconstructed natural habitat featuring canoe rentals, an Environmental Interpretive Center, and a 1,650-foot elevated boardwalk that allows visitors to walk out over and into the wetlands.

Medical Facilities

Healthcare services for the City residents are provided through Memorial Hospital West (located at the northeast corner of Pines Boulevard and Flamingo Road), Memorial Hospital Pembroke (located on the southeast corner of University Drive and Sheridan Street), the Memorial Urgent Care Center (located on the eastern side of Douglas Road, between Pines Boulevard and Pembroke Road), and Memorial Hospital Miramar (located on 172nd Avenue in adjacent Miramar) which serves the western portion of the City. These facilities are all part of the Memorial Health Care System. Fifteen minutes north of the City off Interstate 75 is the world-famous Cleveland Clinic Hospital.

Memorial Manor is the County's first public, skilled nursing facility. The 120-bed nursing home, located adjacent to the Memorial Urgent Care Center on Douglas Road, provides long-term nursing home care and short-term rehabilitative care.

Educational Facilities

The City currently operates three charter elementary schools, one charter lab elementary school operated in collaboration with Florida State University ("FSU"), two charter middle schools and one charter high school that serve approximately 5,899 students. Of this total, the FSU charter school students include 674 in elementary school; the other three elementary schools have 1,889 students; the two middle schools 1,288 students; and the high school campus which was extended to include a middle school has 2,048 students. These facilities offer smaller class sizes, and complement the already existing

public education system provided through the Broward County School District. In addition to the City's charter schools, within the City are seventeen elementary schools, six middle schools and four other high schools. This also includes Somerset Academy, a charter school system operated by Academica Corp. A community school offering evening classes for adults is located at the Walter C. Young Resource Center. The City also operates four early development centers for pre-kindergarten children.

In addition, within the City are post-secondary as well as post-graduate institutions. Broward College has two campuses in the City – the South Campus located just east of University Drive on Pines Boulevard, and the Pines Center/Academic Village Campus located on Sheridan Street west of Interstate 75. The campus of the Venezuelan-administered Jose Maria Vargas University is a 24,530 square foot facility providing educational programs at the certificate, undergraduate, and graduate levels. Keiser University also operates its Pembroke Pines branch campus with a 30,000-square foot facility offering various associate, under-graduate and graduate programs. Barry University also maintains a branch campus in the Pines Professional Center in the western portion of the City. Two schools in the adjacent City of Miramar are DeVry University which offers a variety of Certificate Programs, Associate, Bachelor and Master's Degrees; and a branch of the Puerto Rican Ana G. Mendez University, a private school that serves bilingual students in a 30,000-square foot building at the Miramar Park of Commerce just south of the City.

The City is served by three County-operated libraries – the Southwest Regional Library located at the Academic Village, the South Regional Library located at the Broward College South Campus, and the Pembroke Pines Library located at the Walter C. Young Resource Center.

Arts and Culture

The City promotes arts and cultural activities for its citizens. The City maintains a Glass Gallery in the City Hall lobby programming public art exhibitions of local artists and sculptors. The artists are selected by the City's Arts & Culture Advisory Board and often include special opening exhibit programs accompanied by music and dance performances. An Artists' Colony complex has been developed through the renovation of an existing structure located in the Senator Howard C. Forman Human Services Campus. The facility named *Studio 18 in the Pines* contains rental studios and gallery space consisting of 18 inside studios, 5 outside studios, a jewelry studio and a ceramics studio. The City also provides space for theatrical performances at the *Susan B. Katz Memorial Auditorium*, a 450-seat auditorium located in the Academic Village for the *Pembroke Pines Theatre of the Performing Arts* – a local theatrical group that stages numerous outstanding performances, including Broadway musicals. Special events are provided to the City's residents through the Parks & Recreation Department and include annual events such as *Kids Konnection*; the *Art Festival in the Pines* which is conducted in the River of Grass Arts Park; the *Pines Day* celebration commemorating the founding of the City in 1960, and many other community, cultural and sports activities staged throughout the year. The Pembroke Pines Historical Museum is located in the Village Community Center on the City's east side, and has opened a new and expanding World War II exhibit. Artifacts are displayed from donations by the City's Second World War veterans, and from two archeology digs on the City's North Perry Airport which served as an outlying field of the Miami Naval Air Station from 1943 until 1945. Each year, the city underwrites free outdoor jazz performances that feature local jazz musicians. It also hosts an annual, two-day, outdoor arts celebration that features the work of nearly 100 artists and attracts more than 15,000 visitors each year.

Communications

All principal television networks are received within the City with broadcast stations in Boynton Beach, Fort Lauderdale, Hollywood, Miami, Miramar, Palm Beach Gardens, and West Palm Beach. Cable television is provided to the entire City by Comcast and BellSouth Entertainment, Inc. The City has its own informational cable channel that televises all City Commission ("Commission") meetings and provides information such as upcoming events and public service information.

City information can also be accessed through the Internet site, *www.ppines.com*. On the web site, information including Commission meeting dates, trash and recycling schedules, a calendar of events, budget information, and annual and monthly financial statements are available.

Commercial

The City contains a large and diversified number of retail establishments, including the expansive Pembroke Lakes Mall with its major department stores, including Dillard's, JCPenney, Macy's and Sears plus approximately 135 more stores and restaurants. The Shops at Pembroke Gardens, located at Interstate 75 and Pines Boulevard, contain approximately 70 upscale stores and restaurants, and is centrally located to serve the residents of the City and neighboring municipalities. The City is the executive office headquarters for Claire's Stores, Inc., an international retail chain which owns, franchises or joint ventures approximately 3,369 stores selling costume jewelry and fashion accessories.

The dynamics of the growth of commercial and residential activities in the City and its surrounding area has resulted in at least seven hotels offering a variety of hospitality suites. Within the City is the Grand Palms Golf and Country Club Resort at Pines Boulevard just west of Interstate I-75 offering upscale lodgings, as well as the Hampton Inn Hotel just east of Interstate I-75 and Sheridan and the adjacent newly-built all-suite Holiday Inn Express Hotel & Suites. Just to the south, east of Interstate I-75 at Miramar Parkway in adjacent Miramar, are the Courtyard by Marriott, the Residence Inn by Marriott, the Hilton Garden Inn and the Wingate by Wyndham.

Climate Change and Natural Disasters

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

Cybersecurity

The City relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. **[The City maintains regular audits of its information security technology, including penetration testing and mandatory cybersecurity training for its employees to mitigate such threats.]**

Economic Condition and Outlook

The City is positioned for progress due to its geographic location surrounded by the affluent tri-county markets of Miami-Dade, Broward, and Palm Beach Counties. The Miami-Fort Lauderdale-Pompano Beach, Metropolitan Statistical Area ("MSA"), known as the "Gateway to the Americas", is an ideal location for conducting international business, especially in Latin America. As such, the MSA accounts for the majority of Florida's total export of goods to overseas markets. The total population based on the 2016 US Census Bureau estimates, is approximately 6.2 million and has a diverse labor force. It is the 7th most populous MSA in the United States. Furthermore, it has access to a superb transportation system, including the superhighway connecting the Fort Lauderdale/Hollywood International Airport and Port Everglades, the deepest seaport between Norfolk and New Orleans, and the number one cruise ship port in Florida, and among the busiest container ports in the United States.

The economic outlook and prospects for the City continue to show a positive trajectory, as the City benefits from a stable and diverse revenue stream, and an efficiently managed service culture. Additionally, the City's 2018 taxable assessed value of \$11.8 billion increased by 7.8% over last year. This represents the seventh consecutive year of accelerated growth. The Office of Economic and Demographic Research expects growth in the State to continue, but at a moderate pace over the next few years.

The level of unemployment both locally and nationally has shown significant improvement, with Florida leading the nation in job growth for the twelve months ending December 2018. The City's average unemployment rate continues to trend lower in contrast to the other levels of government as shown in the table below.

	<u>FY 2017-18*</u>	<u>FY 2016-17*</u>
City of Pembroke Pines	3.2%	4.0%
Broward County	3.5%	4.2%
State of Florida	3.7%	4.5%
United States	4.0%	4.5%

* Average unemployment data for 2017-18 and 2016-17 is on a fiscal year basis October 1st through September 30th. Information may contain preliminary data.

The City continues to affirm its efforts to increase and encourage business investment. These efforts include, but are not limited to, continued support for the Miramar-Pembroke Pines Regional Chamber of Commerce, and eliminating burdens on businesses by expediting the permitting process. There are also many large retailers, companies and restaurants that are in the process of calling the City their home. These are strong indications that all efforts are being made to encourage business and economic development in order to further stimulate the local economy.

**CITY OF PEMBROKE PINES, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income⁽²⁾	Median Age⁽³⁾	Percent with a Bachelor's Degree or Higher⁽³⁾	School Enrollment⁽⁴⁾	Unemployment Rate⁽⁵⁾
2009	151,193	\$ 3,895,639	\$ 25,766	39.4	31.2%	25,678	7.4%

2010	154,019	4,404,943	28,600	39.1	32.9%	25,826	9.5%
2011	154,158	4,087,962	26,518	38.9	31.4%	26,478	9.1%
2012	154,508	4,297,176	27,812	40.4	34.0%	26,331	7.4%
2013	155,565	4,008,288	25,766	40.4	34.0%	25,834	5.8%
2014	157,905	4,499,977	28,498	39.8	32.5%	25,362	4.9%
2015	159,922	4,811,733	30,088	40.3	37.0%	26,357	4.9%
2016	161,799	4,995,382	30,874	39.9	33.4%	26,234	4.3%
2017	163,103	5,114,584	31,358	40.1	33.0%	26,065	4.0%
2018	165,352	*	*	*	*	26,404	3.2%

⁽¹⁾ Years 2009 and 2011-2018 are estimates from the University of Florida's Statistical Abstract. Year 2010 is the 2010 US Census. Years 2010-2013 were adjusted based on retroactive 2010 US Census.

⁽²⁾ Represents income per capita for Broward County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis. Years 2009 and on are from US Census Bureau, American Community Survey Profile.

⁽³⁾ US Census Bureau, American Community Survey Profile – Pembroke Pines.

⁽⁴⁾ Grades 1-12, Broward County School Board, First Day Enrollment Count report.

⁽⁵⁾ Florida Department of Labor, Bureau of Labor Market Information. The unemployment rates for FY 2009-2010 and FY 2016-2018 represent the average for 12 months ending September 30th. Unemployment rate for from FY 2011-2015 obtained from US Census Bureau.

* Information not available.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

**CITY OF PEMBROKE PINES, FLORIDA
PROPERTY VALUE AND CONSTRUCTION⁽¹⁾
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Total Permits Issued</u>	<u>Miscellaneous</u>		<u>Residential</u>		<u>Commercial</u>		<u>Total Value of Construction</u>	<u>Gross Assessed Value⁽³⁾</u>
		<u>Permits Issued⁽²⁾</u>	<u>Valuation</u>	<u>Number of Units</u>	<u>Valuation</u>	<u>Number of Units</u>	<u>Valuation</u>		
2009	6,318	6,289	62,524,850	24	2,106,616	5	4,331,001	68,962,467	17,848,661,534
2010	5,274	5,205	64,069,445	66	6,585,866	3	2,409,185	73,064,496	14,727,213,419
2011	6,939	6,662	37,295,528	202	18,600,807	75	265,336,362	321,232,697	12,597,755,293
2012	6,200	5,434	77,506,551	655	226,091,294	111	226,188,208	529,786,054	12,672,170,184
2013	7,357	6,732	273,469,366	579	298,916,697	46	71,849,779	644,235,843	12,559,436,057
2014	10,536	10,123	291,394,500	288	16,034,771	125	12,769,448	320,198,718	13,145,675,871
2015	6,524	6,439	61,378,888	77	37,513,118	8	576,143,798	675,035,804	14,806,865,492
2016	7,264	7,110	114,938,007	134	21,478,982	20	103,170,457	239,587,447	16,053,238,879
2017	8,439	8,157	38,724,193	262	87,600,661	20	191,951,039	318,275,894	17,578,628,055
2018	11,306	11,015	119,728,157	270	114,184,101	21	72,069,999	305,982,258	18,793,239,672

⁽¹⁾ Source: City of Pembroke Pines Building Department.

⁽²⁾ Miscellaneous permits include remodeling, partitioning, and interior completions.

⁽³⁾ Assessed value certified by Broward County Property Appraiser at 100% of estimated market value ("just value") as required by State Statute.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

The following chart shows the labor force and unemployment statistics for the County for the years 2014 through 2018.

**BROWARD COUNTY, FLORIDA
CIVILIAN LABOR FORCE SUMMARY
2014-2018**

<u>Calendar Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2014	986,355	927,797	58,558	5.9%
2015	986,758	936,033	50,725	5.1%
2016	1,003,202	958,071	45,131	4.5%
2017	1,025,093	984,473	40,620	4.0%
2018	1,036,212	1,001,293	34,919	3.4%

Source: Florida Department of Economic Opportunity.

Pension Plans

General. The City sponsors two single-employer defined benefit plans, which are accounted for in separate pension trust funds.

- City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines (the "CPFFPO")
- The General Employees' Pension Plan (the "GEPP")

The City administers the GEPP, and a nine-person Board of Trustees administers the CPFFPO.

General Employees' Pension Plan. The GEPP of the City was established by Referendum in 1973 (collectively known as the "Referendum") as restated October 1, 1989, as amended by the following Ordinances (collectively known as the "Ordinances"):

General Employees Pension Ordinances

Ordinance Number	Dated	Ordinance Number	Dated
992	April 15, 1992	1555	August 16, 2006
1058	December 15, 1993	1614	August 3, 2008
1297	March 17, 1999	1668	August 4, 2010
1329	February 2, 2000	1806	January 7, 2015
1413	June 19, 2002	1844	April 16, 2016
1479	March 17, 2004	1865	January 11, 2017
1515	May 18, 2005	1894	February 7, 2018
1520	August 3, 2005		

The GEPP, which is a single-employer plan, was established to provide retirement benefits to general and utility employees of the City. A more detailed description of the GEPP and its provisions appears in the Referendum constituting the GEPP and in the summary plan description. The GEPP does not issue a stand-alone financial report, but is included in the reporting entity of the City as a pension trust fund.

All full time employees, as defined in the Referendum, were required to participate in the GEPP as a condition of continued employment. However, effective July 1, 2010, bargaining unit members are no longer allowed to participate in the GEPP, and any benefits accrued up to June 30, 2010, were frozen. Bargaining unit members will not accrue any additional benefits. Non-bargaining unit members are still allowed to participate in the GEPP and active members are still accruing benefits. However, effective October 1, 2014, non-bargaining employees hired on or after October 1, 2014 will no longer be eligible to enter GEPP. The City also extended its benefits coverage to all eligible retirees' domestic partners effective October 1, 2014.

Upon normal retirement, a participant will receive a monthly pension amount equal to 2.85% of average monthly earnings for the highest two years of continuous service multiplied by years of service (not to exceed 28.07 years).

A participant may retire early after completing five years of continuous service and attaining 50 years of age. Early retirement benefits are calculated in a manner similar to those for normal retirement, but at an actuarially reduced amount of 6 2/3% for each year that the early retirement date precedes normal retirement.

If a participant becomes totally disabled before termination of employment and prior to reaching normal retirement age, he or she is entitled to do one of the following:

- Non-service-related – Ten years of vesting service is required for a non-service-related disability benefit to be payable. If vested, the benefit payment is based on the accrued benefit on the date of disability.
- Service-related – Benefits will be the greater of (i) earned pension as of the date of disability or (ii) 40% of the current monthly pay as of such date.

General employee members who retired on or after October 1, 2001 receive an annual 3.0% cost of living adjustment ("COLA") to their retirement benefit. The COLA is applied to the benefit effective October 1 of each year. Effective February 1, 2010, the COLA for all participants entitled to receive a COLA is reduced from 3% to 2% per year. Effective July 1, 2010, there is no retiree annual pension

COLA adjustment for bargaining unit employees who retire after July 1, 2010, unless such active individual has reached Normal Retirement Age as defined in the GEPP.

Benefit payments under the GEPP are paid directly out of fund assets.

Other forms of benefits are available to GEPP participants and are further discussed in the Referendum.

The City contributes an actuarially determined amount that, when combined with participants' contributions, will fully provide for all benefits as they become payable. The funding policy can only be amended by authorization of the Commission.

The City's Actuarial Determined Contribution ("ADC") for Fiscal Year 2018 amounted to \$2,660,082 as compared to the ADC of \$2,378,931 in Fiscal Year 2017. In Fiscal Year 2018, the City contributed \$5,500,000, which is \$2,839,918 in excess of the ADC in order to reduce the unfunded liability. The City's ADC for Fiscal Year 2018 is based on the actuarial report using the Entry Age Cost method.

On April 1, 2004 the City deposited \$19,370,924 into the GEPP as a lump sum contribution. This was part of the Taxable Communications Services Tax Revenue Bonds, Series 2004 ("Series 2004 Bonds"). The Series 2004 Bonds were issued, amongst other reasons, to pay for certain benefits and to maintain the City's ADC at the "pre-cost of living" level for the existing GEPP participants. Series 2004 Bonds were refunded by Communications Services Tax Revenue Bonds, Series 2014 ("Series 2014 Bonds").

Effective July 1, 2010, bargaining unit members are no longer required to contribute to the GEPP since the GEPP was closed, and the benefits were frozen. In Fiscal Year 2018, employee contributions for active members amounted to \$234,515.

GEPP DROP Plan. Effective March 17, 1999, the City created the Deferred Retirement Option Plan ("GEPP DROP") under Ordinance 1297. This plan is a defined contribution plan created in accordance with Section 401(a) of the Internal Revenue Code. An active participant of the GEPP becomes eligible to participate in the GEPP DROP on the first day of the month coincident with or next following the active participant's normal retirement date. Upon entry into the GEPP DROP, an amount equal to the participant's monthly retirement benefit is transferred to an account designated by the participant for investment. Effective December 1, 2017, the maximum period of GEPP DROP participation is eight years under Ordinance 1894.

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Changes in Net Pension Liability and Related Ratios. The change in net pension liability and other related ratios of the GEPP for the Fiscal Years 2018 and 2017 are as follows:

**CITY OF PEMBROKE PINES, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Reporting period as of:	<u>9/30/2018</u>	<u>9/30/2017</u>
Measurement date as of:	9/30/2017	9/30/2016
Total pension liability:		
Service cost	\$ 366,046	\$ 277,835
Interest	11,561,466	11,678,072
Benefit payments	(10,560,812)	(10,243,459)
Differences in experience	1,023,439	562,441
Changes in assumptions	7,170,147	13,441,392
Net change in total pension liability	<u>9,560,286</u>	<u>15,716,281</u>
Total pension liability/(asset) – beginning	<u>176,489,901</u>	<u>160,773,620</u>
Total pension liability/(asset) – ending	<u>\$186,050,187</u>	<u>\$176,489,901</u>
Plan fiduciary net position:		
Contributions – employer	\$ 2,500,068	\$ 6,500,000
Contributions – member	244,566	249,519
Net investment income	20,165,819	12,366,901
Benefit payments	(10,560,812)	(10,243,459)
Administrative expense	(11,280)	(1,740)
Net change in plan fiduciary net position	<u>12,338,361</u>	<u>8,871,221</u>
Plan fiduciary net position – beginning	<u>167,490,116</u>	<u>158,618,895</u>
Plan fiduciary net position – ending	<u>\$179,828,477</u>	<u>\$167,490,116</u>
Net pension liability/(asset) – ending	\$ 6,221,710	\$ 8,999,785
Plan fiduciary net position as a percentage of the total pension liability/(asset)	96.66%	94.90%
Covered payroll ⁽¹⁾	\$ 3,148,593	\$ 3,441,627
Net pension liability/(asset) as a percentage of covered payroll	197.60%	261.50%

⁽¹⁾ Includes all active members with no adjustments.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

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**CITY OF PEMBROKE PINES, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30**

Reporting period:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$7,736,872	\$3,502,940	\$3,317,993	\$3,742,492	\$6,674,902	\$3,829,070	\$2,707,856	\$566,798	\$2,378,931	\$2,660,082
Contributions in relation to the actuarially determined contribution	7,736,872	3,502,940	3,317,988	3,742,492	7,824,902	16,474,902	9,174,902	6,500,000	2,500,068	5,500,000
Contribution deficiency/(excess)	\$ -	\$ -	\$ 5	\$ -	\$(1,150,000)	\$(12,645,832)	\$(6,467,046)	\$(5,933,202)	\$(121,137)	\$(2,839,918)
Covered payroll	\$4,088,776	\$3,537,545	\$2,734,327	\$3,122,626	\$3,108,718	\$3,163,848	\$3,280,160	\$3,441,627	\$3,148,593	\$3,128,143
Contributions as a percentage of covered payroll	189.22%	99.02%	121.35%	119.85%	251.71%	520.72%	279.71%	188.86%	79.40%	175.82%

Notes to Schedule

Measurement date	9/30/2017
Actuarial cost method	Entry Age Cost
Long-term rate of return on assets	6.75% (all asset class – determine based on the overall actual historical rate of return of the plan)
Discount rate	6.75%
Long-term inflation rate	2.00%
Salary increase assumption	Table S5 from actuary's pension handbook + 2.50%
COLA increase assumption	3.00% & 2.00% per year depending on location
Retirement age assumption	Age 55 and 10 years of service
Plan changes	None
Mortality rate	During benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Annuitant, male and female. Before benefit payment period-PFG Recommended Mortality with 10 year convergence with generational MI scale, Non-annuitant, male and female.
Disability rate	1987 Commissioner's Group disability table, six month elimination period, male and female
Withdrawal rate	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75
Marital assumptions	75% married; male is 3 years older than the female
Future employer contributions	Assume employer contributions are equal to: (1) employer contribution is to assumed to continue at 88.66% of payroll throughout the projection period and (2) expenses are assumed to start at \$61,000 and grow with the inflation assumption throughout the projection period.
Amortization method	Level dollar, closed
Amortization period	Experience & assumptions – 0.33 years; investment earnings – 5 years

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

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See Note 14 to the City of Pembroke Pines Comprehensive Annual Financial Report and Compliance Reports for the Fiscal Year Ended September 30, 2018 for more details.

City Pension Fund for Firefighters and Police Officers. The CPFFPO was established and amended by the following Ordinances (collectively known as the "Ordinances"):

Police and Fire Pension Ordinances			
Ordinance Number	Dated	Ordinance Number	Dated
557	February 19, 1981	1509	February 17, 2005
829	March 4, 1987	1521	August 3, 2005
967	September 19, 1991	1572	February 21, 2007
1014	November 4, 1992	1581	May 16, 2007
1067	February 16, 1994	1669	August 4, 2010
1091	September 8, 1994	1670	August 4, 2010
1131	September 6, 1995	1693	June 15, 2011
1198	December 18, 1996	1705	October 5, 2011
1249	January 7, 1998	1709	November 16, 2011
1318	November 17, 1999	1767	January 15, 2014
1321	December 15, 1999	1774	April 9, 2014
1325	January 19, 2000	1819	May 6, 2015
1353	September 20, 2000	1824	September 16, 2015
1360	December 15, 2000	1900	March 21, 2018
1443	June 18, 2003	1915	September 17, 2018
1480	March 17, 2004	1916	September 17, 2018

The CPFFPO, which is a single-employer plan, was established to provide retirement benefits to firefighters and police officers of the City. The CPFFPO's governing board is made up of a Board of Trustees consisting of nine members: (1) Three are police officers, elected by a majority of the police officers, (2) Three are firefighters, elected by a majority of the firefighters, and (3) Three are neither police officers nor firefighters, recommended by the City Manager and appointed by the Commission. A more detailed description of the CPFFPO and its provisions appears in the Ordinances constituting the CPFFPO and in the summary plan description. Publicly available financial statements of the CPFFPO can be obtained from the City of Pembroke Pines Finance Department.

All full time employees, as defined in the Ordinances, are required to participate in the CPFFPO as a condition of continued employment, provided that at the time of hiring the employee is at least eighteen years of age and satisfactorily completes all required medical examinations. The City also extended its benefits coverage to all eligible retirees' domestic partners effective October 1, 2014.

Any member may retire on a normal service retirement pension upon attainment of age 50 and completion of 10 years of continuous service, or upon completion of 20 years of continuous service or attainment of age 55 with no service requirement if eligible on February 19, 1981.

Effective June 18, 2003 (Firefighters) and March 17, 2004 (Police) continuous service for members may include, up to four years purchased for active service in the Armed Forces or Merchant Marines of the United States prior to employment by the City. Effective March 17, 2004, police officer members may purchase up to four years prior service as a certified police officer in the United States.

If a member resigns or is lawfully discharged before retirement, their contributions with 3% simple interest per annum are returned to them. The CPFFPO also provides a special provision for vested benefits for employees who terminate after 10 years of service.

Upon termination after completing at least 10 years of continuous service, a member is entitled to a monthly benefit of 3% of average monthly earnings times the number of years of continuous service as of date of termination, not to exceed 80% of the average monthly earnings.

CPFFPO DROP Plan. During December 1996, the CPFFPO adopted the Deferred Retirement Option Plan (the "CPFFPO DROP") under Ordinance 1198. Eligible police officers and firefighter members may enter into the CPFFPO DROP.

Upon becoming eligible to participate in the CPFFPO DROP, a member may elect to enter that program for a maximum of five years. CPFFPO DROP payments contributed to a member's CPFFPO DROP account earn or lose interest at the same rate and frequency as in the CPFFPO, less reasonable and necessary administrative expenses, unless fixed interest rate option below is selected.

Retired police officers and disabled police officers receiving pension or CPFFPO DROP benefits, prior to October 1, 2006, or their beneficiaries may be eligible to receive a supplemental pension distribution, the amount of which shall be determined September 30th each year. The amount of the distribution should be up to 2% of investment return in excess of 9% for police officers who retired after October 1, 2003 but before October 1, 2006, or their beneficiaries (8% for police officers who retired prior to October 1, 2003) based on the present value of future pension payments of current police officer members, not to exceed outstanding balance of cumulative net actuarial gains. Any distributable amount is allocated to eligible members based upon years of service with a prorated share during the first year of entitlement.

No supplemental benefits will be available for members who retire, enter the CPFFPO DROP or are disabled on or after October 1, 2006 or their beneficiaries. Police retirees who retired prior to April 1, 2006 were provided with a one-time irrevocable option to continue to receive the 13th check; or they may opt to receive instead a cost of living increase to their retirement benefit.

On June 18, 2003 (for firefighters) and March 17, 2004 (for police officers) the City adopted Ordinances giving members the additional option of having their CPFFPO DROP account earn an annual fixed interest rate of 8% on future payments and on all or any portion of the member's CPFFPO DROP account balance. Annually, during the month of September only, members may change their rate of return election to be effective as of the following October 1. Members participating in the CPFFPO DROP on April 30, 2010, shall be eligible to elect between earning the same rate and frequency as the CPFFPO DROP or an annual fixed interest rate of 8%.

For members hired before May 1, 2010 entering the CPFFPO DROP after April 30, 2010, CPFFPO DROP interest credits will be based upon CPFFPO gross return, subject to a minimum 5% to a maximum 8% per annum.

For members hired after April 30, 2010 entering the CPFFPO DROP, interest credits will be based upon CPFFPO gross return.

For members hired on or after October 1, 2018, the maximum CPFFPO DROP participation period is extended to eight years.

Effective April 1, 2005 and April 1 of each year thereafter, firefighter retirees, their beneficiaries and CPFPO DROP participants who were receiving benefits or enrolled in the CPFPO DROP on or after June 18, 2003 will receive thereafter a 2% increase in their retirement benefit or an adjustment equal to the total percentage increase in base wages, excluding performance or merit adjustments, provided in collective bargaining agreement to bargaining unit members, for the City's Fiscal Year commencing the preceding October 1, whichever is greater. Upon retirement, firefighter members who were hired on or after April 1, 2006 shall receive a fixed 3% increase to their monthly retirement benefit on April 1 of each year following retirement. Firefighters hired on or after May 1, 2010, who retire or enter the CPFPO DROP, and their beneficiaries, shall receive a 1.5% increase to their retirement benefit on October 1st each year following retirement. If benefit is received for less than one year, COLA is prorated for that first year.

Effective October 1, 2009, and October 1 of each year thereafter, police retirees, their beneficiaries and CPFPO DROP participants who were receiving benefits or enrolled on or after October 1, 2003, will receive a 1.5% increase to their retirement benefit. If the benefit is received for less than one year, COLA is prorated for that first year.

Effective October 1, 2009, and October 1 of each year thereafter, police retirees who retired or entered the CPFPO DROP on or after October 1, 2006, or their beneficiaries, will receive a 3.0% increase to their retirement benefit. Effective May 1, 2010, police officers who were hired prior to May 1, 2010 and retire or enter the CPFPO DROP after April 30, 2010 and their beneficiaries, shall receive a 2% increase to their retirement benefit on October 1st each year following retirement. Police officers hired on or after May 1, 2010, who retire or enter the CPFPO DROP, and their beneficiaries, shall receive a 1.5% increase to their retirement benefit on October 1st each year following retirement.

Funding Policy. The City contributes an actuarially determined amount that, when combined with participants' contributions and contributions from the State, will fully provide for all benefits as they become payable. The City's contribution, excluding amounts from the State, was \$26,710,045.

Pursuant to Florida Statutes, Chapters 175 and 185 contributions from the State of Florida Department of Insurance consist of excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the State contribution is used to reduce the City's contributions when received. The State contributions totaled \$2,485,959 and are recorded as revenues and expenditures in the General Fund before being reported as contributions in the pension trust fund.

For police officers and firefighters hired on or after October 1, 2018, the retirement payment will not be adjusted for cost of living adjustments.

Members of the CPFPO who are certified firefighters and police officers make regular contributions to the CPFPO at a rate equal to 10.4% of their respective annual earnings until completion of 26 2/3 year of continuous service. Effective October 1, 2015, members that were hired after May 1, 2010 are required to contribute 7.0% of their annual earnings instead of 10.4%. Member contributions for the Fiscal Year ended September 30, 2018 amounted to \$2,747,242.

On October 17, 2003 the City contributed \$36,720,000 to the CPFPO as a result of the Taxable Communications Services Tax Revenue Bonds, Series 2003A ("Series 2003 Bonds"). The Series 2003 Bonds were issued to finance the enhanced benefits for firefighter members of the CPFPO. The Series 2003 Bonds were refunded by Communications Services Tax Revenue Bonds, Series 2013.

On April 1, 2004 the City contributed \$26,200,000 to the CPFFPO as a result of the Taxable Communications Services Tax Revenue Bonds, Series 2004 ("Series 2004 Bonds"). The Series 2004 Bonds were issued, among other reasons, to finance the enhanced benefits for police officer members of the CPFFPO, as well as to maintain the City's contribution at the same percentage level of payroll prior to the enhanced benefits. The Series 2004 Bonds were refunded by Communications Services Tax Revenue Bonds, Series 2014.

Investment and administrative expenses are paid out of CPFFPO assets that are replenished by investment earnings and employee and City contributions in order to maintain the Plan actuarially sound.

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Changes in Net Pension Liability and Related Ratios. The change in net pension liability and other related ratios of the CPFFPO for the Fiscal Years 2018 and 2017 are as follows:

**CITY OF PEMBROKE PINES, FLORIDA
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Reporting period as of:	<u>9/30/2018</u>	<u>9/30/2017</u>
Measurement date as of:	9/30/2017	9/30/2016
Total pension liability:		
Service cost	\$ 9,212,121	\$ 9,537,905
Interest	59,453,153	56,386,139
Changes of benefit terms:	-	22,338
Difference between expected and actual experience	1,830,547	399,811
Other	-	41,959
Assumption changes	5,790,909	8,511,772
Benefit payments, including refunds of member contributions	(30,611,666)	(29,062,537)
Net change in total pension liability	<u>45,675,064</u>	<u>45,837,387</u>
Total pension liability/(asset) – beginning	<u>751,120,739</u>	<u>705,283,352</u>
Total pension liability/(asset) – ending	<u>\$796,795,803</u>	<u>\$751,120,739</u>
 Plan fiduciary net position:		
Contributions – employer	\$ 24,935,503	\$ 23,908,967
Contributions – state	2,420,304	2,445,532
Contributions – member	2,699,619	2,819,814
Net investment income	61,789,524	44,141,730
Benefit payments, including refunds of member contributions	(30,611,666)	(29,062,537)
Administrative expense	(738,354)	(627,306)
Other	8,131	26,207
Net change in plan fiduciary net position	<u>60,503,061</u>	<u>43,652,407</u>
Plan fiduciary net position – beginning	<u>538,859,146</u>	<u>495,206,739</u>
Plan fiduciary net position – ending	<u>\$599,362,207</u>	<u>\$538,859,146</u>
 Net pension liability/(asset)	 \$197,433,596	 \$212,261,593
 Plan fiduciary net position as a percentage of the total pension liability/(asset)	 75.22%	 71.74%
 Covered payroll	 \$ 27,697,423	 \$ 27,677,991
 Net pension liability/(asset) as a percentage of covered payroll	 712.82%	 766.90%

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

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**CITY OF PEMBROKE PINES, FLORIDA
CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30**

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Actuarially determined contribution	\$21,935,003	\$24,538,413	\$23,289,867	\$23,882,116	\$25,213,704	\$26,214,407	\$26,190,282	\$26,354,499	\$27,355,807	\$29,196,004
Contributions in relation to the actuarially determined contribution	21,935,003	24,538,413	23,289,867	23,882,116	25,213,704	26,214,407	26,190,282	26,354,499	27,355,807	29,196,004
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$26,616,124	\$27,528,175	\$27,129,273	\$26,857,833	\$27,011,016	\$28,831,332	\$27,677,991	\$27,677,991	\$27,697,423	\$26,646,456
Contributions as a percentage of covered payroll	82.41%	89.14%	85.85%	88.92%	93.35%	90.92%	94.62%	95.22%	98.77%	109.57%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Cost
Amortization method Level percent, closed
Amortization period 30 years
Asset valuation method 5-year smoothed market
Inflation 2.75%
Salary increases 3.00% - 8.00%
Investment rate of return 7.90%
Retirement age Experience-based rates specific to eligibility condition

Cost of living increases:

 Firefighters 0.0%, 1.5%, 2.0%, or 3.0%
 Police 0.0%, 1.5%, 2.0%, 2.5% or 3.0%

Future employee contributions Assume employee contribution continue at 10.4%

Future employer contributions The City is expected to contribute amounts necessary on an actuarial basis to fund the Plan's expenses, normal cost, and to amortize the unfunded actuarial accrued liability

Mortality

Healthy members:
RP 2000 combined mortality table with blue collar adjustment, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale BB

Disabled members:
For disabled male participants, 60% RP 2000 Disabled Male Mortality Table set back four years / 40% RP 2000 Annuitant Male Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements.
For disabled female participants, 60% RP 2000 Disabled Female Mortality Table set forward two years / 40% RP 2000 Annuitant Female Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements.

Disability rates

The 1985 Disability Study – Class 2, with separate rate for males and females. 80% of disabilities are assumed to be service incurred – 20% non-service incurred.

Marital assumptions

50% of deaths are assumed to be service incurred – 50% non-service incurred.
There are no children eligible for benefits.
95% of participants are married.
Spouses are assumed to be the same age as members.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

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See Note 14 to the City of Pembroke Pines Comprehensive Annual Financial Report and Compliance Reports for the Fiscal Year Ended September 30, 2018 for more details.

New legislation was enacted in the State in 2019 granting certain additional benefits to firefighters upon receiving a diagnosis of cancer and specifying that the costs of such benefits will be borne by the employer. The City is evaluating what impact the new law will have on the CPFFPO but such impact cannot be predicted at this time.

Florida Retirement System – Charter School Employees. On August 16, 2006, the Commission passed Resolution Number 3105 which mandated that all Pembroke Pines charter schools' (the "Charter Schools") full-time employees hired after August 7, 2006 and all part-time employees regardless of the date of hire will join the Florida Retirement System ("FRS"), a cost-sharing, multiple-employer, defined benefit Public Employment Retirement System (the "FRS Pension Plan"). Individuals who were members of the ICMA-RC Defined Contribution Plan were given a one-time irrevocable election whether or not to participate in the FRS Pension Plan. The FRS is entirely administered by the State.

The FRS information contained herein has been obtained from the FRS Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Reports available at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports and the Florida Comprehensive Annual Financial Reports available at <http://www.myfloridacfo.com/Division/AA/Reports/>. No representation is made by the City as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration ("SBA") invests the assets of the FRS Pension Plan held in an FRS trust fund (the "FRS Trust Fund"). Costs of administering the FRS Pension Plan are funded through earnings on investments of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The SBA also administers the defined contribution plan (the "FRS Investment Plan"). The Florida Legislature establishes and amends the contribution requirements and benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the FRS Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of 0.06% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Upon receiving a distribution, other than a de minimis distribution or required minimum distribution, the member is a retiree. Disability coverage

is provided for total and permanent disability (non-duty or line of duty); the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income. Survivor benefit coverage is provided to the surviving spouse or dependent children of members who die in line of duty; the employer pays an employer contribution to fund the survivor benefit which is deposited in the FRS Trust Fund. The member's account balance must be transferred to the FRS Pension Plan when approved for survivor benefits to receive guaranteed lifetime monthly benefits under the FRS Pension Plan for the surviving spouse or on behalf of the dependent children until the youngest unmarried dependent child reaches age 18, or up to age 25 if unmarried and enrolled as a fulltime student.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members working on or after July 1, 2001, and initially enrolled before July 1, 2011. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

The Florida Legislature establishes and amends the benefit terms of the FRS Pension Plan. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value per year by membership class. Members are also provided in-line-of-duty or regular disability and survivors' benefits. Pension benefits of eligible retirees and

annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. This individually calculated annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Defined Retirement Option Program (the "FRS DROP") became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the FRS DROP for a maximum of 60 months. Authorized instructional personnel may participate in the FRS DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during FRS DROP participation and accrue interest until the member terminates to finalize retirement. As of June 30, 2018, the FRS Trust Fund held in trust \$2,432,971,600 in accumulated benefits and interest for 36,001 FRS DROP participants. Of these 36,001 FRS DROP participants, 34,173 were active in the FRS DROP with balances totaling \$2,185,360,679. The remaining participants were no longer active in the FRS DROP and had balances totaling \$247,610,920 to be processed after June 30, 2018.

The Retiree Health Insurance Subsidy ("HIS") Program is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of state-administered retirement systems in paying their health insurance costs. The Department of Management Services, Division of Retirement administers the HIS Program. For the Fiscal Year ended June 30, 2018, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for specified employees. For the fiscal year ended June 30, 2018, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislation may reduce or cancel HIS payments.

Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida Statutes, any surplus amounts

available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves at June 30, 2018, was \$161,196,880,609. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

The Charter Schools' required contribution rate is established, and may be amended, by State law. For the Fiscal Year ended June 30, 2018, the contribution rate remained the same as last Fiscal Year at 7.52% for Regular Class Members and 12.99% for DROP Members. The Charter Schools are required to contribute both for full-time and part-time members of the FRS Pension Plan, which amounted to \$1,633,735. As of June 30, 2018, there were 509 members in this FRS Pension Plan.

The contribution rate includes the post-employment health insurance supplement of 1.66% and the administrative/educational fee of 0.06%. As of the FRS Pension Plan Fiscal Year ending June 30, 2017, the Charter Schools reported a liability of \$18,439,797 for their proportionate share of the FRS Pension Plan.

Since year 2012, the State mandated that employees contribute to the FRS Pension Plan. In Fiscal Year 2018, the contribution rate was 3%. This required employee contribution amounted to \$610,473 for Fiscal Year 2018.

The chart below shows the annual required contribution by the City to the FRS Pension Plan and the percentage of such contribution to the annual required contribution for the past five Fiscal Years:

Schedule of City Contributions to FRS Pension Plan

<u>Fiscal Year</u>	<u>Annual Required Contributions</u>	<u>Total Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Contribution Rates</u>	
				<u>Regular Class</u>	<u>DROP</u>
2018	\$ 1,633,735	\$ 1,633,735	100.0%	7.52%	12.99%
2017	\$ 1,502,652	\$ 1,502,652	100.0%	7.52%	12.99%
2016	\$ 1,362,328	\$ 1,362,328	100.0%	7.26%	12.88%
2015	\$ 1,374,878	\$ 1,374,878	100.0%	7.37%	12.28%
2014	\$ 1,321,708	\$ 1,321,708	100.0%	6.95%	12.84%

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

Charter School and Early Development Center Employees. Effective July 1, 2000, the City established a defined contribution plan for employees of the Charter Schools and Early Development Centers (the "Charter Schools' Plan") created in accordance with Internal Revenue Service Code Section 401(a) and Ordinance 1345 and amended by Ordinance 1401 dated April 3, 2002. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into their new employer's pension plan providing said plan permits rollovers.

At September 30, 2018, there were 33 Plan members. Effective January 1, 2002, the Charter Schools' Plan members may make voluntary after-tax contributions of up to 25% of compensation during the Fiscal Year. Such contributions are 100% vested at all times. The City's required contribution was 7.52% of the Charter School Plan member's gross salary and 5.0% for the Early Development Centers plan members. For Fiscal Year 2018, the City contributed \$136,989 to the Charter Schools' Plan, and the members contributed \$27,487. Provisions of the Charter Schools' Plan may be amended by the Commission. The Charter Schools' Plan is held in a trust for the exclusive benefit of the participants and

their beneficiaries. Therefore, the net assets of the Charter Schools' Plan are not included in the City's financial statements.

Effective October 1, 2006 all new hires of the City's Charter Schools are required to join the FRS Pension Plan. Existing members of the defined contribution plan were given the option to continue with their defined contribution plan or to select the FRS Pension Plan. The City's contribution rate to the defined contribution plan equals to the required contribution rate for the FRS Pension Plan. The City's Early Development Center employees remain in the original defined contribution plan with the City continuing to contribute 5.0% of covered payroll.

See Note 14 to the City of Pembroke Pines Comprehensive Annual Financial Report and Compliance Reports for the Fiscal Year Ended September 30, 2018 for more details.

Other Post-Employment Benefit Plans

The City provides health insurance, prescription drug coverage and life insurance benefits to its active and retired employees (the "OPEB Plans"). The retiree health and life insurance program is a single-employer defined benefit plan administered by the City which provides medical and life insurance benefits to eligible retirees and their beneficiaries. The health plan is self-insured and administered by United Medical Resources on behalf of the City. The life insurance plan is fully insured through Sun Life Financial. The Commission has authority to establish and amend benefits related to the City's retiree health and life insurance program. On December 7, 2007, the City adopted Ordinance 1598 creating the Other Post-Employment Benefits Trust Fund in accordance with Florida Statutes Chapter 115.

The City created a retiree health and life insurance program as adopted and amended by the Commission by the following ordinances:

OPEB			
Ordinance Number	Dated	Ordinance Number	Dated
990	April 15, 1992	1480	March 17, 2004
1015	November 4, 1992	1554	August 16, 2006
1024	February 17, 1993	1598	December 3, 2007
1144	December 6, 1995	1670	August 4, 2010
1371	April 4, 2001	1702	September 20, 2011
1443	June 18, 2003	1779	November 5, 2014

The City is required under Section 112.0801, Florida Statutes, to offer retired City employees the option of continuing to participate in the City's group health insurance plan with identical provisions to that offered its active employees. The City is also required by Section 112.0801, Florida Statutes, to charge active and retired employees the same premium. Because the true cost of health insurance provided to retired employees is generally significantly higher than that for active employees, the City, as required by State law, is providing an indirect subsidy to the retired employees, which is commonly referred to as the "implicit rate subsidy."

Medical/Prescription Drug Plan Benefits. Coverage of health insurance is provided to all regular full-time permanent general employees, certified firefighters and police officers employees and their spouses, if hired before October 1, 1991, who have reached normal retirement age and completed service as prescribed by the applicable pension plan which covers the employee.

Coverage for employees hired after October 1, 1991 is limited to employee (single) coverage only. Effective July 1, 2010, general employees, who are members of the collective bargaining unit, that retire after July 1, 2010 may continue to participate in the City's health insurance plan but will be required to pay the active/blended rate. Additionally, effective July 1, 2010, members hired prior to May 1, 2005 will receive a health insurance subsidy of \$5 per month for each year of service, as long as they have completed at least 10 years of eligible service and retire from the City at age 55 or above.

Firefighter members hired on or after October 1, 1991 but prior to April 1, 2006 may elect to participate in the City's retiree health insurance plan, and the City will pay for the coverage of the employee only. Firefighters hired after April 1, 2006 are required to pay 100% of the active/blended rate for their retirement coverage.

Police officer members hired on or after October 1, 1991 but prior to October 1, 2006, may elect to participate in the City's retiree health insurance plan, and the City will pay for the coverage of the employee only. Police officers hired after October 1, 2006 are required to pay 100% of the active/blended rate for their retirement coverage.

Primary insurance coverage is extended until the employee qualifies for Medicare benefits (at 65 years of age). At that time, Medicare becomes the primary coverage.

In addition, extended health insurance coverage is offered to terminated employees for a period of 18 months, divorced or widowed spouses of current employees for a period of 36 months, and disabled employees meeting the requirements of Social Security for a period of 29 months. These extended benefits are offered in order to comply with Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") requirements. The cost of this extended insurance coverage is paid by the covered individual using a blended/active rate.

Eligible retirees receive health care coverage through one of two medical plans, an EPO and a PPO plan. Effective July 1, 2010, general employees are required to contribute \$100 per month for their health insurance coverage in addition to the amounts contributed for dependent, spousal or family coverage. Police officers hired after May 1, 2010 eligible for single coverage are required to contribute an additional \$80 per month for their health insurance coverage for EPO and \$100 for PPO. Effective October 1, 2014, the City extended its health care coverage to all eligible retirees' domestic partners.

Life Insurance Benefits. A life insurance benefit is provided to police officers, firefighters, general and utility employees. Employees from the Charter Schools are excluded from this benefit. The life insurance benefit available to retirees is equal to 100% of final salary at retirement, up to a maximum of \$100,000. The benefit amount is reduced by 50% at age 65. General and utility employees hired after February 1, 2010 and police officers hired after May 1, 2010 shall no longer be eligible to participate in the retiree life insurance program and their life insurance policy will terminate when they separate from the City.

Employees covered by benefit terms. At September 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	540
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,037</u>
	<u>1,577</u>

Funding Policy. Contributions are required for both retiree and dependent health insurance coverage. Currently, retirees are not required to pay contributions for the life insurance benefits.

Contribution rates are determined based on the following factors: hire date, retirement date, and employee group. Based on these factors, retirees pay either the full rates, reduced rates or nothing for the medical and prescription drug benefit. The contribution requirements of the plan members are established and may be amended by the Commission. The percentage contributed is expected to equal the ADC as determined by the annual actuarial valuation. Administrative costs are financed through investment earnings where available.

For the Fiscal Year ended September 30, 2018, the OPEB Plan members contributed \$581,044 and the City contributed \$11,702,240. The ADC for the fiscal year ended September 30, 2018 is \$10,135,673.

Reserves. The balance in the OPEB Plan's legally required reserves as of September 30, 2018 was \$1,148,959.

Net OPEB Liabilities. The City's net OPEB liability was measured as of September 30, 2017. The components of the net OPEB liability are as follows:

	<u>2017</u>
Total OPEB liability	\$ 165,190,013
Plan fiduciary net position	(80,884,628)
Net OPEB liability	<u>\$ 84,305,385</u>
Plan fiduciary net position as a percentage of total OPEB liability	48.96%
Net OPEB liability as a percentage of covered payroll	142.28%

Actuarial Assumptions. The total OPEB liability as of the reporting date, September 30, 2018 was based on an actuarial valuation with a measurement date of September 30, 2017. The actuarial valuation used the following actuarial assumptions:

Inflation	3.0% per annum.
Salary Increases	3.0% per annum.
Investment Rate of Return	8.2% per annum. Discount rate is based on expected long-term rate of return on plan investments where assets are projected to cover all future benefit payments plus inflation.
Healthcare Cost Trend Rates	9.00% initial, decreasing 0.5% per year until an ultimate rate of 4.65% is reached.
Health CPI	3.0% per annum.
Marriage Rate	The assumed number of eligible spouses is based on the current information in the census provided.
Spouse Age	Male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age of 65.
Actuarial Method	Entry Age Normal based on level percentage of projected salary.
Amortization Method	Experience gains and losses are amortized over a closed period of 5 years, equal to the average remaining service of active and inactive plan members (who has no future service). Investment gain and losses are amortized over a closed period of 5 years starting on September 30, 2017.

Mortality Rates

RP-2014 trended back to 2006 and projected generationally using Scale MP-16, applied on a gender-specific basis.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of the actuarial experience study for the period of January 2014 through December 2016.

Source: Comprehensive Annual Financial Report and Compliance Reports of the City of Pembroke Pines, Florida for the Fiscal Year Ended September 30, 2018.

Additional information, including actuarial assumptions and investment allocations are described in the City's audited financial statements, attached as APPENDIX C to this Official Statement.

Discount Rate. The discount rate used to measure the OPEB liability was 8.2%. The projection of cash flows used to determine the discount rate assumed that the City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

See Note 13 to the City of Pembroke Pines Comprehensive Annual Financial Report and Compliance Reports for the Fiscal Year Ended September 30, 2018 for more details.

Employee Relations

Currently approximately 87% of the City's full-time employees are subject to collective bargaining agreements. Full-time general employees, representing approximately 62% of the City's general employees (149 employees) are covered members of the National Federation of Public and Private Employees union (the "NFPPE"). The collective bargaining agreement with NFPPE expires September 30, 2019. Currently, approximately 95% of full-time police officers (213 employees) are members of the Broward County Police Benevolent Association, Inc. (the "Police Union"). The collective bargaining agreement with the Police Union expires September 30, 2019. Currently, approximately 95% of full-time certified fire department employees (198 employees) are covered members of the Professional Firefighters of Pembroke Pines, IAFF Local 2292 (the "Fire Union"). The collective bargaining agreement with the Fire Union expires September 30, 2020. Currently, 95% of the full-time certified teachers (347 teachers excludes administrators) of the Pembroke Pines charter schools are covered members of the Broward County Teachers Union (the "BCTU"). The collective bargaining agreement with the BCTU expires June 30, 2021 (wage reopener for years two and three). The City is in the negotiations shortly with the NFPPE and Police Union. The City expects to enter into new collective bargaining agreements without any material adverse effect to the financial condition of the City. Under State law, public employees and employee organizations are prohibited from conducting a strike or instigating a strike against a public employer.

FLORIDA CONSTITUTIONAL LIMITATIONS AND PROPERTY TAX REFORM

The City is permitted by the Florida Constitution to levy ad valorem taxes at a rate of up to \$10 per \$1,000 of assessed valuation for general governmental expenditures. The General Fund ad valorem tax millage rate for the Fiscal Year ending September 30, 2018 is \$5.6736 per \$1,000. The City is also permitted by the Florida Constitution to levy ad valorem taxes, above the \$10 per \$1,000 cap to pay debt service on general obligation long-term debt if approved by a voter referendum.

Although the Series 2019 Bonds are not payable from ad valorem taxation, approximately 39% of General Fund revenues (excluding transfers into the General Fund from other funds and accounts of the City) which are collected by the City come from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues or non-ad valorem revenues is adversely affected, a larger portion of non-ad valorem revenues would be required to balance the budget and provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are mandated by applicable law.

Several Constitutional and Legislative amendments affecting ad valorem taxes have been approved by voters in the past including the following:

Save Our Homes Amendment. By voter referendum held on November 3, 1992, Article VII, Section 4 of the State Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, All Items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. This amendment is known as the "Save Our Homes Amendment." The effective date of the amendment was January 5, 1993 and, pursuant to a ruling by the Florida Supreme Court, it began to affect homestead property valuations commencing January 1, 1995, with 1994 assessed values being the base year for determining compliance.

Millage Rollback Legislation. In 2007, the Florida Legislature adopted Chapter 2007-321, Laws of Florida (2007) (the "Rollback Law"), a property tax plan which significantly impacted ad valorem tax collections for Florida local governments. One component of the adopted legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 Fiscal Year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero percent to nine percent (0% to 9%). In addition, the legislation limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Truth in Millage. The governing bodies of taxing authorities are required to fix the millage rate and assess all property at one hundred percent (100%) of its just value. Section 200.071, Florida Statutes, and Section 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the State Constitution.

Constitutional Amendments Related to Ad Valorem Exemptions. On January 29, 2008, in a special election held in conjunction with the State's presidential primary, the requisite number of voters approved amendments to the Florida Constitution exempting certain portions of a property's assessed

value from taxation. The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000.

2. Permits owners of homestead property to transfer their Save Our Homes Amendment benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Amendment benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes Amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation.

3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10-year period, subject to extension by an affirmative vote of electors.

These amendments were effective for the 2008 tax year (Fiscal Year 2008-2009 for local governments).

Over the last few years, the Save Our Homes Amendment assessment cap and portability provisions described above have been subject to legal challenge. The plaintiffs in such cases have argued that the Save Our Homes Amendment assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property in violation of the equal protection provisions of the Florida Constitution and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution. The plaintiffs also argued that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes Amendment. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions; however, there is no assurance that any future challenges to such provisions will not be successful.

In addition to the legislative activity described above, the constitutionally mandated Florida Taxation and Budget Reform Commission (required to be convened every 20 years) (the "TBRC") completed its meetings on April 25, 2008 and placed several constitutional amendments on the November 4, 2008 General Election ballot. Three of such amendments were approved by the voters of Florida, which, among other things, do the following: (a) allow the Florida Legislature, by general law, to exempt from assessed value of residential homes, improvements made to protect property from wind damage and installation of a new renewable energy source device; (b) assess specified working waterfront properties based on current use rather than highest and best use; (c) provide a property tax exemption for real property that is perpetually used for conservation (began in 2010); and, (d) for land

not perpetually encumbered, require the Florida Legislature to provide classification and assessment of land use for conservation purposes solely on the basis of character or use.

Exemption for Deployed Military Personnel. In the November 2010 General Election voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the Florida Legislature. This constitutional amendment took effect on January 1, 2011.

Other Amendments Affecting Ad Valorem Taxation. During the Florida Legislature's 2011 Regular Session, it passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property.

During the Florida Legislature's 2012 Regular Session, it passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the Florida Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property.

Also during the Florida Legislature's 2012 Regular Session, it passed House Joint Resolution 169 ("HJR 169") which became HB No. 357, codified as 2012-57 and amending Section 196.075, Florida Statutes. The amendment allows the Florida Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than \$250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than \$20,000, adjusted annually based on the Consumer Price Index. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes.

Each of the above described proposals was approved by the voters on November 6, 2012 and took effect January 1, 2013. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the City's finances.

During the Florida Legislature's 2013 Regular Session, it passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and created a number of changes affecting ad valorem taxation. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances. Second, SB 1830 inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the terms "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of the property must reside upon the property to qualify for a homestead exemption. Fifth, SB 1830 clarifies the property tax exemptions counties and cities may

provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for certain limited liability partnerships to qualify for the affordable housing property tax exemption. Eighth, SB 1830 exempts property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieves the value adjustment board of the authority to review the property valuations. HB 1193 was effective immediately and applied retroactively to January 1, 2013.

Tangible Personal Property and Solar Devices. The State Constitution provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Tax Relief for Natural Disasters. In light of the recent natural disasters, the state legislature created a property tax relief credit for homestead parcels on which certain residential improvements were damaged or destroyed by a hurricane that occurred in 2016 or 2017, namely hurricanes Hermine, Matthew, and Irma. If the residential improvement is rendered uninhabitable for at least 30 days due to a hurricane that occurred during the 2016 or 2017 calendar year, taxes initially levied in 2019 may be abated. Due to this reduction in ad valorem tax revenue, the legislature is required to appropriate funds to offset the deficit in certain taxing jurisdictions.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/waste water systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes and certain tangible personal property.

Legislative Proposals Relating to Ad Valorem Taxation.

Recent Amendments Relating to Ad Valorem Taxation. In the 2016 legislative session, several amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as the permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead

property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

To the extent ad valorem tax collections are reduced or restricted, the effect could be a reduction in the amount of available Non-Ad Valorem Revenues available to be deposited into the Debt Service Fund under the Bond Resolution and constitute Pledged Funds.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the City, the City's finances in general or the City's ad valorem taxing power.

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BROWARD COUNTY, FLORIDA

THE COUNTY IS NOT OBLIGATED ON BONDS AND THE FOLLOWING DESCRIPTION IS PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY.

Profile of the Government

The County was incorporated in 1915 and is located along the southeastern coast of the State. With a developable area of 428 square miles and a population of approximately 1.9 million people, the County is one of the largest counties in the country. The County is governed by its amended Charter, originally adopted in 1974, and functions as a home rule government under the Florida Constitution and the general laws of the State.

Economy

The County enjoys a diverse economic base thanks to a vibrant tourism industry, an active construction industry, highly efficient and productive airport and seaport facilities, and other dynamic industry sectors. Fort Lauderdale-Hollywood Airport is the fastest growing large hub airport in the U.S. with a total of 32 million passengers at the end of Fiscal Year 2017, while Port Everglades welcomed more than 3.86 million cruise passengers.

The County's unemployment rate at September 30, 2018 was 2.8% as compared with the rate of 3.3% at September 30, 2017. In comparison, the unemployment rates for Florida and the United States were 3.3% and 3.7%, respectively.

Tourism and the related service industries are an important economic factor in the County, employing approximately 180,000 people and injecting more than \$7.6 billion directly in to the County's economy. The combination of a favorable climate (an average year-round temperature of 77 degrees Fahrenheit), together with diverse recreational opportunities, including theaters, parks, pristine public beaches, yacht basins, fishing, golf, tennis, thoroughbred racing, jai alai, and water recreational facilities, have made the County a major tourist center.

The County is maturing as an urban area, and little undeveloped property remains available. Redevelopment will be a primary focus of the County in the years ahead, but future population growth and new development may depend on national economic recovery trends and employment opportunities.

The net assessed value of real and personal property increased in Fiscal Year 2018 by approximately 8.7%. This is the fifth consecutive year the County has seen an increase in net assessed value since the low point of this economic cycle in Fiscal Year 2013. This growth pace is not expected to continue, however, the County is 1% below the peak tax roll year, which was reached in Fiscal Year 2008. Fiscal Year 2018 will be the first year in nine years that the adopted budget is based on a higher overall property tax assessment than before the recession. In Fiscal Year 2018, property taxpayers will not see an increase in their County-levied millage rate as a result of this budget.

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Demographic and Economic Statistics

The following table sets forth certain demographic and economic statistics of the County during the last ten Fiscal Years.

BROWARD COUNTY, FLORIDA DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year Ended September 30	Population⁽¹⁾	Total Personal Income⁽¹⁾ (Dollars in Thousands)	Per Capita Personal Income	School Enrollment⁽²⁾	Residential Births⁽³⁾	Unemployment Rate⁽¹⁾
2009	1,738,093	\$ 66,600,248	\$ 38,318	255,203	21,511	9.6 %
2010	1,748,066	71,319,345	40,799	256,872	21,016	10.2
2011	1,753,162	72,852,647	41,555	258,803	22,766	9.4
2012	1,771,099	74,143,517	41,863	260,796	23,020	7.7
2013	1,784,715	72,844,927	40,816	262,563	23,288	6.6
2014	1,803,903	78,045,863	43,265	265,401	23,391	5.9
2015	1,827,367	84,250,756	46,105	268,836	23,760	5.0
2016	1,854,513	86,694,774	46,748	271,105	24,067	4.6
2017	1,873,970	91,224,860	48,680	271,517	23,917	3.7
2018	1,897,976	(4)	(4)	270,550	23,987	2.8

(1) Broward County Planning and Redevelopment Division.

(2) School Board of Broward County.

(3) Florida Department of Health.

(4) Information unavailable for 2018.

Source: Comprehensive Annual Financial Report for Broward County, Florida for the Fiscal Year ended September 30, 2018.

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APPENDIX B
FORM OF BOND RESOLUTION

APPENDIX C

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF PEMBROKE PINES,
FLORIDA FOR FISCAL YEAR ENDED SEPTEMBER 30, 2018**

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE