

Exhibit B

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: Moody's: "____"
Fitch: "____"
See "RATINGS" herein

In the opinion of Greenberg Traurig, P.A., Bond Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Series 2020 Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes. Further, interest on the Series 2020 Bonds will not be an item of tax preference for purposes of the alternative minimum tax imposed on individuals. See "TAX MATTERS" herein for a description of certain other federal tax consequences of ownership of the Series 2020 Bonds. Bond Counsel is further of the opinion that the Series 2020 Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. See "TAX MATTERS" herein.

\$ _____ *
CITY OF HOLLYWOOD, FLORIDA
WATER AND SEWER REFUNDING REVENUE BONDS,
SERIES 2020

Dated: Date of Delivery

Due: October 1, as shown on the inside cover

The City of Hollywood, Florida Water and Sewer Refunding Revenue Bonds, Series 2020 (the "Series 2020 Bonds") will be issued by the City of Hollywood, Florida (the "City") as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2020 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2020 Bonds purchased. Interest on the Series 2020 Bonds is payable commencing on April 1, 2021 and on each October 1 and April 1 thereafter. Principal, redemption premium, if any, and interest on the Series 2020 Bonds will be paid to DTC or its nominee, which will remit such payments in accordance with its normal procedures, as described herein. See "DESCRIPTION OF THE SERIES 2020 BONDS - Book-Entry-Only System" herein. While the Series 2020 Bonds are registered through the DTC Book-Entry-Only System, principal of and interest on the Series 2020 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Paying Agent (the "Paying Agent"), to DTC.

The Series 2020 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, as amended, and the Home Rule Charter of the City and other applicable provisions of law and pursuant and subject to the terms and conditions of Ordinance No. O-91-44 enacted by the City Commission of the City (the "Commission") on July 24, 1991, as amended by Ordinance No. O-2003-33 enacted by the Commission on November 5, 2003, Ordinance No. O-2010-01 enacted by the Commission on January 6, 2010, and supplemented by Resolution No. R-2020-___ adopted by the Commission on October 7, 2020 (collectively, the "Ordinance").

The Series 2020 Bonds are subject to optional and mandatory sinking fund redemption by the City prior to their maturity. See "DESCRIPTION OF THE SERIES 2020 BONDS — Redemption Provisions" herein.

The Series 2020 Bonds are being issued for the purpose of providing funds, together with other legally available funds, to (i) currently refund all of the City's outstanding Water and Sewer Improvement Revenue Bonds, Series 2010B (Build America Bonds – Direct Payment), as more specifically described herein; and (ii) pay certain costs of issuance with respect to the Series 2020 Bonds[, including the payment of the premium for a municipal bond insurance policy securing the Insured Bonds, defined below, if necessary]. The Series 2020 Bonds are payable solely from and secured by a lien on and pledge of certain revenues derived from the operation of the Water and Sewer Utility; subject, however, to the prior payment from revenues of the expenses of operation and maintenance of the Water and Sewer Utility (the "Net Revenues"), investment income thereon, and, to the extent permitted by law, certain Impact Fees (collectively, the "Pledged Revenues"). See "PURPOSE OF THE SERIES 2020 BONDS" and "SECURITY FOR THE SERIES 2020 BONDS" herein.

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

[The City may choose to insure all, some or none of the Series 2020 Bonds. Such determination will be made by the City at the time the Series 2020 Bonds are marketed. In the event the City elects to provide for such insurance, the scheduled payment of principal of and interest on certain of the Bonds (the "Insured Bonds") will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2020 Bonds.]

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

THE CITY IS NOT OBLIGATED TO PAY THE SERIES 2020 BONDS OR THE INTEREST THEREON EXCEPT FROM THE PLEDGED REVENUES AND NEITHER THE FULL FAITH AND CREDIT NOR ANY PHYSICAL PROPERTIES OF THE CITY ARE PLEDGED

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TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2020 BONDS. THE ISSUANCE OF THE SERIES 2020 BONDS DOES NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO LEVY ANY AD VALOREM TAXES WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE PLEDGED REVENUES. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO PAYMENT OF THE SERIES 2020 BONDS.

The Series 2020 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Greenberg Traurig, P.A., Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by Douglas R. Gonzales, Esquire, City Attorney. Certain matters relating to disclosure will be passed upon for the City by Greenberg Traurig, P.A., Miami, Florida, Disclosure Counsel to the City. Hilltop Securities Inc., Orlando, Florida, is serving as Financial Advisor to the City in connection with the issuance of the Series 2020 Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Moskowitz, Mandell, Salim & Simowitz, P.A., Fort Lauderdale. It is expected that the Series 2020 Bonds in book-entry form will be available for delivery through the facilities of DTC, New York, New York on or about _____, 2020.

RBC Capital Markets

Raymond James & Associates

BofA Securities

Dated: _____, 2020

\$ _____ *

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

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Initial CUSIP Number**
2023				436212__
2024				436212__
2025				436212__
2026				436212__
2027				436212__
2028				436212__
2029				436212__
2030				436212__
2031				436212__
2032				436212__
2033				436212__
2034				436212__
2035				436212__
2036				436212__
2037				436212__
2038				436212__
2039				436212__

\$ _____ % Term Series 2020 Bonds maturing October 1, _____, _____% Yield, Initial Cusip Number 436212__**

\$ _____ % Term Series 2020 Bonds maturing October 1, _____, _____% Yield, Initial Cusip Number 436212__**

* Preliminary, subject to change.

** The City is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

**CITY OF HOLLYWOOD, FLORIDA
CITY COMMISSIONERS**

Mayor Josh Levy, Mayor
Kevin Biederman, Vice Mayor – District 5
Caryl S. Shuham, Commissioner – District 1
Peter D. Hernandez, Commissioner – District 2
Traci Callari, Commissioner – District 3
Richard Blattner, Commissioner – District 4
Linda Sherwood, Commissioner – District 6

CITY MANAGER

Dr. Wazir Ishmael

CITY ATTORNEY

Douglas R. Gonzales

INTERIM DIRECTOR OF FINANCIAL SERVICES

David E. Keller

PUBLIC UTILITIES DIRECTOR

Vivek Galav, P.E.

BOND COUNSEL

Greenberg Traurig, P.A.
Miami, Florida

DISCLOSURE COUNSEL

Greenberg Traurig, P.A.
Miami, Florida

CONSULTING ENGINEERS

Hazen and Sawyer, P.C.
Hollywood, Florida

FINANCIAL ADVISOR

Hilltop Securities Inc.
Orlando, Florida

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NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SERIES 2020 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 2020 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE SERIES 2020 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY, DTC AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE UNDERWRITERS. THE UNDERWRITERS LISTED ON THE COVER PAGE HEREOF HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS PART OF THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE INFORMATION AND EXPRESSIONS OF OPINION STATED HEREIN ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCES, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF.

[_____ (“___”) MAKES NO REPRESENTATION REGARDING THE SERIES 2020 BONDS OR THE ADVISABILITY OF INVESTING IN THE SERIES 2020 BONDS. IN ADDITION, _____ HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING _____ SUPPLIED BY _____ AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX H - SPECIMEN COPY OF MUNICIPAL BOND INSURANCE POLICY”.]

CONNECTION WITH THIS OFFERING OF THE SERIES 2020 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS TO STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2020 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 2020 BONDS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FORM THEREOF INCLUDED IN THE AFORESAID DOCUMENTS AND AGREEMENTS.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2020 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2020 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

THIS PRELIMINARY OFFICIAL STATEMENT IS IN THE FORM DEEMED "FINAL" BY THE CITY FOR PURPOSES OF RULE 15c2-12 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).

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OFFICIAL STATEMENT

relating to

\$ _____ *

CITY OF HOLLYWOOD, FLORIDA Water and Sewer Refunding Revenue Bonds, Series 2020

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page, and all appendices, is to set forth certain information in connection with the sale by the City of Hollywood, Florida (the “City”) of its \$ _____ * aggregate principal amount of Water and Sewer Refunding Revenue Bonds, Series 2020 (the “Series 2020 Bonds”).

The Series 2020 Bonds are being issued pursuant to the Constitution and laws of the State of Florida (the “State”), including Chapter 166, Florida Statutes, as amended, and the Home Rule Charter of the City (collectively, the “Act”) and other applicable provisions of law and pursuant and subject to the terms and conditions of Ordinance No. O-91-44 enacted by the City Commission of the City (the “Commission”) on July 24, 1991, as amended by Ordinance No. O-2003-33 enacted by the Commission on November 5, 2003 and Ordinance No. O-2010-001 enacted by the Commission on January 6, 2010 (collectively, the “Bond Ordinance”), and supplemented by Resolution No. R-2020-____ adopted by the Commission on _____, 2020 (the “Series Resolution” and, together with the Bond Ordinance, the “Ordinance”). The Series 2020 Bonds are payable solely from and secured by a lien on and pledge of certain revenues derived from the operation of the City’s water and sewer system (the “Water and Sewer Utility”), as more particularly described herein under the heading “SECURITY FOR THE SERIES 2020 BONDS;” subject, however, to the prior payment from such revenues of the expenses of operation and maintenance of the Water and Sewer Utility (the “Net Revenues”), investment income thereon, and, to the extent permitted by law, certain Impact Fees (collectively, the “Pledged Revenues”). See “SECURITY FOR THE SERIES 2020 BONDS” herein. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Ordinance. See “APPENDIX D – Form of the Bond Ordinance” herein.

The Series 2020 Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) currently refund all of the City’s outstanding Water and Sewer Improvement Revenue Bonds, Series 2010B (Build America Bonds – Direct Payment) currently outstanding in the aggregate principal amount of \$42,140,000 (the “Refunded Bonds”), as more specifically described herein; and (ii) pay certain costs of issuance with respect to the Series 2020 Bonds [including the payment of the premium for a municipal bond insurance policy securing the Insured Bonds, if necessary].

The City has previously issued, pursuant to the Bond Ordinance and Resolution No. R-2014-330, adopted by the Commission on November 5, 2014, its Water and Sewer

* Preliminary, subject to change.

Refunding Revenue Bonds, Series 2014, in the original aggregate principal amount of \$47,160,000 and currently outstanding in the aggregate principal amount of \$22,715,000 (the “Series 2014 Bonds”). The Series 2020 Bonds are payable from and secured by the Pledged Revenues on a parity with the Series 2014 Bonds, any future Additional Bonds that may be issued pursuant to the Bond Ordinance and any Alternative Parity Debt as authorized by the Bond Ordinance. The Series 2020 Bonds, the Series 2014 Bonds and any future Additional Bonds issued on a parity therewith are referred to collectively herein as the “Bonds.”

The City has not provided the information contained herein regarding The Depository Trust Company, New York, New York (“DTC”) and does not certify as to the accuracy or sufficiency of the disclosure practices of or content provided by DTC, and is not responsible for the information provided by DTC.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Descriptions of the Series 2020 Bonds, the Bond Ordinance, the Series Resolution and other agreements and documents contained herein constitute summaries of certain provisions thereof, and do not purport to be complete. Reference is made to the Bond Ordinance, the Series Resolution and such other agreements and documents for a more complete description of such provisions, copies of which are on file at the offices of the Director of Financial Services, City of Hollywood, 2600 Hollywood Boulevard, Hollywood, Florida 33020.

PURPOSE OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) currently refund all of the Refunded Bonds, and (ii) pay certain costs of issuance with respect to the Series 2020 Bonds.

Plan of Refunding

[To effect the refunding of the Refunded Bonds, a portion of the proceeds of the Series 2020 Bonds will be used, together with other legally available funds of the City currently on deposit in the funds and accounts established for the benefit of the Refunded Bonds, to refund and redeem the Refunded Bonds on _____, 2020.]

[To effect the refunding of the Refunded Bonds, the City will enter into the Escrow Deposit Agreement (the “Escrow Deposit Agreement”) with Regions Bank, as escrow agent (the “Escrow Agent”) relating to the refunding of the Refunded Bonds. The Escrow Deposit Agreement will provide that cash and/or direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America (the “Defeasance Obligations”), together with other legally available funds of the City, will be deposited to the escrow fund created under the Escrow Deposit Agreement (the “Escrow Deposit Fund”). Such Defeasance Obligations will mature and bear interest at times and in amounts sufficient, together with any uninvested cash in such escrow fund, together with other legally available funds of the City, to pay principal of and interest on the Refunded Bonds from the date the Series 2020 Bonds are issued until the Redemption Date (defined herein) of the Refunded Bonds. _____]

(the “Verification Agent”), has verified the arithmetic accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Defeasance Obligations deposited to the Escrow Deposit Fund to pay the Refunded Bonds through the Redemption Date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”]

The Refunded Bonds will be called for redemption prior to their maturities on _____, 2020 (the “Redemption Date”) at a redemption price of 100% of the principal amount thereof, plus accrued interest to the Redemption Date. In the opinion of Bond Counsel, rendered in reliance on a letter from the paying agent for the Refunded Bonds [and the verification report of the Verification Agent], the Refunded Bonds will no longer be Outstanding under the Bond Ordinance and the resolution which authorized the Refunded Bonds.

The current refunding of the Refunded Bonds is being undertaken by the City to achieve debt service savings.

DESCRIPTION OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds are being issued pursuant to the Act, and are subject to the terms and conditions of the Bond Ordinance and Series Resolution. The Series 2020 Bonds are being issued as “Additional Bonds” within the meaning of the Bond Ordinance.

Authorized Denominations; Interest Payment Dates

The Series 2020 Bonds are being issued as fully registered bonds, in denominations of \$5,000 or any multiple thereof and when issued, will be registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository for the Series 2020 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2020 Bonds purchased. The Series 2020 Bonds will be dated their date of delivery and will bear interest at the rates, and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2020 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Series 2020 Bonds is payable commencing on April 1, 2021 and semiannually thereafter on each October 1 and April 1. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, shall serve as the Paying Agent and Bond Registrar for the Series 2020 Bonds.

Redemption Provisions

Optional Redemption. The Series 2020 Bonds maturing on or before October 1, [2030] are not subject to optional redemption prior to maturity. The Series 2020 Bonds maturing on or after October 1, [2031] are subject to optional redemption prior to maturity by the City, in whole or in part on any date on or after October 1, [2030], and if in part, in such order of maturities and in such principal amounts as the City shall select and by lot within a maturity, at a redemption price equal to the principal amount of the Series 2020 Bonds to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Series 2020 Bonds scheduled to mature on October 1, 20__ are subject to mandatory redemption in the principal amounts set forth in the table below.

Year (October 1)	Principal Amount
-----------------------------	-----------------------------

*Maturity

Book-Entry-Only System

The Series 2020 Bonds will be available only in book-entry form in authorized denominations of \$5,000 and any integral multiple thereof. Purchasers of the Series 2020 Bonds will not receive certificates representing their interests in the Series 2020 Bonds purchased. The City has entered into a letter of representations with DTC providing for such book-entry system.

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond certificate will be issued for each maturity of the Series 2020 Bonds, 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"), DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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 the Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2020 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 2020 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 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2020 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 the Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of the Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal, interest and redemption premiums, if any, on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized

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

DTC may discontinue providing its services as depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered to DTC.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2020 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds associated with the issuance of the Series 2020 Bonds:

Sources of Funds

Par Amount of Series 2020 Bonds	\$
[Plus] [Minus] Original Issue [Premium] [Discount]	
Other Legally Available Funds ⁽¹⁾	<hr/>

Total Estimated Sources of Funds	\$ <hr/>
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Use of Funds

[Refunding of Refunded Bonds] ⁽²⁾ [Deposit to Escrow Deposit Fund]	\$
Underwriters' Discount	
Costs of Issuance ⁽³⁾	<hr/>

Total Estimated Uses of Funds	\$ <hr/> <hr/>
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⁽¹⁾ Consists of moneys in the Bond Service Subaccount and the 2010 Bond Service Subaccount established for the Refunded Bonds.

⁽²⁾ To be applied to refund and redeem the Refunded Bonds.

⁽³⁾ Includes financial advisory fees, legal fees, [bond insurance premium, if any,] rating agency fees, printing costs and other miscellaneous costs of issuance.

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DEBT SERVICE SCHEDULE

The following table sets forth the estimated debt service requirements* for (i) the Refunded Bonds, prior to the issuance of the Series 2020 Bonds and the refunding of the Refunded Bonds and (ii) the Series 2014 Bonds.

Bond Year (October 1)	Series 2020 Bonds					Total Debt Service ²
	<u>Refunded Bonds¹</u>	<u>Series 2014 Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2021	\$ 3,324,933	\$ 6,574,000	\$	\$ 1,312,350	\$ 1,312,350	\$
2022	3,324,411	6,568,500		1,312,350	1,312,350	
2023	3,325,723	5,859,000		1,312,350	1,312,350	
2024	3,324,585	-	1,310,000	1,312,350	2,622,350	
2025	3,325,139	-	1,375,000	1,246,850	2,621,850	
2026	3,327,148	-	1,445,000	1,178,100	2,623,100	
2027	3,325,375	-	1,515,000	1,105,850	2,620,850	
2028	3,324,821	-	1,590,000	1,030,100	2,620,100	
2029	3,320,250	-	1,670,000	950,600	2,620,600	
2030	3,321,660	-	1,755,000	867,100	2,622,100	
2031	3,321,493	-	1,845,000	779,350	2,624,350	
2032	3,321,498	-	1,935,000	687,100	2,622,100	
2033	3,316,435	-	2,030,000	590,350	2,620,350	
2034	3,316,303	-	2,135,000	488,850	2,623,850	
2035	3,315,620	-	2,220,000	403,450	2,623,450	
2036	3,314,143	-	2,305,000	314,650	2,619,650	
2037	3,311,633	-	2,400,000	222,450	2,622,450	
2038	3,312,847	-	2,470,000	150,450	2,620,450	
2039	3,307,303	-	2,545,000	76,350	2,621,350	
Total	<u>\$ 66,402,341</u>	<u>\$ 19,001,500</u>	<u>\$ 30,545,000</u>	<u>\$ 15,341,000</u>	<u>\$ 45,886,000</u>	<u>\$</u>

*Preliminary, subject to change.

¹ Net of the Federal Direct Subsidy for the Series 2010B Build America Bonds at the current sequestration rate as of 2020 (5.9%) for the life of such bonds.

² The City will have outstanding \$71,127,401 aggregate principal amount of State Revolving Fund Indebtedness as of September 30, 2020. The security for the State Revolving Fund Indebtedness is subordinate to the Series 2020 Bonds and any other Outstanding Bonds issued under the Bond Ordinance. See “SECURITY FOR THE SERIES 2020 BONDS – State Revolving Fund Indebtedness” herein.

SECURITY FOR THE SERIES 2020 BONDS

General

The Series 2020 Bonds are limited obligations of the City, payable solely from and secured by a lien upon and pledge of all Net Revenues of the Water and Sewer Utility. “Net Revenues” are defined in the Bond Ordinance as being, for any particular period, the excess of the Revenues for such period over the Current Expenses for such period. See “Additional Bonds” herein, for a discussion of the treatment of certain special assessments and Impact Fees in computing Net Revenues for the purposes of the Additional Bonds test.

“Revenues” consist of all moneys received by the City in connection with or as a result of its ownership or operation of the Water and Sewer Utility, including the income derived by the City from the sale of water produced, treated or distributed by, or the collection, transmission, treatment or disposal of sewage by the Water and Sewer Utility, any proceeds of use and occupancy insurance on the Water and Sewer Utility or any part thereof, Hedge Receipts, all credits and cash subsidy payments paid by the United States Treasury to the City on account of the issuance of any Bonds or Utility Debt as Build America Bonds (Direct Payment), as Recovery Zone Economic Development Bonds Direct Payment) or as any other Bond or Utility Debt with respect to which such credits and cash subsidy payments shall be so paid by the United States Treasury,* income from investments made under the Bond Ordinance and amounts transferred or to be transferred from the Rate Stabilization Account to the Revenue Account pursuant to the Bond Ordinance; provided, however, Revenues do not include grants, contributions or donations, investment income from investment of moneys on deposit in the Construction Fund and the Impact Fee Account established under the Bond Ordinance, proceeds of insurance (except use and occupancy insurance) and condemnation awards, moneys held in any Arbitrage Rebate Funds created pursuant to the Bond Ordinance, proceeds of sales of property constituting a part of the Water and Sewer Utility, special assessments, the proceeds of Bonds or other Water and Sewer Utility Debt and Impact Fees.

“Current Expenses” are defined in the Bond Ordinance to be the City’s reasonable and necessary current expenses of maintenance, repair and operation of the Water and Sewer Utility and include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, all City administrative expenses and any reasonable payments to pension or retirement funds properly chargeable to the Water and Sewer Utility, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Bond Registrar, legal and accounting expenses, any fees, fines, or penalties lawfully imposed on the Water and Sewer Utility, any taxes which may be lawfully imposed on the Water and Sewer Utility or its income or operations and reserves for such taxes, annual premiums for bond insurance, interest rate insurance or insurance assuring availability of the amounts required to be on deposit in the Reserve Account, annual fees for Credit Facilities, or Liquidity Facilities (as defined in the Bond Ordinance), payments due from the City under a Hedge Agreement and any other expenses required to be paid by the City under the provisions of the Bond

* The underlined language was added to the definition of “Revenues” in the Bond Ordinance through an amendment made by Ordinance O-2010-01, enacted by the Commission on January 6, 2010, and which became effective on November 14, 2014 upon issuance of the Series 2014 Bonds.

Ordinance or by law, including any amounts required from time to time to fund the Arbitrage Rebate Fund established under the Bond Ordinance, but do not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any deposits or transfers to the credit of the Sinking Fund Account, the Reserve Account, the Rate Stabilization Account, the Renewal, Replacement and Improvement Account, the General Reserve Account or the Impact Fee Account established under the Bond Ordinance.

The Bond Ordinance provides that Impact Fees are also to be pledged to the payment of the principal of, redemption premium, if any, and the interest on Bonds, but only to the extent such Bonds were issued to finance the costs of Improvements in respect of which the Impact Fees have been imposed. The Net Revenues and Impact Fees, to the extent they may be lawfully pledged, and investment income thereon are referred to herein as the “Pledged Revenues.” The Impact Fees are not includable in the calculation of Net Revenues for purposes of the rate covenant or the Additional Bonds test. **No special assessments or Impact Fees are contemplated to be available to pay the Series 2020 Bonds.**

Additional Bonds having a first lien on the Pledged Revenues on parity with the Series 2020 Bonds and the Series 2014 Bonds may also be issued from time to time under the Bond Ordinance. See “SECURITY FOR THE SERIES 2020 BONDS — Additional Bonds” herein.

The City is not obligated to pay the Series 2020 Bonds or the interest thereon except from the Pledged Revenues and neither the full faith and credit nor any physical properties of the City are pledged to the payment of the principal of, redemption premium, if any, or interest on the Series 2020 Bonds. The issuance of the Series 2020 Bonds does not directly or indirectly or contingently obligate the City to levy any ad valorem taxes whatsoever therefor or to make any appropriation for their payment except from Pledged Revenues. Neither the full faith and credit nor the taxing power of the City, the State of Florida or any political subdivision thereof is pledged to the payment of the Series 2020 Bonds.

Flow of Funds

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

The Bond Ordinance provides that the City must deposit all Revenues collected from the Water and Sewer Utility’s operations into the Revenue Account of the Enterprise Fund. The Bond Ordinance further provides that each month the City must withdraw the balance remaining in the Revenue Account (except for an amount equal to two month’s Current Expenses under the Annual Budget) and deposit the funds withdrawn to the credit of the following Accounts and Subaccounts in the following order:

- (a) to the Bond Service Subaccount of the Sinking Fund Account, one-sixth (1/6) of interest payable on the Bonds of each Series on the next Interest Payment Date, plus one-twelfth (1/12) (or, if principal is payable semiannually, one-sixth (1/6)) of the next maturing

installment of principal on all Serial Bonds; such amounts to be adjusted after Bonds are issued to equal the amounts required for the first interest and principal payments;

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

(c) to the Reserve Account, if necessary, the amount to restore the Reserve Account to its required level;

(d) to the Rate Stabilization Account, amounts determined by the Commission;

(e) to the Subordinated Indebtedness Account, one-twelfth (1/12) of the amount required to satisfy principal and interest requirements of Subordinated Indebtedness for the succeeding calendar year;

(f) to the Renewal, Replacement and Improvement Account, one-twelfth (1/12) of the amount required to restore the Renewal, Replacement and Improvement Account to its required level; and

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

All Revenues received by the City resulting from the termination provision of any of the Large User Agreements requiring the terminating Large User to pay allocable debt service charges (or any similar termination provision in any Large User Agreement), shall be applied, at the direction of the Director of Financial Services, toward one or more of the following: (i) for deposit into the Bond Service Subaccount to pay interest on the Bonds and principal of Serial Bonds; (ii) for deposit into the Redemption Subaccount to redeem or purchase Term Bonds; or (iii) to defease Bonds. All Revenues received by the City resulting from the termination provision of any of the Large User Agreements requiring the terminating Large User to pay the present value of five (5) years of non-debt service charges (or any similar termination provision in any Large User Agreement), shall be applied, at the direction of the Director of Financial Services, toward one or more of the purposes permitted in the preceding sentence, or for deposit into the Revenue Account to pay Current Expenses. Any such application of moneys from Large User terminations shall require an opinion of Bond Counsel that such application will not affect adversely the exclusion of interest on Bonds from gross income for federal income tax purposes.

Reserve Account

Under the Bond Ordinance, the City is entitled to establish separate Reserve Accounts within the Enterprise Fund. Pursuant to the Bond Ordinance and Series Resolution for the Series 2020 Bonds, the City has determined to establish a separate Reserve Subaccount designated the "2020 Reserve Subaccount," to be maintained solely for the benefit of the Holders of the Series 2020 Bonds. The City is required to deposit in the 2020 Reserve Subaccount for the Series 2020 Bonds, an amount (in respect of the Series 2020 Bonds, the "Reserve Account Requirement") of \$0. Therefore, no proceeds of the Series 2020 Bonds will be used to fund the 2020 Reserve Subaccount. Accordingly,

holders of Series 2020 Bonds shall not have any security interest in nor the right to, any funds on deposit in the Reserve Account or any Reserve Subaccount therein.

Rate Covenant

The City has covenanted in the Bond Ordinance that it will fix, charge and collect reasonable rates and charges for the use of the services and facilities furnished by the Water and Sewer Utility and that from time to time, and as often as it shall appear necessary, it will adjust such rates and charges by increasing or decreasing the same or any selected categories of rates and charges so that the Net Revenues (excluding from the computation of Current Expenses for any Fiscal Year any amount received from any source other than Revenues and applied to the payment of Current Expenses in such Fiscal Year) will be sufficient to provide an amount in each Fiscal Year at least equal to 110% of Principal and Interest Requirements on all Bonds for such Fiscal Year and 100% of all amounts required to be deposited into the Reserve Account, the Renewal Replacement and Improvement Account, the Subordinated Indebtedness Account, and the Rate Stabilization Account for such Fiscal Year.

Rates and charges for Large Users shall be adjusted as provided in the Large User Agreements to provide for sufficient debt service coverage for indebtedness incurred in respect of any Improvements to the Water and Sewer Utility to benefit any Large Users. The City has covenanted to enforce diligently its rights under the Large User Agreements. The City has agreed that it will not enter into any future Large User Agreement unless the termination provisions therein shall be substantially similar to those in effect in the Large User Agreements in force on the date of enactment of the Bond Ordinance. The City has also agreed that it will not amend the termination provisions in the Large User Agreements now in force, so that the interests of the Bondholders are materially, adversely affected. See “THE WATER AND SEWER UTILITY — Summary of Large User Agreements.”

If in any Fiscal Year the Net Revenues are less than the amount required under the preceding paragraphs, within 30 days of the receipt of the audit report for such Fiscal Year (which, under the Bond Ordinance, may be the portions of the City’s Comprehensive Annual Financial Report relating to the Water and Sewer Utility), the City is required to employ a Rate Consultant to review and analyze the financial status of the Water and Sewer Utility, to inspect the Water and Sewer Utility and to submit, within 60 days thereafter, a written report to the City recommending revisions of the rates, fees and charges of the Water and Sewer Utility and the methods of operation of the Water and Sewer Utility that will result in producing the amount so required in the following Fiscal Year. Promptly upon its receipt of such recommendations, the City is required to transmit copies thereof to the Commission and City Manager and to revise its rates, fees and charges, or alter its methods of operation and take such other action as will conform with such recommendations.

If the City fails to comply with the recommendations of the Rate Consultant, the registered owners of not less than 10% in principal amount of all Bonds then Outstanding may institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the City to comply with the recommendations and the requirements of the Rate Consultant.

If the City complies with all recommendations of the Rate Consultant in respect to its rates, fees, charges and methods of operation, the failure of Net Revenues to meet the rate covenant

described above will not constitute an Event of Default so long as the Revenues, together with available moneys in the Funds and Accounts created under the Bond Ordinance other than the Arbitrage Rebate Fund, are sufficient to pay in cash the Current Expenses and to pay the Principal and Interest Requirements on all Outstanding Bonds and other Water and Sewer Utility Debt of the City with respect to the Water and Sewer Utility for such Fiscal Year.

Additional Bonds

Additional Bonds of the City may be issued under and secured by the Bond Ordinance, on a parity as to the pledge of the Net Revenues with the Series 2020 Bonds, the Series 2014 Bonds and any Bonds and Alternative Parity Debt issued on a parity therewith and superior in lien to the Subordinated Indebtedness, secured by the Bond Ordinance and then Outstanding, subject to the conditions described below, from time to time, for the purpose of paying all or any part of the cost of constructing or acquiring any Improvements.

Before any Additional Bonds are permitted to be issued under the Bond Ordinance, there shall be filed with the City, among other things, the following:

(a) a certificate of the Director of Financial Services (referred to in the Bond Ordinance as the Finance Director), an Accountant or the Rate Consultant demonstrating that either:

(i) the percentage derived by dividing (x) the Net Revenues projected for the Water and Sewer Utility for the next Fiscal Year after the Completion Date of the Improvements financed by such Additional Bonds is expected to occur (as certified by the Rate Consultant), adjusted as provided in the following paragraph, by (y) the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to such Additional Bonds for any future Fiscal Year, is not less than 110%; or

(ii) the percentage derived by dividing the Net Revenues for any period of 12 consecutive months selected by the City out of the eighteen months preceding the delivery of such certificate, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than 110%;

(the period during which Net Revenues are determined under this clause (a) is herein referred to as the "Measurement Period"); and

(b) (if the certificate described in subclause (a)(i) above is filed instead of the certificate described in subclause (a)(ii) above) a certificate of the Director of Financial Services, an Accountant or the Rate Consultant, setting forth the projected Net Revenues for the Fiscal Year following the Fiscal Year in which the Completion Date of the Improvements to be financed by the Additional Bonds then to be delivered is expected to occur; and

(c) a certificate of the Director of Financial Services that no Event of Default under the Bond Ordinance, and no event which with the passage of time, the giving of notice or both would become an Event of Default, has occurred within the twelve consecutive

calendar months before the date of such certificate and is continuing or, if any such event or Event of Default has occurred and is continuing, that the issuance of such Series of Additional Bonds will cure the same.

In determining whether to execute and deliver the certificate mentioned in clause (a) above, the following adjustments to Net Revenues may be made;

(1) if the City has increased the rates, fees, rentals or other service charges of the Water and Sewer Utility, the Net Revenues for the Measurement Period shall be adjusted to include the Net Revenues which would have been derived from the Water and Sewer Utility in such Measurement Period, as if such increase had been in effect during all of such Measurement Period.

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

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

(4) If the City covenants to levy special assessments or Impact Fees against property to be benefited by the Improvements, the cost of which shall be paid from the proceeds of the proposed Additional Bonds (and if such Impact Fees are legally available to pay debt service on such Additional Bonds) and if, in the case of special assessments, the City pledges such special assessments legally available to pay such Additional Bonds, then the Net Revenues during the Measurement Period shall be increased by 80% of the amount which the Consulting Engineers estimate will be received in each year from the levy of said special assessments or Impact Fees, within three years of the sale of such Additional Bonds. Such amount will be the total received from the installment payments on the special assessments or Impact Fees, plus, for special assessments, any interest paid on the unpaid portion of the special assessments. The estimate of the Consulting Engineer shall be based upon the preliminary assessment roll filed with the City before the construction of such Improvements.

(5) If the City is constructing or acquiring additions, extensions or Improvements to the Water and Sewer Utility from the proceeds of such Additional Bonds and if the City has established rates, fees, rentals or other charges to be charged and collected from users of such facilities when service is rendered, the Net Revenues for the Measurement Period shall be adjusted to show the Net Revenues estimated by the Consulting Engineers or the Rate Consultant pursuant to clause (b) above to be received from the users of the facilities to be financed, during the first full Fiscal Year of operation after completion of such construction or acquisition, as if such rates, fees, rentals or other charges had been in effect during all of such Fiscal Year.

Refunding Bonds

Under the provisions of the Bond Ordinance, Refunding Bonds of the City may be issued under and secured by the Bond Ordinance, on a parity with other Outstanding Bonds, without meeting any of the requirements described above under “SECURITY FOR THE SERIES 2020 BONDS — Additional Bonds” for the purpose of refunding all or any portion of the Bonds Outstanding under the Bond Ordinance, so long as (i) the issuance of the Refunding Bonds will result in a decrease in the total Principal and Interest Requirements for all Bonds Outstanding or (ii) the certificates set forth under subclauses (a), (b) and (c) under “SECURITY FOR THE SERIES 2020 BONDS — Additional Bonds” have been provided.

State Revolving Fund Indebtedness

Under the provisions of the Bond Ordinance, the City may also incur other forms of indebtedness for the Water and Sewer Utility from the State Revolving Fund as follows:

(a) The City may incur State Revolving Fund Indebtedness without limit as to amount so long as such debt constitutes Additional Bonds under the Additional Bonds conditions described above, or constitutes Water and Sewer Utility Debt; and

(b) The City may issue Additional Bonds under and subject to the conditions described above, if such Additional Bonds refinance any State Revolving Fund Indebtedness.

Security for the existing State Revolving Fund Indebtedness between the City and the State of Florida is subordinate to the Series 2020 Bonds and the Outstanding Bonds, as well as to Additional Bonds and Refunding Bonds issued under the Bond Ordinance.

The City anticipates incurring State Revolving Fund Indebtedness in 2022 for capital improvements necessary to satisfy the Ocean Outfall elimination requirement. See “THE WATER AND SEWER UTILITY - Elimination of the Use of Ocean Outfalls” and “MULTI-YEAR CAPITAL IMPROVEMENT PLAN” herein.

Other Indebtedness

The City may also issue Short-Term Indebtedness or Subordinated Indebtedness as provided in the Bond Ordinance. See “Appendix D — Form of the Bond Ordinance” hereto.

Covenants of the City Concerning the Water and Sewer Utility and the Net Revenues

The City has entered into certain additional covenants pursuant to the Bond Ordinance relating to the Water and Sewer Utility and the Net Revenues. See “Appendix D— Form of the Bond Ordinance” hereto.

[BOND INSURANCE

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

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

INVESTMENT CONSIDERATIONS

The purchase of the Series 2020 Bonds involves a degree of risk, as is the case with all investments. Factors that could affect the City’s ability to perform its obligations under the Bond Ordinance, including the timely payment of principal of and interest on the Series 2020 Bonds, include, but are not limited to, the following:

Limited Special Obligations

THE SERIES 2020 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER, OF THE CITY, BROWARD COUNTY OR OF THE STATE OF FLORIDA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF, BUT ARE LIMITED, SPECIAL OBLIGATIONS OF THE CITY, THE PRINCIPAL OF AND INTEREST ON WHICH ARE PAYABLE FROM AND SECURED SOLELY BY THE PLEDGE OF THE PLEDGED REVENUES OF THE WATER AND SEWER UTILITY. NEITHER THE CITY, BROWARD COUNTY, THE STATE OF FLORIDA, NOR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF WILL BE OBLIGATED (1) TO EXERCISE ITS AD VALOREM TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020 BONDS, OR OTHER COSTS INCIDENT THERETO, OR (2) TO PAY THE SAME FROM ANY FUNDS OF THE CITY EXCEPT FROM THE PLEDGED REVENUES OF THE WATER AND SEWER UTILITY DESCRIBED HEREIN, IN THE MANNER PROVIDED IN THE BOND ORDINANCE. THE SERIES 2020 BONDS DO NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF OR IN THE CITY, BUT CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES OF THE WATER AND SEWER UTILITY, IN THE MANNER PROVIDED IN THE BOND ORDINANCE.

Infectious Disease Outbreak

In December, 2019, a respiratory disease caused by a novel strain of coronavirus was detected in China. The disease has since spread to other countries, including the United States of America, producing sickness and deaths in the places where it has spread. The disease was declared a Public Health Emergency of International Concern on January 30, 2020 and named “COVID-19” on February 11, 2020, each by the World Health Organization. Currently, no proven cure exists for COVID-19 and no vaccine to limit contraction of the disease is available in the United States.

The impact of the COVID-19 pandemic on the U.S. economy is expected to continue to be broad based and to negatively impact national, state and local economies. In response to such expectations, President Trump on March 13, 2020, declared a “national emergency,” which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. In addition, the U.S., the State, the County and the City have all imposed certain health and public safety restrictions in response to COVID-19. The City cannot predict the duration of these restrictions or whether additional or new actions may be taken by government authorities including the State and/or the County or the City, to contain or otherwise address the impact of the COVID-19 or similar outbreak.

To address the health concerns presented by COVID-19, state and local governments implemented unprecedented, formal restrictions to limit human contact. During the month of March, 2020, emergency declarations were issued by the federal government, the State, the County and the City. Pursuant to such declarations, far-reaching social distancing measures were adopted, which generally required the closure of all public areas and facilities, public and private schools, private businesses that are not critical or essential businesses and the prohibition of all gatherings involving attendance of more than ten (10) people. Additionally, individuals throughout the State were strongly urged to remain in their homes, other than to engage in essential activities, and to wear facial masks in places where social distancing cannot be observed. The measures adopted pursuant to the emergency declarations remained in place until late May, 2020, when the lifting of certain restrictions began. Commercial establishments, government buildings and public areas and facilities have been opened and will continue to open, in phases, with restrictions placed on the number of people that may access such establishments, areas and facilities and the manner in which they may be accessed. The number, timing and degree of access to establishments, areas and facilities that will be afforded during the phased reopening will depend upon how effectively State and local officials determine the threat to the health, safety and welfare of the residents of the City is being addressed. For additional information and updates on the status of reopening public and private areas and facilities and the continuing impact of COVID-19 in the City, see the City’s website at <https://www.hollywoodfl.org/CivicAlerts.aspx?AID=822>.

The City, through the Department of Development Services, has implemented the following programs to assist residents impacted by COVID-19:

Eviction Prevention/Rent and Utility Assistance – The City has entered into agreement with HOPE South Florida to provide Eviction Prevention/Rental and Utility Assistance Program funded by State Housing Initiatives Partnership Funds (SHIP) for City residents that have been affected by the COVID-19 health crisis. Currently, the program provides up to 3 months’ rent and utilities not to

exceed \$5,000. On August 26, 2020, the Commission is expected to consider an increase of the per beneficiary amount to 6 months and \$10,000.

Foreclosure Prevention/Rent and Utility Assistance – On August 26, 2020, the Commission is expected to consider the addition of Foreclosure Prevention Mortgage and Utility Assistance under the same terms and conditions as the Eviction Prevention/Rental and Utility Assistance Program.

Social Service Assistance and Referral - The Community Development Division's Housing and Social Services, connects City residents with various agencies that provide needed services. While the City does not directly provide these services, the City provides guidance with accessing an array of social services such as: Behavioral Health, Food Stamps, Handicapped Services, Clothing, Medicare, Drug & Alcohol Support, Medication Assistance, Elderly Services Rent/Mortgage, Employment/Life Skills Training, Shelter, Evictions, Transportation, Utilities, etc.

Food Pantries – The City has assisted three food pantries within the City by providing additional funding, providing a truck for food pick-up from Feeding South Florida Distribution Centers and organizing home deliveries utilizing Sun Shuttle.

The outbreak of COVID-19 has affected travel, commerce and financial markets globally, and is widely expected to have a significant impact on economies worldwide. The continued spread of the disease, containment, and efforts designed to mitigate its effects are expected to negatively impact the financial and operating condition of the City. The City's finances, in the short term, are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions in response thereto and changes in the behavior of businesses and people. Recently, stock markets in the U.S. and globally have seen significant volatility and declines that have been attributed, at least, in part, to the COVID-19 concerns. While the impact to the City is uncertain at this time, the City is monitoring the impact of COVID-19 and will address such impacts, as necessary including the usage of water and wastewater services by customers of the Water and Sewer Utility. To date, the Water and Sewer Utility has experienced an approximately 18 percent increase in accounts receivable, as a result of COVID-19. Due to the evolving nature of the outbreak and federal, State and local responses thereto, the long-term impacts of the COVID-19 crisis are unknown and dependent on factors such as the length of any shutdown and the impact on the economy as a whole and particularly within the City. The City anticipates that there will be increased costs associated with this pandemic. As of June 30, 2020, the City has received notification that it will receive approximately \$814,969 in CDBG-COVID funds to assist the City with the financial impact of its response to the COVID-19 pandemic. The City is not eligible to receive CARES Act funds as a municipality with a population of less than 500,000. However, the State has allocated CARES Act funds to counties (that meet the population threshold) and has authority to distribute (with specific guidelines) those funds to municipalities with populations under 500,000. Broward municipalities, including the City are currently working with the County to determine an acceptable mechanism to provide reimbursements for eligible expenses.

The following cost-containment measures were implemented immediately following the City's first Emergency Order issued in response to the COVID-19 crisis:

- Personnel Savings: including, but not limited to, freezing non-critical personnel hiring and reducing temporary staff contracts.

- Operating Savings: including, but not limited to, freezing all discretionary travel outside of the South Florida region, reviewing existing operating contracts and reducing non-critical material and contractor costs over the ensuing months and closing requisitions and purchase orders in a timely manner in order to release encumbered funds.
- Capital Savings: including, but not limited to, reviewing, re-estimating and reprioritizing existing capital projects to identify appropriate adjustments to capital project timelines.

As a result of implementing cost saving measures, including those mentioned above, the City has projected General Fund savings of approximately \$4 million, which will help to offset projected revenue shortfalls for fiscal year 2020. In 2019, the Commission adopted a rate increase for Water and Sewer Utility customers, which may be useful to offset any adverse financial effects of COVID-19 on the Water and Sewer Utility. The City is currently in the process of requesting proposals for a consultant to perform a rate study and based on the results, it may increase Water and Sewer Utility rates. See “RATES, FEES AND CHARGES - Rate Setting Procedures” herein.

The continued spread of the disease, containment, and efforts designed to mitigate its effects could have a significant negative affect on the revenues of the Water and Sewer Utility, including the collection of certain revenues comprising the Revenues. No assurance can be given that the changes produced by the outbreak of COVID-19 will not materially adversely impact the Net Revenues expected to be available to pay principal of and interest on the Series 2020 Bonds. See “SECURITY FOR THE SERIES 2020 BONDS” herein.

Climate Change

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, droughts and hurricanes. The occurrence of such events and natural disasters can produce significant negative ecological, environmental and economic impacts. Such impacts 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.

Numerous scientific studies on global climate change conclude that, among other effects on global ecosystems, extreme and abnormal temperature fluctuations have occurred globally and, without the implementation of measures to address the phenomenon, will continue to occur. Such occurrences have been determined by scientific studies to be the primary reason for current and projected increases in sea levels and for extreme weather events to occur in higher frequency and intensity. Projected changes in weather and tidal patterns place coastal areas like the City at risk of substantial wind or flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, global climate change increases the potential for considerable financial loss to the City, including, without limitation, substantial losses in tax revenues. In addition, many residents, businesses and governmental operations could be severely disabled for significant periods of time or displaced, and the City could be required to mitigate these effects at a potentially material cost.

The City is keenly aware of the risks from hurricanes and sea level rise, as are officials at the County. Consequently, advanced emergency management procedures and more stringent construction codes were implemented by the County and the State to reduce risks from hurricanes and flooding.

For several years, the City has taken steps to mitigate greenhouse gas emissions, conserve water, and adapt to climate change through singular efforts and collaborations with regional partners. In 2017, the City broadened and formalized these efforts when it created and enacted a Sustainability Action Plan that facilitates coordination across multiple departments to address climate change and its impacts city-wide.

Greenhouse Gas Mitigation. Solar panels have been generating renewable energy since 2012 at four City facilities: the Hollywood Beach Culture and Community Center, City Hall, and Fire Stations #74 and #105. Annually, the City has offset over 7,300 tons of CO₂ and saved almost \$30,000. To remove barriers to the adoption of rooftop photovoltaic (“PV”) solar and other alternative energy systems more broadly, the City updated its Code of Ordinances in 2014 to establish clear regulations for rooftop PV solar on buildings and structures within municipal limits.

The City has the largest municipal LED retrofit accomplished by Florida Power and Light since the approval of the FPL LT-1 Tariff by the Public Service Commission in April 2017. LEDs replaced high pressure sodium vapor fixtures in 5,788 streetlights, leading to an annual reduction in energy use of 1,250 MWh, 892 metric tons of CO₂ emissions offset, and an anticipated annual financial savings of \$13,000.

The City was certified in 2012 at the bronze level and recertified in 2019 at the silver level as a Green Local Government by the Florida Green Building Coalition. In addition, the City’s Complete Streets projects will improve walkability, bike safety, and reduce vehicle congestion, thus, improving air quality and reducing energy use from transportation.

Water Conservation. The City has achieved a reduction of over 30 gallons of water per person per day in the last 15 years. The EPA notes: “[D]rinking water and wastewater plants typically are the largest energy consumers, often accounting for 30 to 40 percent of total energy consumed. Overall, drinking water and wastewater systems account for approximately 2 percent of energy use in the United States, adding over 45 million tons of greenhouse gases annually.”²

Thus, reduction of potable water use translates directly to a reduction of energy use as well. The City’s landscape irrigation best practices follow the South Florida Water Management Landscape Rules to save water. The City’s irrigation systems are inspected by NatureScape Broward’s Irrigation Services. Reclaimed water is used to irrigate some municipal properties. Furthermore, the City was selected as the 2019 Partner in Water Conservation by Broward County for its water conservation achievements, including advancing the County’s regional water conservation programs.

² Source: <https://www.epa.gov/sustainable-water-infrastructure/energy-efficiency-water-utilities>

Adaptation - Sea Level Rise. The City adopted the Southeast Florida Regional Climate Change Compact (the “Compact”) Sea Level Rise Work Group’s Unified Sea Level Rise Projection for Southeast Florida and uses it when planning, designing and constructing capital projects. The City has worked with the Federal Emergency Management Agency (“FEMA”) to find a balance between complying with non-habitable space requirements below the flood line and maintaining the desired character of an area, particularly for historic districts. The finished floor elevation for all new developments or substantial improvements must be a minimum of one foot above the FEMA Base Flood Elevation (freeboard). For new structures and existing structures undergoing substantial renovations that are not located within a designated FEMA flood zone, the minimum finished floor elevation must be at least 18 inches above the highest adjacent crown of road elevation. To alleviate flooding in the Lakes area, the City has partnered with Broward County and the United States Army Corps of Engineers to determine new standards for seawall heights. The City’s Department of Public Utilities (the “Public Utilities Department”) has:

- inspected, cleaned and repaired all drainage outfalls at both North Lake and South Lake and performed a perimeter analysis;
- installed new control structures with flap gates on all outfalls to reduce tidal flows into the drainage system;
- purchased additional auxiliary pumps of varying pumping capacities to work in conjunction with the flap gates, which are deployed when needed;
- coordinated with FDOT to install a flap gate on their 84” drainage outfall pipe at North Lake and on A1A;
- performed a comprehensive evaluation of the majority of the most critical flood-prone areas in the City; and
- developed a conceptual drainage plan with the goal of upgrading the drainage infrastructure. The upgrades include:
 - replacing existing infrastructure to increase collection capacity;
 - adding drainage infrastructure in areas where it is lacking; and
 - installing drainage wells in specific locations of the drainage basins.

In 2019, the Commission approved a stormwater rate increase necessary to generate sufficient revenue to cover costs related to stormwater improvements.

The City applies smart growth principles to its zoning code to concentrate higher intensity building in low-risk areas and encourage compact building design. In areas at higher risk for flooding, zoning requires a minimum of 40 percent open space as well as the use of pervious materials. Furthermore, the City is evaluating the potential to increase the allowable height of buildings on the barrier island to offset current and future finished floor elevation requirements.

The City expects to undertake future actions, including, but not limited to, installation of seawalls where none exist to prevent breaches along the shoreline and restoration of dunes to accumulate sand and protect properties by absorbing energy from storm surges, but such projects remain in the planning stages and have not been approved or funded at this time. Seawall heights will follow the policies of the Broward County Land Use Plan to incorporate resiliency standards for tidal flood protection. The Public Utilities Department will continue coordinating with other

departments and within its own capital improvement program to include drainage improvements in all projects impacting the City's public right-of-way.

Vulnerability Assessment and Regional Collaboration. The City engaged a consultant to complete a vulnerability assessment in order to:

- determine future climate change impacts;
- identify affected systems;
- conduct a vulnerability and prioritization assessment workshop;
- develop an adaptation strategies catalog;
- create a preliminary adaptation plan; and
- provide materials for the City to engage in public outreach.

The City is a member of the Steering Committee for the Compact and works regionally to collaborate on climate change issues, including sea level rise. In addition, the City's Planning Division is involved with the Economic Resilience Committee of the Greater Fort Lauderdale Chamber of Commerce, which focuses on environmental issues that affect the economy of the area, including but not limited to flooding, sea level rise, beach renourishment, sustainability, and water infrastructure.

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast climate change and its adverse effects, including severe storms, sea level rise and flooding risks, are based on assumptions contained in such studies. Actual events, however, may vary materially from such forecasts. In addition, the scientific understanding of climate change and its effects continue to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events, hurricanes, and other tropical weather systems) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Series 2020 Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation steps. If necessary, such additional measures could require significant capital resources in excess of the resources already contemplated by the City to be spent on adaptation strategies.

Cybersecurity

Computer networks and systems used for information transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive information, including intellectual property, security information, proprietary business process information, information regarding suppliers and business partners, and personally identifiable information of customers, constituents and employees (collectively, "Computer Information"). The secure processing, maintenance and transmission of Computer Information is critical to effective departmental operations and the appropriate provision of citizen services. Increasingly, governmental entities are being targeted by cyber-attacks seeking to obtain Computer Information or disrupt critical services. A rapidly changing cyber risk landscape

may introduce new vulnerabilities that attackers and hackers can exploit in their efforts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to a loss of Computer Information or other system disruptions.

Protocols. A successful cybersecurity approach has multiple layers of protection spread across the computers, networks, programs, and Computer Information that is to be protected. The City endeavors to integrate its employees, computer processes, and technology to create an effective defense against cyber-attacks. For its core infrastructure, the City relies on, among other protections, a combination of industry leading, enterprise grade firewalls, web filtering, and endpoint protections. The City provides yearly security training for all City staff. The City reviews its cybersecurity protocols on an ongoing basis to stay abreast of emerging and effective procedures and measures.

Threat Response. The City can respond to cybersecurity threats in many ways, depending on the severity and mode of attack. The City monitors computer and network logs for cybersecurity issues.

The City regularly refines and seeks to improve its cybersecurity risk management policies and procedures and trains employees to comply with cybersecurity regulatory requirements. It maintains cyber risk insurance to help mitigate its exposure to security attacks that are known to cripple an organization's technology system and/or fraudulently confiscate funds. Coverage under the cyber risk insurance policy is currently \$2 million.

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given that such measures will ensure against all cybersecurity threats or attacks. Cybersecurity breaches could damage or compromise the City's computer network and the confidentiality, integrity, or availability of the City's computer system or the Computer Information. The potential disruption, access, modification, disclosure or destruction of Computer Information could result in the interruption of City commerce, the initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and the loss of confidence in City functions, which could adversely affect City revenues or cause a material disruption in the City's operations or the appropriate provision of City services. The costs of remedying any such damage or protecting against future attacks could be substantial and in excess of the maximum amount of the City's cyber risk insurance policy. Further, the litigation to which the City could be exposed following a cybersecurity breach could be significant, which could cause the City to incur material costs related to such legal claims or proceedings.

[Bond Insurance Risks]

[The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Series 2020 Bonds when all or some becomes due, any owner of the Series 2020 Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration, unless the issuer of the Policy (the "Bond Insurer") chooses to pay such amounts at an earlier date. The Policy does not insure against redemption

premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Series 2020 Bonds by the City which is recovered by the City from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2020 Bonds are payable solely from the moneys received pursuant to the Bond Resolution. In the event the Bond Insurer becomes obligated to make payments with respect to the Series 2020 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2020 Bonds or the marketability (liquidity) for the Series 2020 Bonds.

The long-term ratings on the Series 2020 Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors that could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Series 2020 Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Series 2020 Bonds or the marketability (liquidity) for the Series 2020 Bonds. See "RATINGS" herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the City nor the Underwriters have made an independent investigation into the claims and paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Series 2020 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.]

THE WATER AND SEWER UTILITY

The following is intended to provide only a summary description of the Water and Sewer Utility.

History

The Water System. When the City was founded in 1925, the City's water system consisted of three raw water wells and sand filters with a total treatment capacity of 0.5 million gallons per day ("mgd"). In 1970, the treatment method was changed to a catalytic precipitation lime softening process (Spiractors). Lime softening capacity was expanded to its present capacity of 37.5 mgd in 1982. The most recent modification and expansion was completed in 1996 with the addition of membrane softening and reverse osmosis ("RO") technology which has a rated capacity of 18 mgd. These expansions brought capacity to a total of 59.5 mgd. The City's Water System consists of raw water supply from the Biscayne and Floridan Aquifers, a 55.5 mgd water treatment plant (the "WTP"), and a distribution system with over 700 miles of pipe and two elevated 1.0 million gallon storage tanks, two 2.5 million gallon above ground storage tanks, over 2,800 fire hydrants and over 7,500 valves. During calendar year 2019, the WTP provided approximately 21.9 mgd water service to more than 40,000 retail connections within the City limits.

The Sewer System. The City has provided central sewage disposal for City residents since a primary treatment plant was built in the late 1940's. An ocean outfall, discharging treated effluent two miles offshore at the edge of the Gulf Stream, was constructed in 1968. During the early 1970's, the City's Southern Regional Wastewater Treatment Plant ("SRWWTP") became a regional sewage system, providing sewage treatment for the growing cities of southern Broward County under the EPA-required 201 Facilities Plan of 1972 for the Wastewater Service Area. The SRWWTP has been improved and expanded several times to its present 55.5 mgd permitted capacity. Secondary treatment, using the pure oxygen activated sludge process, was added in a 1978 EPA-funded expansion. In addition to owning and operating the SRWWTP, the City owns and maintains an extensive network of wastewater collection pipelines, pump stations and force mains that collect and transport wastewater to the SRWWTP.

The Water and Sewer Utility System

Organization. The Public Utilities Department is operated under a separate enterprise fund within City government. The Director of the Public Utilities Department reports to the City Manager and is responsible for operational, administrative and fiscal control of the three divisions: Water, Wastewater Underground Utilities and Engineering and Construction Services. The Water and Wastewater Divisions are responsible for the operations of the respective water and wastewater treatment facilities. The Engineering and Construction Services Division provides project administration, engineering design, construction management and inspection services of capital improvement projects and employs 19 persons that include engineers, CAD operators, technicians, inspectors, and permit reviewers. Since January 2015, the meter reading and customer service functions associated with the Water and Sewer Utility have been performed in-house by the Public Utilities Department. The Public Utilities Department has long-term continuing contracts with nine local consulting engineering firms to provide engineering services to the Water and Sewer Utility as needed, including Arcadis U.S. Inc., Black & Veatch Corporation, Brown

and Caldwell, Hazen and Sawyer, D.P.C., AECOM Technical Services, Inc, Craven Thompson & Associates, Kimley-Horn and Associates, Inc and Tetra Tech.

Management. The Public Utilities Department employs 204 persons, including 16 certified water plant operators, 12 certified wastewater plant operators, and 8 professional engineers. The Director is assisted by 3 senior level professionals, the Deputy Director of Operations, the Deputy Director of Finance and the Assistant Director of Engineering and Construction Services Division, and six division managers including a Wastewater Treatment Plant Manager, a Water Treatment Plant Manager, a Water Quality Service Manager, an Underground Utilities Manager, a Customer Service Manager and an Instrumentation, Controls and Electrical Manager. Biographical information on the Public Utilities Department's key management staff is as follows:

Vivek Galav, P.E. is the Director of the Public Utilities Department and Interim Deputy Director of Finance. Mr. Galav is a registered professional engineer with combined experience in the areas of utilities management, water and wastewater engineering and construction management. Mr. Galav has over 25 years of experience working in the planning, design, general construction, operation and maintenance of municipal facilities. Mr. Galav has been employed with the City since September 2019. Mr. Galav has managed large capital programs for various municipalities. Mr. Galav received his Bachelor of Engineering from Panjab University, India in 1990 and a MS from University of Miami in 1995 and is a registered professional engineer in the State of Florida.

Francois Domond, P.E. is the Deputy Director of Operations. Mr. Domond has over 26 years of experience in the planning, design, permitting and construction administration of water, wastewater and stormwater systems. After working three years in the private engineering consulting field, Mr. Domond joined the City in August 1995. During his tenure with the City, Mr. Domond has served progressively in several positions within the Public Utilities Department from Field Engineer/Engineer I to his current Deputy Director – Operations position. As the Deputy Director of Operations, Mr. Domond is responsible for the operation and maintenance of the SRWWTP, the WTP, and the maintenance of all the distribution, transmission and collection systems in the City. Mr. Domond obtained a Bachelor of Science degree in Civil Engineering from Florida International University in 1993, a Masters degree in Public Administration from Nova Southeastern University in 2008 and is currently registered as a Professional Engineer in the State of Florida.

Clece Aurelus, P.E. is the Interim Division Director of Engineering and Construction Service. Mr. Aurelus has over 24 years of experience in the planning, design, permitting and construction administration of water, wastewater and stormwater systems. After working four years in the private engineering consulting field, Mr. Aurelus joined the City in December 1998. During his tenure with the City, Mr. Aurelus has served as project engineer in the Department of Design and Construction Management, project manager, Senior Project Manager, and Engineering Support Services Manager of the Public Utilities Department. As the Engineering Support Services Manager, Mr. Aurelus supervised a group of professionals and professional engineers responsible for the administration, implementation and completion of the Water and Sewer Utility's capital improvements. Mr. Aurelus manages the Engineering and Construction Services Division and provides the Public Utilities Department with professional, in-house engineering services. The range of services available to the Public Utilities Department includes engineering design, project

management, contract administration, construction inspection and management support functions. He regularly interacts with regulatory agencies and with consultants providing general engineering services to the Public Utilities Department. Mr. Aurelus earned a Bachelor of Science degree in Civil Engineering from Florida International University in 1994 and is currently registered as a Professional Engineer in the State of Florida.

See “Appendix C — Report of Consulting Engineer” hereto for information on other key personnel of the Public Utilities Department.

Maintenance Policies. The Water and Sewer Utility continues the process of routine maintenance of its facilities, with the implementation of targeted enhancements, upgrades and rehabilitation work. See “Appendix C — Report of Consulting Engineer” hereto.

Retail Billing and Collection

Water and Sewer Utility customers are billed monthly, with one “cycle” (about 10,000 customers) billed each week of the month. The water and sewer bill for customers covers service for the previous 30 days on average. Bills are considered delinquent if not paid within 20 days after the bill date and assessed a penalty of 12% per year on the delinquent portion of the bill on the 21st day. The unpaid charges of a property owner constitute a statutory lien against the property. If a bill remains unpaid, the customer will be automatically notified on the next month’s regularly scheduled bill and generate a service disconnection date by which the bill must be paid. In addition, commercial, hotel/motel properties and multi-family housing properties of 10 units or more are given a 24-hour courtesy notice before disconnection. Upon disconnection of service, the customer must pay all outstanding charges plus a \$35.00 disconnection fee and a \$25.00 reconnection fee to have service re-established. The City adheres to a strict policy on payment and collection. As a result of the COVID-19 pandemic, accounts receivable are about 18% higher than they were as of September 30, 2019, and approximately 48% of accounts were assessed late penalties in July 2020. See “INVESTMENT RISKS – Infectious Disease Outbreak” herein for information regarding the COVID-19 pandemic.

Government Regulations

Existing Regulatory Framework. The Water and Sewer Utility’s water system operates under a regulatory framework of Federal, State, and local laws governing the withdrawal and treatment of water. These regulations govern all of the principal operations of the water system, including water supply, water treatment, disposal of residuals generated during treatment and the handling and storage of chemicals used to condition and treat the raw water. The principal agencies that regulate the City’s water system are the United States Environmental Protection Agency (“EPA”), the Florida Department of Environmental Protection (“FDEP”), the South Florida Water Management District (“SFWMD”), and the Broward County Health Department (“BCHD”).

The Safe Drinking Water Act (“SDWA”) is the primary federal legislation governing public water systems and sets primary and secondary drinking water standards as well as monitoring requirements for public water systems. The State legislature passed the Florida Safe Drinking Water Act (“FSDWA”) that adopted the SDWA primary and secondary drinking water standards. FDEP is the primary agency responsible for enforcing the FSDWA.

The Water and Sewer Utility's sewer system is subject to Federal, State and local regulation. The EPA has delegated its regulatory authority and enforcement to FDEP. Federal wastewater regulations are based upon the Federal Water Pollution Control Act and the 1977 Clean Water Act Amendments. At the regional level, SFWMD controls groundwater withdrawals and has also impacted sewer systems by mandating reuse of wastewater effluent as a means of reducing water use. At the local level, Broward County Department of Planning and Environmental Protection ("DPEP") has its own licensing system for sewer systems with a separate monitoring and enforcement process.

Regulatory Compliance

Water System. The City is currently meeting all of the regulatory requirements of the FSDWA and any amendments that have been promulgated by the EPA and adopted by the State.

Sewer System. The City is currently in compliance with all regulatory requirements for the sewer system.

Please see "Appendix C - Report of Consulting Engineer" for a description of potential regulatory challenges that the City will need to consider in the future.

The Water System

Service Area. Average daily flows in 2019 were approximately 21,164 mgd with maximum daily flows of up to 24,898 mgd. These numbers are below the historical norm, and are likely due to the following factors:

(i) The City's successful response to the water conservation measures imposed by SFWMD. In 2019, the City was proudly selected as Broward County's Water Conservation Partner of the year. The water conservation measures have also helped the City steadily decrease its per-capita water consumption in the past 10 years from a historical 140 gpd to a 100.5 gpd.

(ii) Public Utilities Department's aggressive and effective Water Main Replacement Program. For the past 10 to 12 years, the Public Utilities Department has embarked on a proactive infrastructure replacement program, consisting of the replacement and upgrading of old and failing water mains. The replacement program has helped the Public Utilities Department to better manage and improve its water distribution system.

(iii) Continuous Capital Improvement Program. Replacement of antiquated metering devices for large diameter water distribution pipes (headers), and upgrading and modernizing of the High Service Pump Station at the WTP.

The City provides water service to over 40,000 retail connections. Approximately 75% of the City's potable water is supplied to single-family residential customers and multi-family residential customers. In addition to serving City residents, approximately 300 acres in the Town of Davie, 50 acres in the City of Dania Beach and 100 acres in the Seminole reservation are also served as retail customers. In addition to its retail customers, the City's wholesale service area includes Broward County Water and Wastewater Services. The Water System also has an emergency connection with the City of Dania Beach for the purpose of maintaining system

pressures. The water use permit under which the City is currently operating allows the City to draw 39.3 mgd (annual average) of raw water from the Biscayne Aquifer and Floridan Aquifer combined. Such permit is valid through April 10, 2028. See “Appendix C – Report of Consulting Engineer” hereto.

Supply. The City’s main source for raw water is the Biscayne Aquifer with a smaller portion of raw water coming from the Floridan Aquifer. The Biscayne Aquifer is a fresh water aquifer with raw water supply of high quality with moderate to high hardness levels which can be treated with either lime softening or nano-filtration technologies. The City draws groundwater from the Biscayne Aquifer via two primary wellfields: (i) the Hollywood Biscayne wellfield and (ii) the Broward County South Regional wellfield. The City owns the Hollywood Biscayne wellfield which has 14 shallow wells with depths ranging from 75 to 155 feet, with a total maximum pumping capacity of 43.0 mgd. Broward County owns the Broward County South Regional wellfield (“SRW”) and provides raw water to the City under a raw water Large User Agreement that has a four year period of time with an automatic renewal for another four years. The SRW includes 8 wells with a total design capacity of 32.0 mgd. The Floridan Aquifer, a deeper source of raw water, is a brackish water supply and requires desalination treatment using reverse osmosis technology. The Floridan Aquifer wellfield consists of 8 wells with depths ranging from 1,185 to 1,314 feet with a total pumping capacity of 11.2 mgd. With a total raw water pumping capacity of 55.5 mgd, the City has surplus capacity, which represents redundancy and supply that can be employed to address emergencies of short durations. However, such sustainable supplies beyond the allocation are not permitted. Additionally, not all allocated water is available as finished water. About 2 percent and 13 percent of Biscayne Aquifer water is typically lost as concentrate in the lime softening and membrane softening treatment processes, respectively, and about 20 percent of the Floridan Aquifer raw water is lost as concentrate in the reverse osmosis treatment process. The maximum day finished water equivalent capacities of the Biscayne Aquifer and the Floridan Aquifer raw allocations are 33.50 mgd and 8.52 mgd, respectively.

In order to satisfy supplemental water needs that will continue to increase with growth, and in lieu of further Biscayne Aquifer use, the City plans to rely on the Floridan Aquifer as the main alternative water supply. With additional reverse osmosis membrane skid slots available, the City’s existing infrastructure is configured to readily accommodate expansion using the Floridan Aquifer and no other Floridan treatment capacity expansions are necessary to supplement the finished water production through the year 2030.

The City relies upon rainfall as its primary method of recharging the Biscayne Aquifer, because there are no recharge canals in the City. Both the Atlantic Ocean and the Intracoastal Waterway (located just inland, parallel to the ocean) are saltwater, and the City must carefully monitor salt water intrusion into the Biscayne Aquifer in the eastern portion of the City. Water supply wells located near the saltwater front are at risk of drawing in saltwater in greater quantities. Under certain conditions some wells would have to be abandoned.

Water Treatment Facilities

The WTP is located on Hollywood Boulevard and North 35th Avenue. The WTP consists of lime softening (“LS”), membrane softening (“MS”) and reverse osmosis (“RO”) technology.

The WTP primarily uses a cold lime softening process with a rated capacity of 24.0 mgd and a membrane treatment process with a rated capacity of 14.0 mgd. Raw water for these processes is supplied by the Biscayne Aquifer. The remaining capacity of the WTP is provided from reverse osmosis treatment process which has a rated capacity of 8.0 mgd. Raw water is supplied for the RO process from the Floridan Aquifer. Waste from the WTP consists of spent lime encapsulated catalyst, filter backwash and reject water (concentrate) from the MS and RO treatment systems. The lime pellets are usually dumped to waste in a slurry pit. Decanted water from the pit, containing some dissolved lime, is recycled. The dewatered lime pellets are disposed as roadbed base or construction fill. Filter backwash water is discharged to a settling tank where solids are separated from the wash water. Concentrate from the MS and RO treatment systems is collected into a 20-inch common header and is conveyed to an onsite deep injection well where it is disposed. The City has a by-pass for the concentrate to the Waste Water Treatment facility for emergency disposal.

Water Storage

The City currently has a total of 18.0 million gallons (MG) of available finished water ground storage, including ground storage tanks and a clearwell. Included in the total 18.0 MG, are two separate 1.0 MG elevated storage tanks in the eastern half of the City, 11.0 MG on-site ground storage at the WTP and 5.0 MG of ground storage located at the West Hollywood Storage and Pumping Facility.

Water Distribution

All developed areas within the City are serviced by City water. The distribution system is composed of galvanized steel, cast iron, ductile iron, polyvinyl chloride, and asbestos-cement pipe. There are currently 30 miles of transmission mains, 16 to 30 inches in diameter, approximately 480 miles of distribution mains, 6 to 14 inches in diameter, and approximately 200 miles of distribution pipe of 4-inches and less in diameter. The City's WTP has three discharge mains, a 24-inch water main, a 30-inch water main and a 20-inch water main that supply water into the distribution system transmission lines. The City's water service area distribution system consists of over 700 miles of pipe with diameters ranging from 2 inch to 36 inch, 2 elevated 1.0 MG storage tanks, approximately 40,000 connections, over 2,800 fire hydrants and over 7,500 valves. The vast majority of these facilities are over 40 years old.

The City has two high service pumping ("HSP") stations which pump water from storage tanks located at the WTP to the City's distribution system. The main HSP station houses six split-case horizontal centrifugal pumping units that draw finished water from the clearwells. These pumps operate in parallel and discharge into a common 42-inch header. The secondary HSP station houses four split-case horizontal pumps. These pumps, which operate in series, draw water from a one million gallon storage tank and pump into a common 20-inch discharge header. The City's high service pumps are manually operated. The pumps in the main HSP station are in excellent condition. Improvements in the secondary HSP station are currently being contemplated. The West Hollywood Pumping and Storage Facility includes four variable frequency drive booster pumps located within the distribution system, which are automatically operated and in excellent condition.

The Sewer System

The City owns and operates the Hollywood Southern Regional Wastewater Treatment Plant (“SRWWTP”). The SRWWTP is located in the eastern portion of the City and provides secondary treatment to sewage. It is presently rated to process and discharge 55.5 mgd of effluent. The SRWWTP is permitted to discharge an average annual daily flow of 46.3 mgd via an open ocean outfall. See “Elimination of the Use of Ocean Outfalls” herein. The remainder of the plant flow is discharged via deep injection wells and reclaimed non-potable water plant-site uses and off-site irrigation uses at local golf courses, residential developments, athletic complexes and parks. In addition, the City owns and maintains an extensive network of wastewater collection pipelines, pump stations and force mains that collect and transport wastewater to the SRWWTP.

The City has retail customers and Large Users. The City provides service to approximately 21,000 retail customers. Currently, about 57% of the City’s water customers receive wastewater service from the City, the remaining 43% rely on septic systems. In the last three years, the City has completed the installation of sewers in three areas previously unsewered. The Public Utilities Department is evaluating funding options for the cost of the remaining infrastructure and has not yet determined when it will be able to install sewers in all neighborhoods. The City supplies wastewater services to Large Users, which consist of the Cities of Dania Beach, Hallandale Beach, Miramar and Pembroke Pines, the Town of Pembroke Park and portions of unincorporated Broward County pursuant to Large User Agreements (defined herein). The City also has large user wastewater agreements with the City of Cooper City and the Town of Davie to provide effluent disposal for wastewater treated by these municipalities and delivered to the to the SRWWTP effluent pump station primarily for reuse. See “THE WATER AND SEWER UTILITY –Summary of Large User Agreements.” Port Everglades is partially located in the City but receives water and wastewater service from the City of Fort Lauderdale.

A table showing the City’s and the Large Users’ flows for the years 2018 and 2019, and the City’s projected flows for the years 2020 and 2021, based on actual flows and committed flows, follows:

Table of Flows of the Sewer System

Large User	2018 Flow (mgd)	2019 Flow (mgd)	2020 Forecasted (mgd)*	2021 Forecasted (mgd)**
City of Hollywood	14.69	14.01	14.50	15.21
City of Pembroke Pines.....	7.53	7.72	7.82	8.00
City of Hallandale Beach	6.97	7.12	7.40	7.73
City of Miramar	0.04	0.02	0.03	0.03
City of Dania Beach	3.24	3.18	3.31	4.15
Broward County District 3-A&B	3.20	3.20	3.29	3.67
Town of Pembroke Park	0.99	0.96	1.00	1.07
Totals	36.67	36.21	37.35	39.86

Source: City of Hollywood, Department of Public Utilities

*Current Average Annual Daily Flow (“AADF”) (using 12 months annualized through December 2019)

**Current AADF + Encumbered Flow

Collection System. The collection system for the sewer system has separate facilities for wastewater and storm water drainage. There are approximately 230 miles of gravity sewer lines and 4,335 manholes in the City's sewer collection system. The City owns and operates more than 80 wastewater pump stations with approximately 98 miles of force main piping. Additionally, the City receives wastewater flows from approximately 144 privately owned pump stations and six satellite Large User collection systems.

The Large Users maintain approximately 350 miles of pipe. Their flows are pumped into the City's system by nine master lift stations. Meters at these lift stations are recorded daily (read bi-monthly), calibrated bi-annually, and form the basis for billings to the Large Users. The Large Users share certain trunk lines and lift stations within the City, for which they pay a ratable share of operation, maintenance and debt service.

Elimination of the Use of Ocean Outfalls

On June 30, 2008, the Governor of Florida signed a bill into law to prohibit the construction of new ocean outfalls and require that certain permitted utilities provide a functioning reuse system by December 31, 2025. The legislation mandates that by December 31, 2025, domestic wastewater treatment facilities currently using ocean outfalls will no longer be permitted to employ such discharge systems except as a limited backup discharge and will be required to utilize as reuse 60 percent of the annual average flow of effluent to the facility's ocean outfall. By December 31, 2025, the Water and Sewer Utility will be required to eliminate use of the ocean outfall except as backup discharge and will be required to reuse 60% of the annual average flow of effluent to the Water and Sewer Utility's ocean outfall. Based on the City's actual flows, approximately 20.4 MG a day must be utilized as reuse on an annual basis.

The City's SRWWTP 2019 Ocean Outfall Compliance Report Update (June 5, 2019) provides the details of the City's approved plan by FDEP and a status update of the different plan components mandates for continued compliance after the year 2025, including the use of a combination of advanced wastewater treatment and diversion of ocean outfall flows and reuse options. However, the City has adequate facilities to allow continued discharge of effluent without modification through the year 2025.

The Large Users

The City expects payments by the Large Users to equal approximately 40% of the Revenues of the sewer system in 2020. For a summary of certain information for each of the Large Users (except for Broward County), see "Appendix A-2 – General Information Regarding the Large Users" hereto.

The Large Users are obligated by their respective large user wastewater agreements (the "Large User Agreements") to deliver wastewater to the SRWWTP and pay certain fees and charges.

Summary of Large User Agreements

Wastewater. The City entered into Large User Agreements with Broward County and with the Cities of Dania Beach, Hallandale Beach, Miramar, Pembroke Pines and the Town of Pembroke Park in 1990.

The Large User Agreements are substantially alike in form. A summary of these Agreements follows:

Limitation on Termination. The Large User Agreements are terminable on one year's notice by either party to the other if certain conditions are met. To terminate, a Large User must prepay its proportionate share of debt service charges on the Bonds and other indebtedness of the sewer system and prepay the present value of all other payments which would have been made by a Large User for five years after termination. If the City wished to terminate a Large User Agreement, it could only do so if there were another readily available means for a Large User to treat and dispose of its wastewater and if the City paid the Large User its actual expenses for changing facilities, plus any additional charges the Large User would incur on the new system for the next five years, less debt service charges otherwise payable. The City has covenanted in the Bond Ordinance not to materially alter the provisions in the Large User Agreements pertaining to termination.

Connection to the City System; Projected Treatment Capacity. The Large User Agreements require that, during the term of the Large User Agreement, each Large User will deliver all existing wastewater flows collected by it in the service area covered by such Large User Agreement to the City.

The Large User Agreements also identify the points of connection of the Large Users' systems to the City's system, and state that the Large Users will convey to the City easements needed by the City for the point of connection and access thereto. The City is required to install and maintain a meter at each point of connection to determine the volumes and rates of flow and to inspect the accuracy thereof. The Large User Agreements provide for credits and additional charges in the event of the inaccuracy of the meters. If the meters are inoperative, the Large Users are required to pay an amount based on the average flow of the prior month. The Large Users agree to maintain their own systems in such a manner as to minimize infiltration and inflow which would result in extraordinary levels of ground water or storm water in the system.

In 1992, each of the Large Users projected their respective future wastewater flows. This enabled the City to plan and provide for future treatment capacity. Each of the Large Users have continued to periodically update their projected future flows as conditions dictated over the years. The City's obligation to provide service is limited to the capacities reserved by the Large Users. Large Users may exchange or sell excess capacity to the other Large Users, subject to the City's approval.

Charges to Large Users. The City is required to conduct an annual review of the costs of providing service to Large Users, which provides the preliminary basis for establishing fees, rates and other charges for the next succeeding Fiscal Year. The fees and rates charged to the Large Users constitute the full cost of the transmission, treatment and disposal service provided to the Large Users, including operation and maintenance charges and debt service charges (including

required coverage) for both the SRWWTP and the City transmission facilities, and include a contribution to a renewal, replacement and improvement fund, not to exceed ten percent of that Large User's monthly bill. The operation and maintenance charges applicable to the sewer system included in the monthly rate charged to the Large Users are based upon the Large Users' actual monthly flow. The rate is set by dividing the total annual budgeted operation and maintenance expense for each fiscal year by the number of gallons estimated to be treated in that Fiscal Year, and is adjusted at year end to reflect the actual number of gallons treated and actual operation and maintenance expense.

The debt service charge included in monthly rates charged to the Large Users includes principal, interest and coverage requirements on obligations issued at any time for the sewer system. The amount payable by each Large User for improvements and upgrades to the system is computed by determining the ratio of the flow of such Large User to the flow by all large Users. The debt service charges payable by each Large User relating to expansion of the sewer system's capacity is calculated by subtracting such Large User's 1988-1989 average daily flow from its projected average daily flow for fiscal year 1999-2000 and dividing that result by the projected system-wide increase in average daily flow between 1988-1989 and 1999-2000. Debt service charges for transmission pipes and facilities are established by the Large User Agreements based on the percentage of these facilities dedicated to each Large User. In addition, the Large User Agreements provide for additional charges if a Large User requests additional transmission or treatment capacity.

A Large User which fails to pay the monthly bill within 45 days of its due date must pay an interest penalty on the unpaid balance. Such Large User shall then be considered to be in default of the Large User Agreement and the City may enforce the Large User Agreement by suit. The Large Users have agreed to establish and maintain rates and service charges or other means of obtaining funds sufficient to enable them to pay the monthly charge.

Violations and Exceptions to the Terms of Agreements. If either party violates the Large User Agreement, that party becomes liable to the other for any expense, loss or damage occasioned by such violation. If there is a dispute concerning a violation that cannot be settled by agreement between the parties, the Large User will pay the full amount billed, and the amount in dispute shall be held in escrow pending settlement of such dispute. Any non-monetary disputes which cannot be resolved shall be the subject of binding arbitration.

Each Large User agrees to hold the City harmless from costs and expenses incurred by the City in any litigation resulting from the improper introduction of materials by such Large User into the City facility. Any temporary cessation of wastewater transmission and treatment services caused by an act of God, a fire, strikes, casualty, necessary maintenance work, breakdown of or injury to machinery, pumps or pipeline does not constitute a breach of the Agreement. The City is required to accept and dispose of wastewater transmitted by the Large Users, if physically possible, regardless of the degree of treatment available, until written notice to the contrary is received from a government agency.

Provisions Relating to the Term of the Large User Agreements and Cancellation. The Large Users and the City were bound by the Large User Agreements at the date of their execution.

The Large User Agreements are perpetual and terminate upon one year's written notice, subject to the termination provisions described above.

Sale, Lease or Transfer of the Sewer System. The City may sell, lease or transfer all or a portion of the sewer system to Broward County, to another governmental entity or to an intergovernmental or regional authority. If the City so sells, leases or transfers the sewer system, the City shall also assign all or some of its rights and obligations under the Large User Agreements, and thereafter shall not be liable for such obligations.

If the City so sells, leases or transfers the sewer system to any such entity, and the City is paid an amount which exceeds the combined total outstanding long-term and short-term debt of the sewer system, then this "excess amount," when actually paid, shall be divided among all of the Large Users (including the City), based upon their respective percentages of actual flows to the total sewer system flows for the Fiscal Year in which the sewer system is transferred; except that the City will not be obligated to pay a Large User amounts otherwise payable under the Large User Agreement for increased payments by the Large User upon termination by the City to the extent such increased payments are due to the "excess amount" paid by the new owner or transferee of the sewer system.

Large Users Advisory Committee (LUAC). Subject to the terms of the Large User Agreements, the City has sole and exclusive authority over the administration, operation and maintenance of the sewer system, including establishment and amendment of service fees, rates and other charges necessary for the efficient operation and maintenance of the sewer system. However, the City will consult with each member of the Large Users Advisory Committee (the "Advisory Committee") each Fiscal Year about proposed fees, rates, renewal, replacement and improvement contributions and other charges to be paid by the Large Users for the next Fiscal Year. The City will meet with the Advisory Committee at least quarterly to review user rates and budgeting matters. The Advisory Committee may make recommendations to the City about these matters, The City will also meet with the Advisory Committee to discuss any plans for relocating sewer system facilities before taking any definitive action.

RATES, FEES AND CHARGES

Rate Setting Procedures

All retail user charges and fees are established by the Commission by ordinance. The rate structure needed to support the debt service on the Outstanding Bonds was enacted on September 18, 2019 by Ordinance No. O-2019-18, with respect to water service, and Ordinance O-2019-17, with respect to sewer service. Such ordinances setting the rate structure needed to support the Outstanding Bonds are hereinafter collectively referred to as the "Rate Ordinance." Pursuant to the Rate Ordinance, the City adopted a rate increase for Water and Sewer Utility customers. On the first billing cycle beginning on October 1, 2019 and continuing on October 1 of each year thereafter, a utility price index adjustment, which corresponds to the price index established on or before March 31 of each year by the Florida Public Service Commission pursuant to Section 367.081(4)(a), Florida Statutes. The price index adjustment is applied to the water and sewer rate revenue requirement for the subject fiscal year, and base charges and flow rates are established by the City Commission in the Rate Resolution adjusted accordingly, such that the projected water

and sewer rate revenue equals the water and sewer revenue requirement. The City has engaged [] to perform a rate study which is expected to be completed by [].

The City reviews and adjusts rates for Large Users of the City's sewer system annually pursuant to the Large User Agreements. The rates are based on the City's estimate of each Large User's proportionate share of operations and maintenance expenses and debt service requirements (including required coverage), as well as a 10% contribution to the Renewal, Replacement and Improvement Account. Upon completion of the City's annual audit of the results of operations for its Water and Sewer Enterprise Fund, each Large User is either invoiced or credited based upon actual cost figures and proportionate flows. The Renewal, Replacement and Improvement Account contribution for each Large User is also adjusted accordingly.

In an effort to promote water conservation, pursuant to a mandate from the SFWMD, rates are determined under a flow-based rate structure for water which, in addition to a monthly fixed charge, charges a higher per unit charge for water usage beyond certain thresholds.

Typical Charges and Comparative Rates

The following tables describe current monthly rates and charges of the Water System and Sewer System effective on October 1, 2019.

CITY OF HOLLYWOOD, FLORIDA **WATER RATES AND CHARGES**

Monthly Base Charge:

Residential - Charge Per Unit Single Family	\$7.82
Multi Family	\$5.94
Non Residential - Charge by Meter Size	

<u>Meter Size</u>	<u>Base Charge</u>
5/8 INCH	\$7.82
1 INCH	\$19.55
1½ INCH	\$39.10
2 INCH	\$62.56
3 INCH	\$117.30
4 INCH	\$195.50
6 INCH	\$391.00
8 INCH	\$625.60

Flow Rate per CCF^(*):

^(*) CCF=100 cubic feet

Single Family Residential

From:	To:	Flow Rate per CCF
0	500	\$2.50
501	1,500	\$5.00
1,501	And Over	\$9.99

Multi Family Residential

Ranges to be Adjusted by Unit Count

From:	To:	Flow Rate per CCF
0	400	\$2.50
401	1,100	\$5.00
1,101	And Over	\$9.99

Non Residential

All Flow (CCF)

	Flow Rate per CCF
All Meter Sizes	\$5.00

CITY OF HOLLYWOOD, FLORIDA
IRRIGATION RATES AND CHARGES*

Monthly Base Charge:

<hr/>	
Residential - Charge Per Unit	
Single Family	\$7.82
Multi Family.....	\$5.94
Non Residential - Charge by Meter Size	

Meter Size	Base Charge
<hr/>	<hr/>
5/8 INCH	\$7.82
1 INCH	\$19.55
1½ INCH	\$39.10
2 INCH	\$62.56
3 INCH	\$117.30
4 INCH	\$195.50
6 INCH	\$391.00
8 INCH	\$625.60

Usage Charges

All Flow (CCF)

	Flow Rate per CCF*
<hr/>	<hr/>
Residential	\$9.99
Non Residential	\$9.99

*All rates shown are for Inside-City customers. Outside-City customer rates are 1.25 times rate shown.

CITY OF HOLLYWOOD, FLORIDA
SEWER RATES AND CHARGES*

Monthly Base Charge:

Residential - Charge Per Unit Single	
Family	\$7.83
Multi Family	\$5.95
Non Residential - Charge by Meter Size	

<u>Meter Size</u>	<u>Base Charge</u>
5/8 INCH	\$7.83
1 INCH	\$19.58
1½ INCH	\$39.15
2 INCH	\$62.64
3 INCH	\$117.45
4 INCH	\$195.75
6 INCH	\$391.50
8 INCH	\$626.40
OVER 8 INCH**	

**Base charge calculation for the 5/8 inch meter size times the number of Equivalent Residential Connections (ERCs) of capacity reserved for the sewer customer, adjusted as needed for monthly, annual or other billing frequency. Equivalent Residential Connections are to be determined as follows: CCF Method: reserved capacity (in CCF)/5.62 (single family residential ERC). Gallon Method: reserved capacity (in gallons)/4,200 gallons (single family residential ERC).

Flow Rate Per CCF:

Single Family Residential*

<u>From:</u>	<u>To:</u>	<u>Flow Rate per CCF</u>
0	1,500	\$7.26
1,501	And Over	No Charge

Multi Family Residential*

Ranges to be Adjusted by Unit Count

<u>From:</u>	<u>To:</u>	<u>Flow Rate per CCF</u>
0	1,100	\$7.26
1,101	And Over	No Charge

Non Residential*

If flow is on a gallon-basis, the flow rate will be adjusted for gallons

	<u>Flow Rate per CCF</u>
All Flow	\$7.26

*All rates shown are for Inside-City customers. Outside-City customers rates are 1.25 times rates shown.

The table below shows a comparison of the City's water and sewer rates to various municipalities in Broward County.

**WATER AND SEWER
COMPARISON OF AVERAGE SINGLE FAMILY RATES
TO RATES OF OTHER UTILITIES IN BROWARD COUNTY ⁽¹⁾**

	Water	Wastewater	Total
Weston	\$ 50.00	\$ 61.10	\$ 111.10
Wilton Manors	\$ 54.50	\$ 46.81	\$ 101.31
Dania Beach	\$ 35.00	\$ 58.82	\$ 93.82
Oakland Park	\$ 48.52	\$ 44.64	\$ 93.16
Sunrise	\$ 40.00	\$ 48.87	\$ 88.87
Hollywood	\$ 28.72	\$ 56.33	\$ 85.05
North Lauderdale	\$ 32.30	\$ 47.25	\$ 79.55
Coconut Creek	\$ 41.90	\$ 30.56	\$ 72.46
Miramar	\$ 30.82	\$ 39.26	\$ 70.08
Cooper City	\$ 27.36	\$ 41.49	\$ 68.85
Pembroke Pines	\$ 31.24	\$ 36.16	\$ 67.40
Hallandale Beach	\$ 25.32	\$ 40.48	\$ 65.80
Broward County	\$ 26.42	\$ 39.16	\$ 65.58
Plantation	\$ 23.01	\$ 42.28	\$ 65.29
Coral Springs	\$ 22.06	\$ 41.96	\$ 64.02
Fort Lauderdale	\$ 23.59	\$ 39.52	\$ 63.11
Tamarac	\$ 22.00	\$ 40.27	\$ 62.27
Margate	\$ 29.46	\$ 29.99	\$ 59.45
Lauderhill	\$ 20.71	\$ 36.28	\$ 56.99

Source: City of Hollywood, Florida

(1) Based on 5,000 gallons usage monthly for 2019.

(2) Hollywood Rates reflect FY 2020 Rates. All others reflect FY 2019 Rates.

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HISTORICAL AND FORECASTED SCHEDULE OF NET CASH FLOW, DEBT SERVICE AND DEBT SERVICE COVERAGE

The information in the following table sets forth the historical and forecasted revenues, expenditures and debt service coverage of the Water and Sewer Utility.

CASH FLOW AVAILABLE FOR DEBT SERVICE FISCAL YEARS ENDING SEPTEMBER 30

	Historical					Forecasted				
	2015	2016	2017	2018	2019 ⁽⁴⁾	2020	2021	2022	2023	2024
OPERATING REVENUE										
Charges for Services ⁽¹⁾	\$ 98,979,797	\$ 93,479,260	\$ 96,779,882	\$ 97,432,211	\$ 94,834,467	\$ 97,787,683	\$ 101,034,904	\$ 103,467,457	\$ 105,485,490	\$ 106,401,755
Miscellaneous	546,547	750,281	988,730	810,644	879,867	1,527,882	1,527,882	1,527,882	1,527,882	1,527,882
Investment Income	1,319,654	2,010,958	2,339,160	3,162,146	3,852,449	1,360,000	1,360,000	1,360,000	1,360,000	1,360,000
Total Operating Revenues	\$ 100,845,998	\$ 96,240,499	\$ 100,107,771	\$ 101,405,001	\$ 99,566,783	\$ 100,675,565	\$ 103,922,786	\$ 106,355,339	\$ 108,373,372	\$ 109,289,637
OPERATING EXPENSES										
Personal Services & Benefits ⁽³⁾	\$ 19,810,254	\$ 23,306,073	\$ 26,341,382	\$ 29,644,504	\$ 30,268,924	\$ 32,085,062	\$ 34,010,171	\$ 36,050,782	\$ 38,213,824	\$ 40,506,648
Supplies, Services & Claims ⁽³⁾	22,517,112	19,823,944	21,239,637	22,960,744	24,015,840	24,981,275	25,972,706	27,008,037	27,823,827	28,324,813
Total Operating Expenses ⁽⁵⁾	\$ 42,327,366	\$ 43,130,017	\$ 47,581,019	\$ 52,605,248	\$ 54,284,764	\$ 57,066,337	\$ 59,982,877	\$ 63,058,819	\$ 66,037,651	\$ 68,831,461
Net Revenue	\$ 58,518,632	\$ 53,110,482	\$ 52,526,752	\$ 48,799,753	\$ 45,282,018	\$ 43,609,228	\$ 43,939,909	\$ 43,296,520	\$ 42,335,721	\$ 40,458,176
Senior Lien Debt Svs (Series 2010B) (net of subsidy) ⁽²⁾⁽⁶⁾⁽⁷⁾	\$ 3,340,002	\$ 4,388,139	\$ 4,367,575	\$ 4,347,203	\$ 4,323,653	\$ 4,296,336	\$ 2,832,580		\$ -	
Senior Lien Debt Svs (Series 2014)	7,047,338	6,571,250	6,566,250	6,571,750	6,575,250	6,571,250	6,574,500	6,569,000	5,859,500	-
Senior Lien Debt Svs (Series 2020) ⁽¹⁰⁾	-	-	-	-	-	-	657,175	1,314,350	1,314,350	2,624,350
Total Senior Lien Debt	\$ 10,387,340	\$ 10,959,389	\$ 10,933,825	\$ 10,918,953	\$ 10,898,903	\$ 10,867,586	\$ 10,064,255	\$ 7,883,350	\$ 7,173,850	\$ 2,624,350
Coverage	5.63	4.85	4.80	4.47	4.15	4.01	4.37	5.49	5.90	15.42
SRF Loans	\$5,836,789.36	\$ 6,926,613	\$ 6,763,259	\$ 7,065,765	\$ 7,065,765	\$ 7,065,765	\$ 7,653,162	\$ 8,631,593	\$ 10,082,944	\$ 11,007,704
Prospective SRF Loans ⁽⁸⁾⁽⁹⁾	-	-	-	-	-	-	-	-	-	-
Total SRF Loans	\$ 5,836,789	\$ 6,926,613	\$ 6,763,259	\$ 7,065,765	\$ 7,065,765	\$ 7,065,765	\$ 7,653,162	\$ 8,631,593	\$ 10,082,944	\$ 11,007,704
Total Senior Lien and SRF Debt	\$ 16,224,129	\$ 17,886,002	\$ 17,697,084	\$ 17,984,718	\$ 17,964,668	\$ 17,933,351	\$ 17,717,418	\$ 16,514,943	\$ 17,256,794	\$ 13,632,054
Coverage	3.61	2.97	2.97	2.71	2.52	2.43	2.48	2.62	2.45	2.97

Source: City of Hollywood, Department of Public Utilities

Notes:

(1) Forecasted based on Lighthouse Utility Consulting, Inc.'s rate study dated September 2019 except for Bulk Sewer Revenue. The future rate study will include a Florida Public Service Commission index increase.

(2) Includes debt service on Series 2010B Bonds (net of Federal Subsidy adjusted and sequestration reduction of 8.7%).

(3) Operating Expenses for FY 2021-2024 based on Lighthouse Utility Consulting, Inc.'s rate study with the exception of Miscellaneous Revenue and Investment Income.

(4) FY 2019 is based on completed audit.

(5) Engineering and Construction Services Division charges included in operating expenses.

(6) Includes historical debt service for the Series 2010B Bonds prior to refunding and proposed debt service for the Series 2020 Bonds.

(7) Debt Service based on Fiscal Year ended September 30 versus the bond year ended October 1.

(8) SRF prospective debt for Ocean Outfall requirement (\$44,439,939 @ .45% and .95% interest rate with payments starting in 2023).

(9) SRF prospective debt for Ocean Outfall requirement (\$55,322,007.26 @ 2% interest rate with payments starting in 2026). One water main project projected total cost of \$15K.

(10) Series 2020 Bonds will refund the Series 2010B Bonds.

MULTI-YEAR CAPITAL IMPROVEMENT PLAN

The Water and Sewer Utility uses a formal capital program and budgeting process. Funding of the current Capital Improvement Plan (“CIP”) is expected to be derived primarily from annual revenue sources of the Water and Sewer Utility. The adjusted CIP totals \$190,091,275 through Fiscal Year 2024. See table below for the planned capital improvements and the funding sources.

Water and Sewer System CIP (In Thousands)

Project Title	FY 2020*	FY 2021	FY 2022	FY 2023	FY 2024	Total
R&R						
Water Main Replacement Program.....	\$ -	\$ 3,667,125	\$ -	\$ 5,092,500	\$ 50,000	\$ 8,809,625
Limited Sewer Collection System Expansion	-	8,000,000	-	5,000,000	-	13,000,000
Lift Station Upgrades.....	2,600,000	2,550,000	2,550,000	2,550,000	2,550,000	12,800,000
Inflow & Infiltration Reduction Program.....	2,500,000	-	2,500,000	-	2,500,000	7,500,000
Contractual 60% Reuse System	4,000,000	8,000,000	8,000,000	-	-	20,000,000
Other.....	<u>7,525,000</u>	<u>11,725,000</u>	<u>6,525,000</u>	<u>2,400,000</u>	<u>3,775,000</u>	<u>31,950,000</u>
Total.....	\$ 16,625,000	\$ 33,942,125	\$ 19,575,000	\$ 15,042,500	\$ 8,875,000	\$ 94,059,625
SRF and WIFIA Loans						
Water Main Replacement Program	\$ 10,185,000	\$ 11,617,900	\$ 15,303,750	\$ -	\$ 8,925,000	\$ 46,031,650
Deep Well Injection (Ocean Outfall Rule – Phase II).....	-	-	50,000,000	-	-	50,000,000
Total.....	10,185,000	11,617,900	65,303,750	-	8,925,000	96,031,650
Totals.....	\$ 26,810,000	\$ 45,560,025	\$ 84,878,750	\$ 15,042,500	\$ 17,800,000	\$ 190,091,275

Source: City of Hollywood, Department of Public Utilities.

*Includes projects from prior years

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INVESTMENT POLICY

The City adopted a detailed written investment policy on July 6, 2005, as amended on May 21, 2013, that applies to all funds (cash, cash equivalents and investments) held by or for the benefit of the City except for proceeds of refunded bond issues which are deposited in escrow, debt service funds or reserve funds governed by their bond ordinances and the assets of the City's three employee retirement systems.

The objectives of the investment program are: (a) safety of principal; (b) maintenance of liquidity; and (c) return on investment.

Subject to certain restrictions in the City's investment policy concerning maximum allowable percentages, the City may invest in the following types of securities: (a) the Florida Local Government Surplus Funds Trust Fund (the "SBA"), (b) U.S. Government Securities, (c) U.S. Government Agency Obligations, guaranteed by the U.S. Government, (d) U.S. Government Instrumentalities, issued or guaranteed by the issuing agency and not by the U.S. Government, (e) Interest Bearing Certificates of Deposit, Savings Accounts, NOW Checking Accounts or Money Market Accounts, (f) Repurchase Agreements, (g) Commercial Paper, (h) Mutual Funds consisting of U.S. Government Obligations, (i) Money Market Mutual Funds, and (j) Intergovernmental Investment Pools. All other investments not specifically stated by the investment policy as "Authorized Investments" are unauthorized. Investments in any derivative products or the use of reverse repurchase agreements are prohibited under the investment policy.

The City utilizes portfolio diversification as a way to control risk. Investment managers are expected to act with prudence in the selection of securities as a way to minimize default risk. To control risk of illiquidity, a minimum of \$20 million, or the equivalent of two months of projected payroll and operating expenditures, will be invested with the SBA, or in short-term investment vehicles.

The City's investment policy may be modified from time to time by the Commission.

PENSION PLANS

Employees, Fire and Police Retirement Plans

The City has three defined-benefit pension plans: (1) the General Employees Retirement Fund, (2) the Police Officer's Retirement System and (3) the Firefighter's Pension Plan. A board of trustees administers each plan. The boards are composed of members elected by active employees, appointees of the Mayor and Commissioners. The boards have responsibility for investment of the pension assets and determination of benefits as employees retire or seek other benefits under the plans. City contributions are determined by actuarial valuations adopted by the respective Board of Trustees for those retirement benefits provided by the City's Code of Ordinances. Each retirement plan provides retirement, disability and death benefits and certain cost of living adjustments to plan members and beneficiaries. At September 30, 2019, the plans had total combined assets of \$922.6 million.

The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending September 30, 2019:

	<u>General Employees Plan</u>	<u>Fire Pension System</u>	<u>Police Officer's Retirement System</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	30 years	30 years	18 to 30 years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.70%	7.50%	8.00%
Assumed Annual Salary Increase	3.00% to 8.00%	Service Based	5.03% to 10.67%
Inflation	2.50%	2.50%	3.50%
Cost-of-Living Adjustment (COLA)	N/A	(a)	2.00% (b)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition	N/A	Experience-based table of rates that are specific to the type of eligibility condition
Mortality Rates	RP-2000 Combined Health Participant Mortality Table	RP-2000 Combined Health Participant Mortality Table	Female RP-2000 Generational 100% annuitant White Collar, Scale BB Male RP-2000 Generational 90% annuitant Blue Collar, Scale BB
Mortality Rate – Disabled	RP-2000 Combined Health Participant Mortality Table	RP-2000 Combined Disability Table	RP-2000 Combined Disability Table
Valuation Date	10/01/2018	10/01/2018	10/01/2018

Source: City of Hollywood, Florida Comprehensive Annual Financial Reports
Fiscal Year ended September 30, 2019.

- a) Benefit amount for benefits accrued prior to October 1, 2011 (frozen piece): Retirees receive a 2.0% per year cost-of-living adjustment (COLA) commencing three years after retiree's benefit payments have begun. Members hired after July 16, 2009 will not receive a COLA on the "prior service" piece. Benefit amount for benefits accrued on and after October 1, 2011 will receive no COLA.
- b) All benefits accrued after October 1, 2011 will not be subject to any cost of living adjustments.

The tables below show the annual pension costs for each retirement fund for the Fiscal Years ended September 30, 2017, 2018 and 2019.

Employees Retirement Fund

<u>Fiscal Year Ended</u>	<u>Pension Expense</u>	<u>Net Pension Liability</u>
September 30, 2019	\$33,495,435	\$186,066,001
September 30, 2018	22,589,329	157,289,393
September 30, 2017	18,849,539	153,685,130

Fire Retirement Fund

<u>Fiscal Year Ended</u>	<u>Pension Expense</u>	<u>Net Pension Liability</u>
September 30, 2019	\$18,996,279	\$141,344,362
September 30, 2018	16,137,218	140,310,955
September 30, 2017	17,625,255	146,092,131

Police Retirement Fund

<u>Fiscal Year Ended</u>	<u>Pension Expense</u>	<u>Net Pension Liability</u>
September 30, 2019	\$20,086,777	\$176,714,224
September 30, 2018	20,986,507	188,200,890
September 30, 2017	18,731,728	180,032,629

Source: City of Hollywood, Florida Comprehensive Annual Financial Reports Fiscal Years ended September 30, 2017 through and including September 30, 2019.

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The tables below show the unfunded actuarial liability as of October 1, 2018, 2017, 2016 and 2015 for the Employees Retirement Fund, the Fire Retirement Fund and the Police Retirement Fund.

Employees Retirement Fund

<u>Actuarial Valuation Date October 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
2018	\$334,799,360	\$517,688,507	\$182,889,147	64.70%	\$41,243,666	443.44%
2017	311,932,945	502,163,903	190,230,958	62.10	41,566,583	457.65
2016	288,322,823	483,798,487	195,475,664	59.60	37,818,489	516.88
2015	262,500,651	452,766,023	190,265,372	58.10	34,141,024	557.29

Source: City of Hollywood General Employee's Retirement System Actuarial Valuation Report as of October 1, 2018.

Fire Retirement Fund

<u>Actuarial Valuation Date October 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability(AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
2018	\$240,814,251	\$400,883,290	\$160,069,039	60.10%	\$20,634,810	775.72%
2017	224,844,217	383,202,029	158,357,812	59.40	19,493,091	812.38
2016	212,361,839	365,111,565	152,749,726	58.20	17,908,623	852.94
2015	199,159,079	338,187,099	139,028,020	58.89	16,225,216	856.86

Source: City of Hollywood, Florida Firefighters' Pension Fund Actuarial Valuation Report as of October 1, 2018.

Police Retirement Fund

<u>Actuarial Valuation Date October 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
2018	\$212,836,327	\$457,443,930	\$244,607,603	46.50%	\$21,786,392	1,122.80%
2017	199,551,350	391,189,828	191,638,478	51.00	23,585,094	812.50
2016	191,082,462	381,350,733	190,268,271	50.10	23,676,707	803.60
2015	181,537,526	353,925,319	172,387,793	51.30	18,649,015	924.40

Source: City of Hollywood, Florida Police Officers Retirement System Actuarial Valuation Report as of October 1, 2018.

Defined Contribution Plans

The City has a contract with the ICMA-RC for a defined contribution pension plan covering certain employees with an employment agreement with the City. In addition, there is a second defined contribution pension plan between the Hollywood Community Redevelopment Agency and ICMA-RC covering the executive director and employees of the agency. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment return. The plans do not require nor permit employee contributions. During Fiscal Year 2019, the City and the CRA contributed approximately \$479,061 to these defined contribution plans. Because the City has no control over these assets, they are not reflected in the City's statements.

Deferred Compensation Plans

The City offers certain employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, managed by independent plan administrators, permit employees to defer a portion of their salary until future years. At the employee's election, such amounts may be invested in mutual funds which represent varying levels of risk and return. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust for the exclusive benefit of the plans' participants and their beneficiaries. Because the City has no control over these assets, they are not reflected in the City's statements.

OTHER POST EMPLOYMENT BENEFITS

The City provides certain health care benefits for its retired employees through the Postemployment Health Care Benefits Plan. The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City's self-funded health and hospitalization plan for medical, prescription and drug coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Certain Other Post-Employment Benefits ("OPEB") are available to all employees retiring from the City under the provisions of disability, early or normal retirement. The OPEB benefits include lifetime access to coverage for the retiree and dependents under the medical and prescription plans as well as participation in dental, vision and group life insurance plans sponsored by the City for employees.

Eligible retirees may choose the same medical plan available to active employees of the City. Dependents of retirees may be covered at the retiree's option the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under the Medical Plan. Covered retirees and their dependents are subject to all the same medical and prescription benefits and rules for coverage as are active employees. Retirees and their dependents age 65 and over are required to enroll in Medicare Part B in order to remain covered under the program. The plan pays as secondary for claims otherwise covered under Medicare. Deferred retirement is not allowed to elect coverage at the time of retirement.

At September 30, 2019, a total of 2,468 participants were covered by the benefit terms:

Active employees or beneficiaries currently receiving benefit payments	1,291
Employees entitled to but not yet receiving benefit payments	41
Inactive employees	<u>1,154</u>
	<u>2,486</u>

The City's total OPEB liability of \$733,965,910 was determined by an actuarial valuation as at September 30, 2019. The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs which were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4 percent
Salary Increases	3.00 percent, average, including inflation
Discount Rate	2.75 percent
Healthcare Cost Trend Rates	Developed using SOA model, adjusted for the Cadillac tax with resulting rate of 5.40% for FY 2019-2020
Retirees' Share of Benefit Related Costs	25 percent of projected health insurance premium for retirees

LITIGATION

There is no litigation pending or, to the knowledge of the City, threatened, seeking to restrain or enjoin the issuance or delivery of the Series 2020 Bonds or questioning or affecting the validity of the Series 2020 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members or other officers of the City to their respective offices is being contested.

In the opinion of the City Attorney, any pending or threatened litigation against the City, which represents potential liability to the City, will not have a material adverse effect on its financial position and its ability to perform its obligations to the Bondholders.

TAX MATTERS

General Matters

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements that the City must continue to meet after the issuance of the Series 2020 Bonds in order that the interest on the Series 2020 Bonds be and remain excludable from gross income for federal income tax purposes. The City's failure to meet these requirements may cause the interest on the Series 2020

Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2020 Bonds. The City has covenanted in the Bond Ordinance to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2020 Bonds.

In the opinion of Greenberg Traurig, P.A., Bond Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings, and court decisions, the interest on the Series 2020 Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Series 2020 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the Series 2020 Bonds and the income thereon are not subject to taxation under the laws of the State, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income, or profits on debt obligations owned by corporations as defined in said Chapter 220. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors as to the status of interest on the Series 2020 Bonds under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Series 2020 Bonds will be based on and will assume the accuracy of certain representations and certifications of the City and compliance with certain covenants of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2020 Bonds will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations. Bond Counsel will express no opinion as to any other consequences regarding the Series 2020 Bonds.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Series 2020 Bonds, or the ownership or disposition of the Series 2020 Bonds. Prospective purchasers of Series 2020 Bonds should be aware that the ownership of Series 2020 Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2020 Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Series 2020 Bonds, (iii) the inclusion of the interest on the Series 2020 Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Series 2020 Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, and (v) the inclusion of interest on the Series 2020 Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance of the Series 2020 Bonds. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the IRS or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Premium

Certain of the Series 2020 Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (*i.e.*, for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2020 Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of that Discount Bond.

Certain of the Series 2020 Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity), or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress or in the State legislature that, if enacted into law, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS,” including, without limitation, the excludability from gross income of interest on the Series 2020 Bonds, or adversely affect the market value or marketability of the Series 2020 Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2020 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 2020 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 2020 Bonds, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Series 2020 Bonds and proceeds from the sale of Series 2020 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2020 Bonds. This withholding generally applies if the owner of Series 2020 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 2020 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.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2020 Bonds and with regard to the tax-exempt status of the interest on the Series 2020 Bonds (see “TAX MATTERS” herein) are subject to the legal opinion of Greenberg Traurig, P.A., Bond Counsel to the City. The signed legal opinion of Bond Counsel, substantially in the form attached hereto as APPENDIX E, dated and premised on law in effect as of the date of issuance of the Series 2020 Bonds, will be delivered on the date of issuance of the Series 2020 Bonds. The actual legal opinion to be delivered may vary from the form attached hereto to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date of issuance.

Certain legal matters incident to the issuance of the Series 2020 Bonds relating to disclosure will be passed on for the City by Greenberg Traurig, P.A., Miami, Florida, whose legal services as Disclosure Counsel have been retained by the City. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2020 Bonds, will be delivered to the City by Disclosure Counsel at the time of original delivery of the Series 2020 Bonds.

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

Certain legal matters will be passed on for the City by Douglas Gonzales, Esquire, Hollywood, Florida, City Attorney.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Series 2020 Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Financial Services (the “Department”). Pursuant to Rule 3E-400.003, Florida Administrative Code, the Department has required the disclosure of the

amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

FINANCIAL ADVISOR

Hilltop Securities Inc., Orlando, Florida is serving as financial advisor to the City (the “Financial Advisor”) and has acted in such capacity with respect to the sale and issuance of the Series 2020 Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2020 Bonds. The Financial Advisor did not engage in any underwriting activities with regard to the issuance and sale of the Series 2020 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) and Fitch Ratings (“Fitch”) have assigned their underlying ratings of “___” (_____ outlook) and “___” (_____ outlook), respectively, to the Series 2020 Bonds. The ratings reflect only the views of said rating agencies, and an explanation of the ratings may be obtained only from said rating agencies. Such ratings and outlooks reflect the respective views of each of such organizations. An explanation of the significance of such rating and outlook assigned by Moody’s may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0300. An explanation of the rating and outlook assigned by Fitch may be obtained from Fitch at 33 Whitehall Street, New York New York 10004, (212) 908-0500.

Generally, a rating agency bases its rating and outlook, if assigned, on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating and outlook is not a recommendation to buy, sell or hold securities. There is no assurance that the rating and outlook provided by Moody’s and Fitch, respectively, will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings or outlooks may have an adverse effect on the market price of the Series 2020 Bonds.

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report of the City of Hollywood, Florida for the Fiscal Year ended September 30, 2019 and the report of Marcum LLP, independent certified public accountants, in connection therewith, dated May 29, 2020, is included in Appendix B to this Official Statement as part of the public records of the City. The financial statements and report

contain information relating to the City and its financial position. Such financial statements speak only as of September 30, 2019.

The consent of Marcum LLP was not requested for the reproduction of its audit report in this Official Statement. The auditor has performed no services in connection with the preparation of this Official Statement and is not associated with the offering of the Series 2020 Bonds.

UNDERWRITING

The Series 2020 Bonds are being purchased by RBC Capital Markets, LLC, on behalf of itself and as representative of Raymond James & Associates, Inc. and BofA Securities, Inc. (collectively, the “Underwriters”), at a purchase price of \$_____ (representing the par amount of \$_____ [plus][less][net] original issue [premium][discount] of \$_____ and less Underwriters’ discount of \$_____).

The Underwriters will purchase all of the Series 2020 Bonds, if any Series 2020 Bonds are purchased. The Series 2020 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2020 Bonds into investment trusts) at prices lower than such public offering prices set forth on the inside cover page, and such public offering prices may be changed, from time to time, by the Underwriters.

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

The City intends to use a portion of the proceeds from this offering to redeem the Refunded Bonds. To the extent an Underwriter or an affiliate thereof is an owner of Refunded Bonds, such Underwriter or its affiliates, as applicable, would receive a portion of the proceeds from the issuance of the Series 2020 Bonds contemplated herein in connection with such Refunded Bonds being redeemed by the City.

Bond Counsel and Disclosure Counsel may, from time to time, serve as counsel to the Underwriters on matters unrelated to the issuance of the Series 2020 Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the holders of the Series 2020 Bonds to provide certain financial information and operating data relating to the City not later than two hundred seventy (270) days following the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2019 (the “Annual Report”), and to provide, or cause to be provided, notices of the occurrence of certain enumerated events. On July 1, 2009 the SEC designated the Electronic Municipal Market Access System (“EMMA”) of the MSRB as the repository for filing information in satisfaction of continuing disclosure requirements. Following such designation, the City has submitted the Annual Report and notices of events with EMMA. The specific nature of the information to be contained in the Annual Report and the notices of events is contained in

“APPENDIX G - Form of Disclosure Dissemination Agent Agreement.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “SEC”).

With respect to the Series 2020 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. At various times during the past five years, the City has inadvertently failed to file notices of material events regarding certain ratings changes of the insurers of City indebtedness and certain ratings recalibrations. The City subsequently filed notices indicating the current ratings of the bond insurers which insure its currently outstanding indebtedness. Further, under certain continuing disclosure certificates for loans obtained through the First Florida Governmental Financing Commission (“FFGFC”), the City filed certain annual financial information late due to the unavailability of unaudited and audited financial statements (the “Financial Statements”) prior to the City’s FFGFC filing date of March 15, and the Financial Statements were inadvertently not filed on EMMA under the FFGFC CUSIP numbers. The City has subsequently filed the Financial Statements under the FFGFC CUSIP numbers. Finally, under certain continuing disclosure certificates related to outstanding City indebtedness, the City filed the portion of its annual report comprised of unaudited financial statements of the City on a timely basis, but filed the corresponding annual audited financial statements late.

Except as described above, the City believes that during the past five (5) years, it has complied in all material respects with its existing continuing disclosure undertakings made with respect to SEC Rule 15c2-12(b)(5). Documents required to be filed pursuant to the City’s disclosure agreements are currently on file and available electronically from the MSRB at <http://emma.msrb.org/>. Information regarding the Series 2020 Bonds and other outstanding bonds of the City may be found at the DAC internet site, “<http://www.dacbond.com>.”

Digital Assurance Certification, LLC (“DAC”) serves as the City’s Dissemination Agent.

[VERIFICATION OF MATHEMATICAL COMPUTATIONS]

[At the time of the delivery of the Series 2020 Bonds, _____, as the Verification Agent, will deliver a report on the mathematical accuracy of the computations contained in schedules provided to them and prepared by the Financial Advisor on behalf of the City relating to the sufficiency of the anticipated cash and maturing principal amounts and interest on Defeasance Obligations to pay, when due, the principal of, whether at maturity or upon prior redemption and interest on the Refunded 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 2020 Bonds. Payment of the fees of Bond Counsel, Disclosure Counsel, the Financial Advisor and an underwriting discount to the Underwriter, are each contingent upon the issuance of the Series 2020 Bonds.

EXPERTS

The references herein to the Report of Consulting Engineer prepared by Hazen and Sawyer, P.C., as the Consulting Engineers, have been approved by the firm, but do not purport to be complete in all respects, and the Report of Consulting Engineer, included as Appendix C to this Official Statement, should be read in its entirety for complete information with respect to the subjects discussed therein. The Report of Consulting Engineer speaks only as of its date. The Report of Consulting Engineer has been included in this Official Statement in reliance upon, and with the authorization of, the firm as experts in their fields.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2020 Bonds, the security for the payment of the Series 2020 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

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

FORWARD-LOOKING STATEMENTS

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

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MISCELLANEOUS

All information included in this Official Statement has been provided by the City, except where attributed to other sources. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument. The information in this Official Statement has been compiled from official and other sources and, while not guaranteed by the City, is believed to be correct. To the extent that any statements made in this Official Statement and the appendices attached hereto involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

AUTHORIZATION OF OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the Commission. At the time of the delivery of the Series 2020 Bonds, the Mayor and the Interim Director of Financial Services of the City will furnish a certificate to the effect that (except for information in this Official Statement relating to DTC, its operations and the book-entry only system, as to which no opinion will be expressed [, and the Bond Insurer, if applicable]) nothing has come to their attention which would lead them to believe that this Official Statement, as of its date and as of the date of delivery of the Series 2020 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which this Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

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

This Official Statement has been duly executed and delivered by the Mayor and the Interim Director of Financial Services of the City.

CITY OF HOLLYWOOD, FLORIDA

By: _____
Mayor

By: _____
Interim Director of Financial Services

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APPENDIX A-1
GENERAL INFORMATION AND ECONOMIC DATA
REGARDING
THE CITY OF HOLLYWOOD, FLORIDA AND BROWARD COUNTY, FLORIDA

The following information pertaining to the City of Hollywood, Florida (the “City”) and Broward County, Florida (the “County”) is set forth for purposes of providing background information only. The Series 2020 Bonds are limited obligations payable solely from and secured by a lien on and pledge of certain revenues derived from the operation of the City’s water and sewer system to pay the principal of and interest on the Series 2020 Bonds as they become due, as described in the forepart of the Official Statement. The full faith, credit, and taxing power of the City is not pledged to the payment of the principal of and interest on the Series 2020 Bonds.

INTRODUCTION

The City

The City is a municipal corporation incorporated in 1925. The City is located on the southeast coast of Florida in southeastern Broward County and has a land area of approximately 30 square miles.

The permanent population of the City is estimated at 150,878 as of September 30, 2019, with the seasonal peak approaching 200,000. According to the University of Florida, Bureau of Economic and Business Research, the population of the City has grown approximately 5.95% since 2010. Florida is the third most populous state in the nation (after California and Texas). Except for managed growth added through annexation of unincorporated land areas that are contiguous to the City’s northern limits, the City is substantially built-out. While the City expects continued population growth through 2045, such growth is projected to be at a slower rate than the State of Florida as a whole.

The estimated median family income in 2018 was \$51,917 (up 3.79% from 2017) and the median age was 43.6 years. According to the U.S. Department of Labor, Bureau of Labor Statistics, the unemployment rate in the City for calendar year 2019 was 3.5%, in comparison to the County’s unemployment rate for such period of 2.8%, the State’s unemployment rate for such period of 3.2% and the unemployment rate of the United States for such period of 3.5%. According to the U.S. Census Bureau, an estimated 26.7% of the City’s population has a bachelor’s degree or higher and the poverty rate was 13.3% in 2018. From 2017 to 2018, employment in the City grew at a rate of 2.2%.

While the City is primarily a residential community, it also contains light industry, varied shopping and office complexes and six linear miles of beach front on the Atlantic Ocean which attracts tourists from around the world.

The County

The County was created in October 1915 by the Florida Legislature. The County is located on the southeast coast of Florida and has an area of approximately 1,224.7 square miles. The County is bordered on the south by Miami-Dade County and on the north by Palm Beach County. Thirty-one municipalities are located within the County. With a population of approximately 1.9 million people in 2019, the County is the second largest in Florida and 17th in the United States. Approximately 50% of the County's population lives in its seven largest cities: Fort Lauderdale, Pembroke Pines, Hollywood, Miramar, Coral Springs, Pompano Beach and Davie. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. Port Everglades, Florida's deepest harbor and a leading international cruise port, is located partially within the City, less than two miles from Fort Lauderdale-Hollywood International Airport.

POPULATION

The City

Set forth below are general population statistics for the City and age data relating to the City's population growth.

CITY OF HOLLYWOOD, FLORIDA Population Growth, Unemployment Rates and School Enrollment Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>School Enrollment</u>
2019	150,878	3.5%	19,251
2018	149,028	3.5	19,441
2017	147,212	4.3	19,360
2016	146,155	4.6	19,623
2015	144,926	5.3	20,238
2014	144,310	5.5	20,368
2013	143,935	6.3	20,172
2012	142,374	8.4	19,822
2011	140,930	10.0	19,752
2010	142,397	10.7	19,986

Source: Fiscal Years 2010-2019: City of Hollywood, Florida, Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019.

CITY OF HOLLYWOOD, FLORIDA
Population Breakdown by Age - 2000-2019

Age Group	2000	2010	2017	2018	2019
Under 18	23.3%	14.4%	19.8%	19.8%	19.5%
18 and over	78.7	79.9	80.2	N/A	N/A
65 and over	17.3	15.0	16.7	16.7	16.7
Median Age:	39.2	41.1	42.1	43.6	N/A

Source: U.S. Department of Commerce, Bureau of Census.

N/A: Not available at time of publication.

The County

Set forth below are general population statistics for the County.

BROWARD COUNTY, FLORIDA
Population Growth
1960-2019

Year	Broward County		State of Florida		United States	
	Population	Change ⁽¹⁾	Population	Change ⁽¹⁾	Population	Change ⁽¹⁾
1960	333,946	—	4,952,000	—	179,323,000	—
1970	620,100	85.7%	6,791,418	37.1%	203,302,031	13.3%
1980	1,018,257	64.2	9,746,324	43.6	226,545,805	11.5
1990	1,255,531	23.3	12,938,071	33.4	248,845,816	10.2
2000	1,623,018	29.3	15,982,378	22.9	281,421,906	12.7
2010 ⁽²⁾	1,748,066	7.7	18,801,310	17.6	308,745,538	9.7
2019 ⁽³⁾	1,952,778	11.7	21,477,737	14.2	328,239,523	6.3

Source: U.S. Department of Commerce, Bureau of Census.

⁽¹⁾ Average annual percentage increase over the preceding period.

⁽²⁾ 2010 represents the last year data is available at the County level from the U.S. Census Bureau.

⁽³⁾ 2019 data is estimated by the U.S. Department of Commerce, Bureau of Census.

BROWARD COUNTY, FLORIDA
Labor Force and Unemployment Rates

Year Ended December 31	Broward County Civilian Labor Force	Unemployment Rates		
		Broward County	Florida	United States
2010	936,563	10.2%	11.1%	9.6%
2011	951,445	9.4	10.0	8.9
2012	963,563	8.0	8.5	8.1
2013	974,428	6.8	7.2	7.4
2014	986,355	5.9	6.3	6.2
2015	986,758	5.1	5.5	5.3
2016	1,003,202	4.5	4.8	4.9
2017	1,025,093	4.0	4.2	4.4
2018	1,036,212	3.4	3.6	3.9
2019	1,040,519	2.8	3.2	3.5

Source: Florida Research and Economic Information Database Application and Broward County, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019.

SCOPE OF CITY SERVICES

The City provides a full range of municipal services, including police and fire protection, recreational activities, parks, cultural events, sanitation services, water, sewer and storm water services, neighborhood and community services, and the construction and maintenance of streets and infrastructure.

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ECONOMIC AND DEMOGRAPHIC DATA

Income

Personal income, per capita income, median age for the City are set forth in the table below.

CITY OF HOLLYWOOD, FLORIDA Personal Income, Per Capita Income and Median Age

<u>Fiscal Year</u>	<u>Personal Income (\$ in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>
2019	\$ N/A	\$ N/A	N/A
2018	4,479,782	30,060	41.7
2017	4,148,729	28,182	42
2016	3,995,001	27,334	42.6
2015	3,819,815	26,357	41.9
2014	3,769,089	26,118	41.7
2013	3,752,242	26,069	41.7
2012	3,779,460	26,546	41.4
2011	3,759,449	26,676	40.7
2010	3,889,574	27,315	41.1

Source: U.S. Department of Commerce, Bureau of Census and City of Hollywood, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019.

BROWARD COUNTY, STATE OF FLORIDA, UNITED STATES Per Capita Personal Income⁽¹⁾

Year	<u>Broward County</u>			<u>Florida</u>		<u>U.S.</u>
	<u>Dollars</u>	<u>% of Florida</u>	<u>% of U.S.</u>	<u>Dollars</u>	<u>% of U.S.</u>	<u>Dollars</u>
2008	\$40,790	104.0	99.7	\$39,240	95.9	\$40,904
2009	38,318	104.8	97.5	36,580	93.1	39,284
2010	40,799	105.9	100.6	38,511	95.0	40,545
2011	41,555	103.6	97.3	40,120	93.9	42,727
2012	41,863	102.2	93.9	40,944	91.8	44,582
2013	40,816	100.6	91.1	40,582	90.5	44,826
2014	43,265	100.3	92.0	43,146	91.8	47,025
2015	46,105	101.7	94.2	45,352	92.7	48,940
2016	46,748	101.3	93.8	46,148	92.6	49,831
2017	48,680	102.1	94.3	47,684	92.3	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

(1) Stated in current dollars (not adjusted for inflation).

EMPLOYMENT

The following table provides information relating to the City's labor force for calendar years 2014 through 2018.

CITY OF HOLLYWOOD, FLORIDA Employment 2014 - 2018*

Labor Force	2014	2015	2016	2017	2018
Labor Force Employed	73,058	73,828	76,026	77,315	79,016
Labor Force Unemployed	4,145	3,675	3,401	2,901	2,569
Total Labor Force	77,203	77,503	79,427	80,216	81,585
Unemployment Rate	5.4%	4.7%	4.3%	3.6%	3.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

*Data provided for December of each year.

Employment Sectors

Set forth below is a table showing the portion of City residents who are employed in various sectors of the economy:

<u>Sector</u>	Employment Sectors	Percent of Residents <u>Employed</u>
Retail Trade		13%
Health Care & Social Assistance		12
Accommodation and Food Services		8
Professional, Scientific & Technical Services		8
Construction		8
Other Service (except Public Administration)		6
Administration & Support of Waste Management Services		6
Transportation Warehousing		5
Finance and Insurance		4
Arts		4
Manufacturing		4
Public Administration		4
Wholesale Trade		4
Information		2

Source: DataUSA

CITY OF HOLLYWOOD, FLORIDA
Principal Employers
As of Fiscal Year ended September 30, 2019

<u>Employer</u>	<u>Employees</u>	<u>Product/Business</u>	<u>Percentage of Employment</u>
Memorial Regional Hospital	4,124	Hospital	5.1%
City of Hollywood	1,446	Government	1.8
Chewy	1,200	Pet Food Distributor	1.5
Publix Supermarkets	1,098	Supermarket Chain	1.4
Diplomat Resort & Spa	960	Hotel	1.4
Memorial Regional Hospital South	766	Hospital	0.9
Great Healthworks	430	Health Care Products	0.5
Brandsmart U.S.A.	351	Retail Consumer Electronics	0.4
Toyota of Hollywood	333	Auto Sales	0.4
HEICO Corporation	320	Aircraft Parts	0.4

Source: City of Hollywood, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019.

The City has a diversified tax base ranging from a large utility to tourism to commercial investments. The following table summarizes the ten (10) largest taxpayers in the City, the type of property owned by such taxpayers and the assessed value of such property for the Fiscal Year ended September 30, 2019.

CITY OF HOLLYWOOD, FLORIDA
Principal Taxpayers
As of Fiscal Year Ended September 30, 2019
(\$ in thousands)

Taxpayer	Type of Business	Taxable Assessed Value ⁽¹⁾	Percentage of Total City Taxable Assessed Value
Florida Power & Light Company	Utility	\$ 1,092,641	7.13%
Diplomat Properties LTD Partnership	Hotel	463,622	3.02
Margaritaville Hollywood Beach Resort	Resort	131,015	0.85
Michael Swerdlow Properties	Commercial and Residential Development	127,904	0.83
Equity One Sheridan Plaza LLC	Commercial Property Leasing	102,163	0.67
Parc Station Acquisition LLC	Real estate investments	79,977	0.52
MHI Hospitality	Hotel	66,623	0.43
Hollywood Beach LLC	Hotel	54,900	0.36
CDR Presidential LLC	Residential Property Mgmt.	51,704	0.34
Windsor Hollywood LLC	Residential Property Leasing	50,429	0.33
	Total	\$ 2,220,978	14.49%
Total Taxable Assessed Value		<u>\$ 15,328,425</u>	

Source: Broward County Revenue Collector.

(1) Value of non-exempt real and personal property subject to taxation at January 1, 2017.

Ad Valorem Taxes

CITY OF HOLLYWOOD, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years ended September 30
 (\$ in thousands)

Fiscal Year	Real Property			Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (mills)	Estimated Actual Taxable Value ⁽¹⁾	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Property						
2019	\$16,191,585	\$6,431,406	\$4,764	\$1,547,857	\$7,702,624	\$16,472,988	7.6992	\$24,175,612	68.14%
2018	15,187,241	6,052,243	4,623	1,512,54	7,519,034	15,237,647	7.6992	22,756,682	66.96
2017	13,978,049	5,650,080	4,469	627,053	7,075,271	13,184,580	7.7363	20,259,651	65.08
2016	12,764,725	5,163,513	4,117	604,697	6,453,560	12,083,492	7.7677	18,537,052	65.19
2015	11,607,318	4,829,226	4,137	595,229	5,880,337	11,155,573	7.8007	17,035,909	65.48
2014	9,710,175	4,826,893	3,551	587,328	4,669,012	10,458,935	7.8436	15,127,947	69.14
2013	9,039,943	4,754,324	3,139	656,880	4,361,073	10,093,213	7.7519	14,454,286	69.83
2012	9,074,429	4,815,235	3,320	647,910	4,433,935	10,106,959	7.8928	14,540,895	69.51
2011	9,175,890	4,977,610	3,224	649,744	4,387,855	10,418,613	7.1368	14,806,468	70.37
2010	11,489,326	5,114,805	3,860	641,398	5,425,371	11,824,018	6.3375	17,249,389	68.55

Source: City of Hollywood, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019. Broward County Property Appraiser's Office.

(1) Includes tax exempt property.

CITY OF HOLLYWOOD, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years ended September 30
(\$ in thousands)

Fiscal Year	Total Tax Levy ⁽¹⁾	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percent of Levy Collected
2019	\$126,888	\$125,920	99.2	\$ 8	\$125,928	99.2%
2018	117,354	116,462	99.2%	48	116,510	99.3
2017	102,701	102,044	99.4	57	102,101	99.4
2016	94,519	93,927	99.4	51	93,978	99.4
2015	87,700	87,011	99.2	73	87,084	99.3
2014	82,093	81,711	99.5	(348) ⁽²⁾	81,363	99.1
2013	78,279	77,984	99.6	(295) ⁽²⁾	77,689	99.2
2012	79,803	78,948	98.9	(273) ⁽²⁾	78,675	98.6
2011	74,415	72,825	97.9	31	72,856	97.9
2010	74,996	73,313	97.8	938	74,251	99.0

⁽¹⁾ Source: City of Hollywood, Florida Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019. Broward County Revenue Collector.

⁽²⁾ Negative collections resulted from Broward County adjustments processed during the fiscal year after initial levy.

LOCAL ECONOMY

The City has steadily grown into a dynamic business hub with more than ten thousand companies in the City. Approximately eighty percent of Port Everglades, the world's second-busiest cruise port, is located in Hollywood and the port is home to Royal Caribbean's Allure of the Seas and Oasis of the Seas, the largest cruise liners in the world. Hollywood also provides easy access to Fort Lauderdale/Hollywood International Airport and Miami International Airport, a major gateway to Latin America. The City also is home to the Memorial Healthcare System, the nation's third largest public healthcare network, its flagship hospital, Memorial Regional, and the Joe DiMaggio Children's Hospital, the largest free-standing children's healthcare facility in Broward County.

Historic Downtown Hollywood is a lively commercial, entertainment and cultural arts district. Highlighted by the Artspark at Young Circle and dozens of bars and restaurants, Downtown Hollywood hosts hundreds of concerts, music festivals, dance exhibitions, shows, art exhibits, and much more.

The City's Comprehensive Plan helps to guide the development future of the City based on (1) quality of life, (2) relationship to existing plans and regulations, (3) feasibility to prioritize policy and design alternatives, and (4) geographic proximity to Port Everglades (over 80% of the Port is located in Hollywood), Fort Lauderdale-Hollywood International Airport (located only two miles from the City limits), and major transportation corridors (I-95, Turnpike, 441/SR7, etc.). While few vacant parcels exist in the City, many parcels can be characterized as "under-developed." The City has completed zoning changes in key areas including the Regional Activity Center which encompasses all of Downtown Hollywood and the Transit-Oriented Corridor along State Road 7 that are now generating redevelopment proposals.

Significant redevelopment activity in recent years includes the following projects:

- Sintavia – This Tier One metal additive manufacturer has opened a new 55,000 square foot advanced manufacturing facility in Hollywood within the Port 95 Commerce Park. The new facility offers large-scale AM production coupled with a robust aerospace quality management system. Their processes are critical for industries including Aerospace & Defense, Oil & Natural Gas, Automotive, and Ground Power Generation. The expansion brings more than 130 new jobs for skilled employees and support staff to Hollywood.
- Costa Hollywood – The former Hollywood Grande site on Hollywood Beach has been redeveloped into one of South Florida's premiere mixed-use condo/hotel developments at an investment of approximately \$150 million. It features 304 condo hotel units, 11,000 square feet of retail space, 24,000 square feet of restaurant space, meeting space as well as a gym and spa along with a 225-car parking facility.
- The Preserve at Emerald Hills – This development on the former site of Lake Eden is a master planned community consisting of 40 luxury coach homes and 77 luxury single family estate homes. The private community features open recreational space for residents. This \$60 million project developed by MG3 Phase I is completed with homeowners moving in while Phase II gets underway.

- Parkview at Hillcrest – An approximately 243 acre residential development by Pulte Homes, Inc., Parkview at Hillcrest consists of 645 single family homes and townhomes.
- Toyota of Hollywood – This redevelopment consists of a brand new \$25 million dealership that includes a showroom, office, service area and a five story parking garage at an estimated 408,000 square feet.
- Seaside Village – This \$38 million project features 15 waterfront condo units and 8 luxury single family homes on Hollywood’s North Beach. The waterfront condos are complete and 4 single family homes are completed with another 4 homes under construction.
- Chewy.com – Chewy.com, a national online supplier of pet friendly merchandise, built out its customer service center in Hollywood in October 2017. Located within the Hollywood Hills Shopping Center, Chewy.com leased and renovated an approximately 80,000 square foot facility for a customer care center and offices for the expanding company. The relocation brought more than 1,000 new jobs to the City, making Chewy.com one of the City’s largest employers.
- Hollywood Circle – A 25-story mixed-use development was built on Young Circle and includes 397 upscale rental apartments ideal for those seeking an exciting urban environment. The development also includes a uniquely branded 104-room boutique hotel, The Circ; a Publix supermarket; Olivia Restaurant & Bar and approximately 15,000 square feet of additional prime retail space at the street level. The project was completed in April 2018.
- Quantum Marine – This project consists of a new headquarters designed within a Tree Preservation Area including a state-of-the-art facility with approximately 30,000 square feet of office and warehouse space. Construction was completed in 2016 and the company celebrated its grand opening in early 2017.
- Hyde Beach House – This project consists of 265 resort-condo units and 77 luxury condos. This \$300 million project was developed by the Related Group and completed in 2019.
- FPL Plant at Port Everglades – Florida Power & Light constructed a new \$1.2 billion natural gas power plant at Port Everglades to replace a 1960’s era oil-fired plant. Completion of the new power plant was finalized in 2016.
- Nevada Street Garage – This 304-space public garage on Hollywood Beach is situated between Nebraska and Nevada Streets along the A1A and North Surf Road. The eight level garage features Real-Time Parking Space Availability, ParkMobile and Pay-By-Plate options, eight handicap accessible spots and four electric vehicle charging stations.
- Buro Hollywood – A co-working space located in the heart of the emerging arts district in historic downtown Hollywood. The three-story 15,000 square feet has double height ceilings on the ground level with mezzanine space and classic art-deco features.

Several major initiatives are underway in the City which include infrastructure improvements and development of condominium, luxury rental, senior affordable housing and resort projects. Major initiatives include the following projects:

- State Road 7 Improvement Project – This project, scheduled to be completed this year, US-441/State Road 7 in Hollywood will feature six traffic lanes, landscaped safety medians, new lighting and sidewalks, bicycle lanes and bus bays. Additionally, there is the installation of sewer lines to service the corridor. The project is being undertaken by the Florida Department of Transportation (FDOT), Broward Metropolitan Planning Organization and the City of Hollywood. The City has worked with FDOT to develop required dry retention areas along the corridor into linear parks that will make State Road 7 visually appealing and safer for pedestrians, residents, businesses and motorists.
- Hollywood Boulevard Complete Streets Project – This project, which is nearing the completion of Phase I, includes demolition, new elevations, installation of an underground drainage system, street lights, pavement, pedestrian walks, new parking configuration, mid-block crossings, street light mast arms and new center medians. Phase II will immediately follow with the installation of new landscaping and irrigation.
- Young Circle Commons – This \$80 million mixed-use development located at the southwest corner of Hollywood Boulevard and Young Circle is underway. This development will include 166 upscale residential units, 103 hotel rooms with 30,000 square feet of retail space on the first floor.
- Parc Place Towers – This project by BTI Partners, located on the southeast corner of South Federal Highway and Young Circle, upon completion will total over 360,000 square feet with approximate 433 apartment units, 786 parking spaces and approximately 20,000 square feet of commercial/retail space on the lower level. The three-phase construction project consists of two towers 11 stories tall and one 25-storey tower.
- ROC 441 – The estimated \$48 million mixed-use project will be located at the northeast corner of US 441 and Griffin Road in close proximity to the Seminole Hard Rock Hotel and Casino. The plan calls for an 8-story apartment building with 180 units, a Wawa with 16 fueling stations, a Wendy's restaurant, and a self-storage facility. This development will add to continued growth of new development along the US441/State Road 7 corridor in Hollywood.
- Pinnacle at Peacefield – Through a Public/Private Partnership, Pinnacle at Peacefield is an affordable senior-living project by Pinnacle Development. This \$15 million project will consist of 120 total affordable units for seniors in the Hollywood area. The site is conveniently located in close proximity to Downtown Hollywood and Hollywood Boulevard with easy access to transportation infrastructure. Developers have broken ground and estimate resident occupancy in Spring 2020.
- Memorial Joe DiMaggio expansion – Memorial Healthcare System's Joe DiMaggio Children's Hospital is undergoing an approximately \$97 million expansion to

add over 156,000 square feet to its existing facilities vertically by adding four floors. It will consolidate pediatric healthcare services (i.e. ICU, Operating Rooms, and Cardiac Surgery) on the same floor and expand private and semi-private rooms.

- Hyde Beach House – This project, to be constructed on a 2.4 acre site along Hollywood Beach’s Intracoastal will feature 342 luxury units and ground floor retail space.
- Sol Van Buren – This residential development is expected to include seven two-story walk-up loft units on the ground floor, with the remaining units on the third floor and above.
- H3 Hollywood - A 14 story mixed-use project under construction with 433 apartments, retail space and parking garage planned for the property at 2165 Van Buren Street in downtown Hollywood.

The City remains committed to providing stellar services, continuing infrastructure improvements, maintaining regulatory controls, spurring economic development, increasing business recruitment and stimulating the marketplace citywide.

RECREATION AND CULTURE

The City is home to more than 38 City parks, five golf courses, seven miles of pristine beaches, and the one-of-a-kind Hollywood Beach Boardwalk, a promenade that stretches nearly 2.5 miles along the Atlantic Ocean. The City’s Boardwalk was designated a Top 10 Great Public Space for 2013 by the American Planning Association and one of America’s Best Beach Boardwalks by Travel + Leisure magazine. This brick-paved thoroughfare hosts pedestrians, joggers, bicyclists, rollerbladers, and millions of others every year. Dozens of eateries and inns line the Boardwalk and the promenade also features the Hollywood Beach Theatre, a children’s water playground at Charnow Park, and many other attractions. Hollywood Beach also offers dozens of luxury hotels and condominiums such as the Westin Diplomat and the Margaritaville Hollywood Beach Resort with more planned for the area.

The City has steadily grown into a dynamic business hub with more than 10,000 companies located in the City. Approximately eighty percent of Port Everglades, the world’s second-busiest cruise port, is located in Hollywood and the port is home to Royal Caribbean’s Allure of the Seas and Oasis of the Seas, each among the ten largest cruise liners in the world. There is easy access from the City to Fort Lauderdale-Hollywood International Airport and Miami International Airport, a major gateway to Latin America. The City is home to the Memorial Healthcare System, the nation’s third largest public healthcare network, its flagship hospital, Memorial Regional, and the Joe DiMaggio Children’s Hospital, the largest free-standing children’s healthcare facility in Broward County.

Historic Downtown Hollywood is a lively commercial, entertainment and cultural arts district. Highlighted by the ArtsPark at Young Circle and dozens of bars and restaurants, Downtown Hollywood hosts hundreds of concerts, music festivals, dance exhibitions, shows, art exhibits, and much more. A wide variety of music and entertainment from live jazz, blues, rock, Latin and R&B are all just a few steps apart.

TOURISM

Tourism is an important economic factor in the City. The combination of favorable climate, together with diverse recreational opportunities located within the City and surrounding communities, including parks, public beaches, yacht basins, fishing, golf, tennis, restaurants, thoroughbred racing, jai alai, casinos and water recreational facilities, have made the City a tourist center. Tourists now visit the City year-round instead of merely during winter months, and the tourism industry is currently drawing from an international market, particularly Canada.

CONSTRUCTION

From 2010 to 2019, building permits issued for construction ranged from a high of 16,175 in 2018 to a low of 9,481 in 2010. Average building permit activity over the last 10 years has been approximately 12,103 permits. For Fiscal Year 2018, 14,228 building permits were issued.

The following is a calculation of the total value of the Building Permits issued by the City during the past ten (10) years. **[Update the table with 2019 data]**

CITY OF HOLLYWOOD, FLORIDA Value of Building Permits Issued Fiscal Years 2010 – 2019

Fiscal Year Ended September 30,	Number of Permits	Total Value
2010	9,481	4,645,413.61
2011	9,916	4,549,806.18
2012	10,123	5,234,678.26
2013	10,912	6,174,695.19
2014	10,997	6,977,008.43
2015	13,205	10,046,528.45
2016	12,858	12,878,353.30
2017	13,130	11,196,007.40
2018	16,175	14,918,951.07
	14,228	
2019		

Source: City of Hollywood Building Department.

EDUCATION

The public school system in the City is operated by the Broward County School District. Hollywood students are served by 36 public elementary, middle and high schools (including 11 charter schools). South Broward High School includes the highly sought after Cambridge Program and a Marine Science magnet. Hollywood Hills High School is home to Broward County's first public military academy. Hollywood also has more than 35 private schools. Nationally renowned higher learning institutions such as Barry University, Nova Southeastern University, and City College have research and educational facilities in Hollywood.

There are 4 four-year colleges and universities in Broward County: Broward College, Florida Atlantic University and Florida International University, which are public, and Nova Southeastern University, which is private. Broward College is part of the Florida College System. Florida Atlantic University and Florida International University are two of the twelve universities in the State of Florida University System. Nova Southeastern University is the second largest independent university in Florida. There are 14 other colleges in Broward County offering a variety of education options with associate and/or bachelor degrees or certificate programs providing vocational and technical education.

TRANSPORTATION

Surface Transportation.

The City is served by the Broward County Transit System with twelve bus routes going into or through the City. The City is also served by Amtrak and major freight carriers.

The road system within the City totals approximately 426 miles. The County-operated bus system has a total operating fleet of 352 fixed-route buses, including 51 community buses.

Tri-Rail, a commuter rail system, provides service along a 70.9-mile corridor from Palm Beach County to Miami-Dade County and has 18 stations along the Southeast Florida coast. Tri-Rail connects directly to Amtrak at numerous stations, and at the Miami Airport station.

Virgin Trains USA LLC is developing a privately owned and operated express intercity passenger rail service that is expected to run 235 miles between Miami and Orlando. The service currently operates between Miami and West Palm Beach, with an intermediate stop in Fort Lauderdale.

Port Everglades

Port Everglades, the State's deepest harbor and one of the top three cruise ports in the world, is located primarily within the City's municipal boundaries. Broward County, Florida is responsible for administering the Port. However, the City has concurrent jurisdiction over that portion of Port Everglades that lies within the City's municipal boundaries. Port Everglades is located two miles from Fort Lauderdale-Hollywood International Airport and is served by major motor freight carriers and two railroads. In fiscal year 2019, a total of approximately 3,892,215

cruise ship passengers went through Port Everglades on 902 sailings. In addition, approximately 125.8 million barrels of petroleum and 6.8 million tons of containerized cargo were handled.

The Port Everglades 20-Year Master/Vision Plan includes the STNE/Crane Rail Infrastructure Improvements, U.S. Army Corps of Engineers Deepening and Widening Project, Northport and Southport Improvements, T-25 and Foreign Trade Zone Relocation.

The existing 21.87-acre FTZ established in 1978 containing four warehouse buildings and totaling approximately 390,000 square feet, will be converted to container yard area to replace existing container yards displaced by the STNE/Crane Rail Infrastructure Improvements.

Fort Lauderdale-Hollywood International Airport

The area's primary international airport, the Fort Lauderdale-Hollywood International Airport, is used by most major national commercial airlines and several foreign commercial airlines. For fiscal year 2018, the Fort Lauderdale-Hollywood International Airport served more than 18 million passengers and approximately 119,174 tons of cargo was handled.

EMPLOYEE RELATIONS

As of [____], 2020, the City is the second largest employer located in the City of Hollywood, with [____] full and part time employees. There are five organized collective bargaining units: American Federation of State, County and Municipal Employees (AFSCME) General, AFSCME Professional, AFSCME Supervisory, International Association of Firefighters (IAFF) and Broward County Police Benevolent Association (PBA).

RISK MANAGEMENT¹

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's Insurance Fund (an internal service fund) accounts for and finances its uninsured risks of loss. Under this program, the Insurance Fund provides coverage for up to a maximum of \$600,000 for each workers' compensation claim, \$400,000 for each general liability claim and \$350,000 for each health insurance claim. The Master Property Program (excluding Water and Sewer Utility properties) has \$196 million for property coverage with a deductible of \$25,000 for each property damage claim, except wind/hail which has a deductible of 5%, but not less than \$250,000 for direct damage. Wind has a cap of \$30 million. The Water and Sewer Utilities program has \$298 million of property coverage with a deductible of \$25,000 for each property damage claim, except for wind/hail which has a deductible of 5%, but not less than \$500,000 for direct damage. Wind has a cap of \$50 million. The City purchases commercial insurance for workers' compensation, general liability, public officials, property damage and health claims in excess of coverage provided by the Fund.

All funds of the City participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts to pay prior and current-year claims. The claims

¹ Source City of Hollywood, Florida, Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2019.

liability of \$14,403,825 reported in the Insurance Fund at September 30, 2019, is based on GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims payable liability is based on actuarial evaluations performed by independent actuaries as of September 30, 2019. This liability consists of claims reported and payable, as well as an estimate for claims incurred and not reported as of that date. At September 30, 2019, claims payable for auto and general liability totaled \$7,978,952 and \$3,997,449 for workers' compensation claims. These amounts reflect a discounted rate factor of 3.0%. The remaining balance of \$2,427,424 of claims payable consists of amounts for health and dental claims which are not discounted.

APPENDIX A-2

GENERAL INFORMATION REGARDING THE LARGE USERS

The following information was extracted from the Comprehensive Annual Financial Statements of the Large Users and/or supplied by the respective Finance Directors of the Large Users and no responsibility for the accuracy of this information is taken. For more detailed information on the Large Users, please contact the respective Finance Directors or review their respective Comprehensive Annual Financial Statements.

INFORMATION ON LARGE USERS – CITY OF DANIA BEACH

	2019	2018	2017	2016	2015
Population	31,768	31,755	31,473	31,093	30,644
Number of Connections - Sewer (Based on Water).....	4,892	4,850	4,850	4,850	4,800
Area (Square Miles)	8.4	8.4	8.4	8.4	8.4
Purchased Sewage Treatment Amount Paid to Hollywood..	3,200,224	3,190,592	3,101,180	3,257,299	2,828,994
Assessed Valuation (Taxable Value - Nonexempt)	\$4,332,509,250	\$4,103,189,739	\$3,420,890,402	\$3,092,708,354	\$2,893,029,298
Value of New Building Permits (Construction Value).....	\$237,511,151	\$128,199,228	\$202,768,230	\$27,498,593	\$101,960,569
Millage Rate (Amount Per \$1,000 Assessed Value).....	6.1758	6.1909	6.2462	6.2432	6.2593
Billing Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Location in Respect to Hollywood	North	North	North	North	North

INFORMATION ON LARGE USERS – CITY OF HALLANDALE BEACH

	2019	2018	2017	2016	2015
Population	39,834	39,940	38,746	38,621	38,424
Number of Connections - Sewer (Based on Water).....	N/A	N/A	N/A	N/A	N/A
Area (Square Miles)	4.4	4.4	4.4	4.4	4.4
Purchased Sewage Treatment Amount Paid to Hollywood..	N/A	N/A	N/A	N/A	N/A
Assessed Valuation (Taxable Value - Nonexempt)	\$5,593,746	\$5,405,697	\$5,126,887	\$4,625,098	\$4,248,090
Value of New Building Permits (Construction Value).....	N/A	N/A	N/A	N/A	N/A
Millage Rate (Amount Per \$1,000 Assessed Value).....	6.3191	5.3093	5.1918	5.1918	5.1918
Billing Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Location in Respect to Hollywood	South and East	South and East	South and East	South and East	South and East

INFORMATION ON LARGE USERS – CITY OF MIRAMAR

	2019	2018	2017	2016	2015
Population	138,837	137,107	136,246	134,037	132,096
Number of Connections - Sewer (Based on Water).....	34,236	34,049	32,263	33,896	33,367
Area (Square Miles)	31	31	31	31	31
Purchased Sewage Treatment Amount Paid to Hollywood..	\$134,958,.56	\$161,124.86	\$108,140.27	\$108,819.95	\$99,835.48
Assessed Valuation (Taxable Value - Nonexempt)	\$9,834,530,914	\$9,261,910,799	\$8,642,247,316	\$7,959,591,104	\$7,426,798,874
Value of New Building Permits (Construction Value).....	3,267,495,632	\$3,172,006,781	\$2,406,097,165	\$1,853,695,256	\$587,200,733
Millage Rate (Amount Per \$1,000 Assessed Value).....	7.12	7.12	6.76	6.76	6.76
Billing Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Location in Respect to Hollywood	South and West	South and West	South and West	South and West	South and West

N/A: Not available at time of publication.

INFORMATION ON LARGE USERS – TOWN OF PEMBROKE PARK

	2019	2018	2017	2016	2015
Population	6,408	6,384	6,368	6,318	6,236
Number of Connections - Sewer (Based on Water).....	1,227	1,227	N/A	1,232	1,238
Area (Square Miles)	1.6	1.6	1.6	1.6	1.6
Purchased Sewage Treatment Amount Paid to Hollywood..	N/A	N/A	N/A	N/A	N/A
Assessed Valuation (Taxable Value - Nonexempt)	N/A	N/A	N/A	N/A	N/A
Value of New Building Permits (Construction Value).....	\$22,317,931	\$10,395,609	\$1,935,582	N/A	\$6,432,402
Millage Rate (Amount Per \$1,000 Assessed Value).....	8.500	8.500	8.500	8.500	8.500
Billing Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Location in Respect to Hollywood	South	South	South	South	South

INFORMATION ON LARGE USERS – CITY OF PEMBROKE PINES

	2019	2018	2017	2016	2015
Population	168,023	165,352	163,103	161,799	159,922
Number of Connections - Sewer (Based on Water).....	44,135	43,875	43,546	43,378	43,597
Area (Square Miles)	34.25	34.25	34.25	34.25	34.25
Purchased Sewage Treatment Amount Paid to Hollywood.	\$8,510,840	\$7,674,013	\$7,683,286	\$7,024,896	\$7,703,732
Assessed Valuation (Taxable Value - Nonexempt)	\$12,782,056,767	\$11,782,056,767	\$10,928,711,731	\$10,165,732,678	\$9,499,904,916
Value of New Building Permits (Construction Value).....	\$247,041,938	\$305,982,258	\$318,275,894	\$239,587,447	\$675,035,804
Millage Rate (Amount Per \$1,000 Assessed Value).....	6.1419	6.1958	6.2381	6.2385	6.2303
Billing Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Location in Respect to Hollywood	West	West	West	West	West

INFORMATION ON LARGE USERS – BROWARD COUNTY

	2019	2018	2017	2016	2015
Population	1,919,644	1,951,260	1,873,970	1,854,513	1,827,367
Number of Connections - Sewer (Based on Water).....	50,850	50,832	50,547	49,999	49,643
Area (Square Miles)	1,225	1,225	1,225	1,225	1,225
Purchased Sewage Treatment Amount Paid to Hollywood.	N/A	N/A	N/A	N/A	N/A
Assessed Valuation (Taxable Value - Nonexempt)	\$189,147,335	\$177,102,879	\$162,869,430	\$150,623,153	\$140,673,106
Value of New Building Permits (Construction Value).....	N/A	N/A	\$991,062	\$846,723	\$807,553
Millage Rate (Amount Per \$1,000 Assessed Value).....	5.6690	5.6690	5.6690	5.7230	5.7230
Billing Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Location in Respect to Hollywood	NE and SW	NE and SW	NE and SW	NE and SW	NE and SW

N/A: Not available at time of publication.