

5E-2

Agenda Item #: _____

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: October 22, 2019 | | **Consent** **Regular**
| | **Ordinance** **Public Hearing**
Department: Office of Financial Management & Budget

I. Executive Brief

Motion and Title: Staff recommends motion to adopt a:

A resolution of the Board of County Commissioners of Palm Beach County, Florida: (i) supplementing Resolution No. R-84-1206 of the County, as amended and supplemented; (ii) authorizing the issuance of not exceeding \$50,000,000 principal amount of Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) in connection with the refunding of all or a portion of the County's Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project); (iii) providing for certain other details relating to the 2019 Bonds; (iv) approving the forms of and authorizing the use of an official notice of sale and summary notice of sale in connection with the public sale of the 2019 Bonds; (v) approving the form of and authorizing the distribution of a preliminary official statement relating to the 2019 Bonds; (vi) authorizing the Debt Manager to "deem final" for the purposes of Securities and Exchange Commission Rule 15c2-12 the preliminary official statement prepared in connection with the 2019 Bonds; (vii) approving the form of and authorizing the execution of an escrow deposit agreement and official statement; (viii) authorizing the purchase of bond insurance, a debt service reserve surety bond or other form of credit enhancement in connection with all or a portion of the 2019 Bonds under the circumstances provided; (ix) appointing a registrar and paying agent in connection with the 2019 Bonds; (x) providing for the undertaking required by Rule 15c2-12 of the Securities And Exchange Commission; (xi) authorizing the Mayor or County Administrator to accept the best bid for the 2019 Bonds; (xii) authorizing the proper officers of the County to do all acts necessary and proper for carrying out the transactions contemplated by the resolution; providing for the repeal of prior inconsistent resolutions or proceedings; and providing for an effective date.

Summary: The County's Financial Advisors have reviewed the Water and Sewer Revenue Bonds, Series 2009 and determined that these bonds can be refunded for a savings. Based on current market conditions, the estimated savings on the Series 2009 Water and Sewer Revenue Bonds have a net present value of \$12,758,408 (26.17%). These bonds will be refunded at a not to exceed amount of \$50 million on a competitive basis. **Countywide (DB)**

Background and Justification: On September 19, 2019, the County Financing Committee (CFC) met to discuss the financing alternatives and recommended that, due to the current period of low interest rates, the County should proceed with the refunding for potential savings. The County reserves the right to cancel the sale if market conditions deteriorate. The County's Financial Advisors will monitor market conditions to maximize savings. If the market allows for the series to be refunded, it will be done through a competitive sale through an electronic platform to all underwriters to receive the best bid.

Attachments:

1. Bond Resolution.

Recommended by: Shelley Brown 10/2/19
Department Director **Date**
Approved By: [Signature] 10/15/19
County Administrator **Date**

I. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2020	2021	2022	2023	2024
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
Debt Service Costs	* _____	* _____	* _____	* _____	* _____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	_____	_____	_____	_____	_____
NO. ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes ___ No **X**__

Budget Account No.: Fund _____ Department _____ Unit _____
 Object _____ Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

The Resolution authorizes the sale of Bonds. The debt service payments are secured by a pledge of non-ad valorem revenues.

*Debt service payments will decrease in future years; however, the amounts are not known until the bonds are sold.

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

Lisa B 10/2/19
 OFMB *PC* 10/2 ^{EH} 10/2
J. S. Javelin 10/8/19
 Contract Dev. and Control
 10/8/19 *JW*

B. Legal Sufficiency:

M. C. 10/10/19
 Assistant County Attorney

C. Other Department Review:

 Department Director

THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.

WPB 383257753v5/013000.012700

RESOLUTION No. R-2019-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA: (I) SUPPLEMENTING RESOLUTION NO. R-84-1206 OF THE COUNTY, AS AMENDED AND SUPPLEMENTED; (II) AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 PRINCIPAL AMOUNT OF PALM BEACH COUNTY, FLORIDA WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2019 (FPL RECLAIMED WATER PROJECT) IN CONNECTION WITH THE REFUNDING OF ALL OR A PORTION OF THE COUNTY'S WATER AND SEWER REVENUE BONDS, SERIES 2009 (FPL RECLAIMED WATER PROJECT); (III) PROVIDING FOR CERTAIN OTHER DETAILS RELATING TO THE 2019 BONDS; (IV) APPROVING THE FORMS OF AND AUTHORIZING THE USE OF AN OFFICIAL NOTICE OF SALE AND SUMMARY NOTICE OF SALE IN CONNECTION WITH THE PUBLIC SALE OF THE 2019 BONDS; (V) APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE 2019 BONDS; (VI) AUTHORIZING THE DEBT MANAGER TO "DEEM FINAL" FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 THE PRELIMINARY OFFICIAL STATEMENT PREPARED IN CONNECTION WITH THE 2019 BONDS; (VII) APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION OF AN ESCROW DEPOSIT AGREEMENT AND OFFICIAL STATEMENT; (VIII) AUTHORIZING THE PURCHASE OF BOND INSURANCE, A DEBT SERVICE RESERVE SURETY BOND OR OTHER FORM OF CREDIT ENHANCEMENT IN CONNECTION WITH ALL OR A PORTION OF THE 2019 BONDS UNDER THE CIRCUMSTANCES PROVIDED; (IX) APPOINTING A REGISTRAR AND PAYING AGENT IN CONNECTION WITH THE 2019 BONDS; (X) PROVIDING FOR THE UNDERTAKING REQUIRED BY RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION; (XI) AUTHORIZING THE MAYOR OR THE COUNTY ADMINISTRATOR TO ACCEPT THE BEST BID FOR THE 2019 BONDS; (XII) AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO DO ALL ACTS NECESSARY AND PROPER FOR CARRYING OUT THE TRANSACTIONS CONTEMPLATED BY THE RESOLUTION; PROVIDING FOR THE REPEAL OF PRIOR INCONSISTENT RESOLUTIONS OR PROCEEDINGS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners (the "Board") of Palm Beach County, Florida (the "County") previously adopted Resolution No. R-84-1206 on August 23, 1984, as amended and supplemented (the "Bond Resolution"), particularly as supplemented by Resolution No. R-2009-0800 adopted by the Board on May 5, 2009 (the "2009 Resolution") authorizing the issuance of the County's Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) (the "2009 Bonds").

WHEREAS, the Bond Resolution authorizes the issuance of additional parity bonds for the purpose of refunding any Bonds then outstanding; and

WHEREAS, upon advice of its Financial Advisor, and subject to fulfillment of the conditions herein set forth, the Board of County Commissioners has determined it is in the best interest of the County to (1) refund all or a portion of the 2009 Bonds (the “Refunded Bonds”), (2) to make a deposit, if necessary, to the Debt Service Reserve Account in an amount equal to the amount required to be on deposit in such account or to purchase a debt service reserve surety bond, and (3) to pay costs of issuance; and

WHEREAS, in connection with the proposed refunding of the Refunded Bonds and related costs it is necessary for the County to authorize the issuance of its not to exceed in principal amount \$50,000,000 Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project)(the “2019 Bonds”); and

WHEREAS, upon advice of its Financial Advisor, the County has determined it is in the best interest of the County to authorize the issuance of the 2019 Bonds, all as provided in and pursuant to the Bond Resolution; and

WHEREAS, there have been prepared and submitted to the Board forms of:

(a) an Official Notice of Sale (the “Official Notice of Sale”) and Summary Notice of Sale (the “Summary Notice of Sale”), proposed forms of which are attached hereto as Exhibit A; and

(b) a Preliminary Official Statement (the “Preliminary Official Statement”), relating to the 2019 Bonds, attached hereto as Exhibit B; and

(c) an Escrow Deposit Agreement between the County and the Escrow Agent named therein (the “Escrow Deposit Agreement”) attached hereto as Exhibit C, pursuant to which the County will provide for the deposit of a portion of the 2019 Bond proceeds, together with other legally available moneys, in an amount sufficient to defease the Refunded Bonds; and

WHEREAS, in light of rapidly changing market conditions, the Board believes it to be in the best interest of the Board that, subject to fulfillment of the requirements set forth below, the transactions authorized and contemplated under this Resolution be undertaken in the manner described herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

SECTION 1. Condition to Issuance of 2019 Bonds and Refunding of the Refunded Bonds. The refunding of Refunded Bonds shall be subject to estimated net present value savings to be achieved by the refunding of the Refunded Bonds of not less than three percent (3%) of the principal amount of the Refunded Bonds, as confirmed by the County’s Financial Advisor.

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein shall have the same meaning as ascribed to them in the Bond Resolution, unless the context otherwise requires. In addition, the following terms shall have the meanings ascribed below:

“Bond Counsel” shall mean a Locke Lord LLP and the Law Offices of Carol D. Ellis, P.A., and any successor firm or firms of nationally recognized attorneys-at-law selected by the County and experienced in the financing of capital projects for governmental units through the issuance of tax-exempt revenue bonds under the exemption provided under Section 103(a) of the Code.

“Clerk” shall mean the Clerk of the Circuit Court of Palm Beach County, Florida and Ex-Officio Clerk of the Board of County Commissioners of the County or her deputy acting in her name, or such other officer of the County subsequently designated by law or County Charter to perform the duties of the chief financial officer of the County.

“County Administrator” shall mean the person serving as the County Administrator of the County from time to time.

“Disclosure Counsel” shall mean Bryant Miller Olive and any successor firm or firms of nationally recognized attorneys at laws selected by the County and experienced in federal securities law matters relating to disclosure documents prepared in connection with the issuance by governmental units of taxable and tax-exempt revenue bonds.

"ECR" shall mean the East Central Regional Wastewater Treatment Facilities Operation Board located at 4325 North Haverhill Road, West Palm Beach, Florida which board operates the East Central Regional Wastewater Treatment Facilities at such location ("WCR Wastewater Facility").

“Financial Advisor” shall mean the entity or entities servicing as financial advisor or co-financial advisors for the 2019 Bonds, namely, PFM Financial Advisors LLC and any successor(s) appointed by the County to serve as financial advisor or co-financial advisors to the County.

"FPL" shall mean Florida Power & Light Company, a Florida corporation and its successors and assigns.

"FPL Reclaimed Water Agreement" shall mean that certain Reclaimed Water Agreement dated as of May 20, 2008, by and between the County and FPL as heretofore amended and supplemented, which agreement provides the rights, duties, obligations and remedies of each party with respect to the FPL Reclaimed Water Project, as further amended and supplemented from time to time.

"FPL Reclaimed Water Project" shall mean, collectively, (i) the permitting, siting, constructing, acquisition and commissioning of any additional facilities or upgrades at the ECR Wastewater Facility enabling such facility to produce and deliver Reclaimed Water, (ii) the permitting, siting, construction, acquisition and commissioning of approximately 18 miles of 36 inch pipeline that will run from the ECR Wastewater Facility to the West County Energy Center and (iii) the permitting, siting, constructing, acquisition and commissioning of the WCEC On-Site RWP Facilities, as more particularly described in and in accordance with certain plans on file or

to be on file with the County, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, as may be approved by the Board in accordance with the Act.

"Reclaimed Water" shall mean the wastewater that is processed and used by the FPL Reclaimed Water Project.

"Revenues" or "Gross Revenues" shall mean all rates, fees, charges, or other income, received by the County or accrued to the County or any agency thereof in control of the management and operation of the Water and Sewer System, and all parts thereof from the operation of the Water and Sewer System, including without limitation all payments received by the County from FPL (or its successors and assigns) pursuant to Section 8 and Section 12.6 of the FPL Reclaimed Water Agreement during the term of the FPL Reclaimed Water Agreement, provided that notwithstanding the termination of the FPL Reclaimed Water Agreement, the payments described in Section 8.1(a) and (b) of the FPL Reclaimed Water Agreement shall continue to constitute Revenues for the period the Bonds (or other water and sewer revenue bonds issued to refund the Bonds) remain outstanding pursuant to the provisions of the Resolution, and shall also include the earnings and investment income derived from the investment of moneys on deposit in the various funds and accounts created and established by the Resolution, which by the terms and provisions of the Resolution are required to be deposited in the Revenue Fund and the Interest Account, provided, however, that Revenues shall not include (1) charges imposed on any person connecting to the Facilities of the Water and Sewer System for the purpose of reimbursement by the County to other persons for the cost of the extension of water mains pursuant to agreements between the County and such other persons, (2) that portion of the Capacity Reservation Charges not representing the Earned Portion of such Capacity Reservation Charges, (3) Connection Fees, (4) special assessments, (5) extraordinary items arising from the early extinguishment of debt, (6) reimbursements to FPL pursuant to Section 8.1(b), (c), (d), and (e) of the FPL Reclaimed Water Agreement, (7) payments made by FPL to the Village of Royal Palm Beach pursuant to Section 8.1(f) of the FPL Reclaimed Water Agreement, (8) fifty percent (50%) of the Coverage Fund (as such term is defined in the FPL Reclaimed Water Agreement), as such amount may be adjusted by any extraordinary maintenance during the previous year, and (9) any miscellaneous fees and charges collected by the County on behalf of other units of local government.

"Water and Sewer System" shall mean with respect to all Bonds issued pursuant to the Bond Resolution any and all water systems, sewer systems, and combined water and sewer system, any and all reclaimed and gray water systems and Facilities, now owned and operated or hereafter owned and operated by the County.

"WCEC On-Site RWP Facilities" shall mean the storage tank and other facilities which are located at the West County Energy Center.

"West County Energy Center" or WCEC" shall mean FPL's gas-fired power plant located near 20 mile bend on Southern Boulevard in the County.

SECTION 3. Authorization of Issuance of the 2019 Bonds. Subject to fulfilling the requirements of Section 1, the issuance of up to Fifty Million Dollars (\$50,000,000) aggregate original principal amount of Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project), is hereby authorized, subject to the provisions hereof and the Bond Resolution.

SECTION 4. Description and Terms of the 2019 Bonds. The 2019 Bonds shall be dated their date of delivery (or such other date as shall be determined by the Mayor), shall be issued in the form of fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter “R” and shall bear interest from the dated date determined therefor, payable semi-annually, on April 1 and October 1 of each year (the “Interest Dates”), commencing on April 1, 2020 (or such other dates as shall be determined by the Mayor).

Interest on the 2019 Bonds will be payable by check, draft or wire transfer of the Bond Registrar and Paying Agent, made payable to and mailed or transferred to the Registered Owner, as shown on the registration books of the Bond Registrar on the fifteenth day of the month next preceding each Interest Date. Principal of the 2019 Bonds is payable to the Registered Owner upon presentation, when due, at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A. The principal of and interest on the 2019 Bonds are payable in lawful money of the United States of America.

The 2019 Bonds will be issued pursuant to a book-entry-only system.

The 2019 Bonds shall initially be issued in the name of Cede & Co. as nominee for The Depository Trust Company of New York, New York, New York (“DTC”), which will act initially as securities depository for such 2019 Bonds and so long as the 2019 Bonds are held in book-entry-only form, Cede & Co., or such other nominee as DTC may designate from time to time, shall be considered the registered owner for all purposes hereof. On original issue, the 2019 Bonds shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interests of its participants (“DTC Participants”). The DTC Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of such 2019 Bonds (“Beneficial Owners”).

So long as the 2019 Bonds are registered in the name of Cede & Co. or any other nominee of DTC, principal of and interest on such 2019 Bonds shall be payable directly to Cede & Co. or such other nominee in care of DTC in accordance with DTC practices and procedures. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Beneficial Owners shall be the responsibility of DTC Participants and not of DTC, the Bond Registrar or the County. Each such payment to Cede & Co. or such other DTC nominee shall be valid and effective to fully discharge all liability of the County and the Bond Registrar with respect to the principal amount of or interest on the 2019 Bonds to the extent of the sum or sums so paid.

The 2019 Bonds shall initially be issued in the form of one fully registered 2019 Bond for each maturity and shall be held in such form until maturity. Individuals may purchase beneficial

interest in the amount of \$5,000 or integral multiples thereof in book-entry-only form, without certificated 2019 Bonds through the DTC Participants.

During the period for which Cede & Co. is registered owner of the 2019 Bonds, any notice to be provided to any registered owner will be provided to Cede & Co. DTC shall be responsible for notice to DTC Participants and DTC Participants shall be responsible for notice to beneficial owners.

In the event of the County elects to terminate DTC as the securities depository for the 2019 Bonds, the County shall select another securities depository. If the County does not replace DTC, the County shall prepare and execute replacement 2019 Bonds and deliver them to the Bond Registrar which shall register and deliver to the Beneficial Owners replacement bonds in the form of fully registered 2019 Bonds in denominations of \$5,000 or integral multiples thereof, in accordance with instructions from DTC or its nominee. The foregoing notwithstanding definitive replacement bonds shall be issued only upon surrender to the Bond Registrar of the 2019 Bonds, as the case may be, of each maturity by DTC, accompanied by registration instructions for the definitive replacement 2019 Bonds for such maturity from DTC. The County shall not be liable for any delay in the delivery of such instructions and conclusively may rely on and shall be protected in relying on such instructions of DTC. As long as Cede & Co. is the registered owner of the 2019 Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co. as nominee of DTC, which will, in turn, remit such principal and interest to DTC Participants for subsequent disbursements to the beneficial owners of the 2019 Bonds.

SECTION 5. 2019 Bonds Requirements. Subject to meeting the requirements of Section 1 hereof, the County hereby finds that all of the requirements of the Bond Resolution for the issuance of the 2019 Bonds have been met or will be met at the time of issuance thereof.

SECTION 6. Application of Proceeds of 2019 Bonds. The proceeds shall be applied simultaneously with the delivery of the 2019 Bonds, as follows:

(A) An amount equal to accrued interest, if any, shall be deposited in the Interest Account in the Sinking Fund established under the Bond Resolution and shall be used to pay interest on the 2019 Bonds.

(B) A sufficient amount of 2019 Bond proceeds, together with other legally available moneys, shall be deposited irrevocably in trust in the escrow deposit trust fund under the terms and provisions of the Escrow Deposit Agreement and, other than a cash deposit, shall be invested in U.S. Obligations in the manner set forth in such Escrow Deposit Agreement, which investments shall mature at such times and in such amounts as shall be sufficient, together with any cash deposit, to pay the principal of or redemption price, if applicable, and interest on the Refunded Bonds as the same mature and become due and payable or are redeemed prior to maturity.

(C) The balance of the 2019 Bond proceeds shall be applied to the payment of the premiums of any municipal bond insurance policy applicable to the 2019 Bonds or reserves established therefor and to the payment of costs and expenses relating to the issuance of the 2019 Bonds.

SECTION 7. Compliance with Tax Requirements. The County covenants to comply with each applicable requirement of the Code, and any successor provisions thereto, in order to maintain the exclusion of the interest on the 2019 Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”). In furtherance of the covenant contained in the preceding sentence, the County agrees to comply with the provisions of the Tax Certificate executed by the County on the date of issue.

The County shall make any and all payments required to be made to the United States Department of the Treasury in connection with the 2019 Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the funds and accounts established under this Resolution and available therefor.

Notwithstanding any other provision of this Resolution to the contrary, as long as necessary in order to maintain the exclusion of interest on the 2019 Bonds from gross income for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2019 Bonds, including any payment or defeasance thereof pursuant to the Bond Resolution.

The County shall not take or permit any action of fail to take any action which would cause the 2019 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

SECTION 8. Transfer of Remaining Moneys. Simultaneously with the delivery of the 2019 Bonds to the purchasers thereof and the refunding of the Refunded Bonds, all amounts in the Principal Account, the Interest Account and the Bond Redemption Account in the Sinking Fund allocable to the Refunded Bonds, shall be transferred to the Escrow Agent for deposit in accordance with the provisions of the Escrow Deposit Agreement.

SECTION 9. Notice of Sale; Determination of Initial Terms. Notice of the public sale shall be published in summary form in the manner required by Section 218.385 of the Florida Statutes. The use and distribution of the Official Notice of Sale of the 2019 Bonds and Summary Notice of Sale in connection with the sale of the 2019 Bonds in substantially the forms attached to this Resolution, together with such changes, modifications and deletions as the Debt Manager (upon advice of the County Attorney, Bond Counsel and the Financial Advisor) shall deem necessary and appropriate, is hereby approved and authorized. In this regard, the Debt Manager is hereby authorized and directed to make the initial determinations of the maturity dates and amounts, the dated date, the interest payment dates, the redemption provisions for the Bonds, within the parameters set forth herein. The Debt Manager is hereby authorized to determine the date of sale.

SECTION 10. The Preliminary Official Statement. The Preliminary Official Statement relating to the 2019 Bonds in substantially the form submitted to this meeting and filed with the minutes hereof, together with such changes, modifications and deletions as the Debt Manager (upon advice of the County Attorney, Bond Counsel and the Financial Advisor to the County) shall deem appropriate, is hereby approved. The use and distribution thereof in connection with the sale of the 2019 Bonds is hereby approved and authorized. The Debt Manager is further authorized and directed to deem on behalf of the County the Preliminary Official Statement as “final” within the meaning of the Rule (as herein defined) in the form as mailed and in furtherance

thereof to execute such certificates or other documents (upon advice of the Bond Counsel and the County Attorney) evidencing the same,

SECTION 11. The Escrow Deposit Agreement. Subject to fulfillment of the requirements of Section 1 of this Resolution, the Escrow Deposit Agreement by and between the County and the Escrow Agent, in substantially the form submitted to this meeting, be and the same hereby is approved, and the Mayor or the Vice Mayor of the Board is hereby authorized and directed to execute, and the Clerk, or any Deputy Clerk to attest, the Escrow Deposit Agreement and to deliver the same to the Escrow Agent, substantially in the form presented to this meeting, but with such changes, insertions and omissions as shall be approved by the Mayor or Vice Mayor (such approval to be conclusively evidenced by the execution and delivery thereof), and the Clerk, or any Deputy Clerk is hereby authorized and directed to affix and attest the seal of the Board thereon.

SECTION 12. The Official Statement. The Official Statement of the County relating to the 2019 Bonds, to be dated the date of sale of the 2019 Bonds (unless otherwise determined by the County), substantially in the form of the Preliminary Official Statement, with such changes as are necessary to conform to the details of the 2019 Bonds is hereby approved. The County hereby authorizes the execution of the Official Statement and the County hereby authorizes the Official Statement and the information contained therein to be used in connection with the offering and sale of the 2019 Bonds. The Official Statement may be modified in a manner not inconsistent with the substance thereof as shall be deemed advisable by the County Attorney, Bond Counsel and Disclosure Counsel. The Mayor (or in the absence of the Mayor, the Vice Mayor) and the County Administrator are hereby further authorized to execute and deliver on behalf of the County, the Official Statement and any amendment or supplement thereto, with such changes, modifications and deletions as the officers of the County executing the same may deem necessary and appropriate, such execution and delivery to be conclusive evidence of the approval and authorization thereof by the County.

SECTION 13. Delegation of Award. Subject to meeting the requirements of Section 1 of this Resolution, the Board hereby delegates to the Mayor or, in the alternative, the County Administrator the authority to sell the 2019 Bonds to the lowest qualified bidder or bidders in accordance with the following parameters. In no event shall (i) the principal amount of the 2019 Bonds exceed \$50,000,000, (ii) the purchase price be less than 98% of the original principal amount of each of the 2019 Bonds (excluding original issue discount and/or premium), (iii) the true interest cost rate (the "TIC") of the Bonds exceed 5.00%, or (iv) the weighted average maturity of the 2019 Bonds exceed 120% of the estimated useful life of the projects refinanced by such 2019 Bonds or exceed the weighted average maturity of the Refunded Bonds. The 2019 Bonds shall be subject to redemption if at all and in such manner at such time so as to produce the best market acceptance for the 2019 Bonds, all as provided in the Official Notice of Sale.

SECTION 14. Paying Agent, Bond Registrar and Escrow Agent Appointment. The County hereby appoints The Bank of New York Mellon Trust Company, N.A. to perform the functions of the Paying Agent and Bond Registrar in connection with the 2019 Bonds. The County hereby appoints The Bank of New York Mellon Trust Company, N.A. as Escrow Agent under the Escrow Deposit Agreement.

SECTION 15. Bond Insurance, Surety Bond, Credit Enhancement. The County hereby authorizes the purchase of bond insurance, a surety bond for the Debt Service Reserve Account or other forms of credit enhancement as shall in the judgment of the County's Financial Advisor generate maximum net present value savings or result in the lowest net interest cost for the 2019 Bonds for the County.

SECTION 16. Authorization for Purchase of U.S. Obligations. The Mayor and the Vice Mayor be, and each of them, or any member or attorney of Locke Lord LLP, the Financial Advisor, or the Escrow Agent, be and the same and each are hereby authorized on behalf of the County to file subscriptions for and to purchase U.S. Obligations (as defined in the Escrow Deposit Agreement) in such amounts, maturing at such times and bearing such rates of interest as shall be necessary (taking into account any moneys or other securities deposited with the Escrow Agent at the same time for such purpose) to pay when due the principal of, redemption premium, if any, and interest on the Refunded Bonds; and to take such other actions as he may deem necessary or appropriate to effectuate the purchase of said securities. All actions taken prior to date of the adoption of this Resolution in connection with subscribing for the purchase of U.S. Obligations is hereby ratified and confirmed.

SECTION 17. Continuing Disclosure. The County hereby agrees, in accordance with the provisions of Rule 15c2-12 in effect from time to time and applicable to the 2019 Bonds (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB and such other municipal securities information repository as may be required by law or applicable legislation, from time to time (each such information repository, a "MSIR"), within 180 days following the end of each Fiscal Year of the County, commencing with the Fiscal Year ending September 30, 2019, annual financial information and operating data concerning the County, consistent with the financial information and operating data included in the official statement prepared with respect to the 2019 Bonds, and, if not included with the annual financial information, then, when and if available, audited financial statements prepared in accordance with generally accepted accounting principles applicable to the County. If audited financial statements are not available at the time of required filings as set forth above, unaudited financial statements shall be filed pending the availability of audited financial statements. (The information required to be disclosed in this subsection A shall be referred to herein as the "Annual Report"). In connection with the annual financial information and operating data, consistent with the financial information and operating data included in the official statement prepared with respect to the 2019 Bonds, such information shall be deemed to include, but shall not be limited to (to the extent required by the Rule) the following:

(i) the audited financial statements of the Water Utilities Department of the County for the immediately preceding Fiscal Year (the "Financial Statements"); and

(ii) to the extent not included in the Financial Statements update of the following information in the Official Statement relating to: Connection Charges collected, Connection Charges available for debt service, debt service coverage by Net Revenues, debt service coverage by Net Revenues and Connection Charges available for debt service, rates and charges of the Water Utilities System, guaranteed revenues, a summary of the capital

improvements plan and information regarding permitted capacities and actual usage of capacities of the Water and Sewer System.

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County agrees that any such modification will be done in a manner consistent with the Rule.

(B) The County agrees to provide or cause to be provided to each MSIR in the appropriate format required by applicable regulation, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the 2019 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2019 Bonds, or other material events affecting the tax status of the 2019 Bonds
- (vii) Modifications to rights of the security holders, if material;
- (viii) 2019 Bond Calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities;
- (xi) Rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the County (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental

authority having supervision or jurisdiction over substantially all of the assets or business of the County); and

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material (it being noted that there is no trustee for the 2019 Bonds);

(xv) the incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County), any of which affect security holders, if material, and

(xvi) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County), any of which reflect financial difficulties.

(C) The County agrees to provide or cause to be provided, in a timely manner, to each MSIR written notice of a failure by the County to provide the Animal Report described in subsection A above on or prior to the date set forth therein.

(D) The County reserves the right to terminate its obligation to provide Annual Report and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the 2019 Bonds within the meaning of the Rule (either by the redemption in full or legal defeasance of all such 2019 Bonds). If the County believes such condition exists, the County will provide notice of such termination to each MSIR.

(E) The County agrees that its undertaking pursuant to the Rule set forth in this Section is intended to be for the benefit of the holders and beneficial owners of the 2019 Bonds and shall be enforceable by any holder or beneficial owner; provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the County's obligations hereunder and any failure by the County to comply with the provisions of this undertaking shall not be an event of default with respect to the 2019 Bonds.

(F) Any voluntary inclusion by the County of information in its annual report of supplemental information that is not required hereunder shall not expand the obligations of the County hereunder and the County shall have no obligation to update such supplemental information or include it in any subsequent report.

(G) The covenants contained herein are solely for the benefit of the holders and beneficial owners of the 2019 Bonds and shall not create any rights in any other parties.

(H) Notwithstanding any other provision of this Resolution, the County may amend this Section and any provision of this Section may be waived, provided that the following conditions are satisfied:

(1) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identify, nature or status of an obligated person with respect to the 2019 Bonds, or the type of business conducted;

(2) The undertaking, as amended or taking into account such waiver would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not materially impair the interests of holders and beneficial owners as determined either by parties unaffiliated with the County or obligated person (such as the trustee or bond counsel), or by an approving vote of holders pursuant to the terms of the Bond Resolution.

In the event of any amendment or waiver of a provision of this section, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of annual financial information or operating data being presented by the County. In addition, if the amendment or waiver relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as set forth in subsection B and (ii) the Annual Report for the year in which the change is made shall present a , comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 18. Continuation of 2009 Renewal and Replacement Account. The 2009 Renewal and Replacement Account and related covenants created under the 2009 Resolution are hereby continued with respect to the 2019 Bonds.

SECTION 19. Authorization of the Issuance of a Conditional Notice of Redemption for the 2009 Bonds. The issuance of a conditional notice of redemption with respect to the 2009 Bonds is hereby authorized in accordance with the provisions of the 2009 Resolution.

SECTION 20. Further Authorization. The Mayor, Vice Mayor, Clerk, Deputy Clerk, County Administrator, the Debt Manager and other proper officers of the County, are and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

SECTION 21. Effective Date. This Resolution shall take effect immediately upon its adoption.

SECTION 22. Repeal. All resolutions or proceedings, or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict hereby repealed.

The foregoing resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____, and upon being put to a vote, the motion passed as follows:

- Commissioner Mack Bernard, Mayor _____
- Commissioner Dave Kerner, Vice Mayor _____
- Commissioner Mary Lou Berger _____
- Commissioner Melissa McKinlay _____
- Commissioner Hal R. Valeche _____
- Commissioner Robert S. Weinroth _____
- Commissioner Gregg K. Weiss _____

The Mayor thereupon declared the resolution duly passed and adopted this 22nd day of October, 2019.

PALM BEACH COUNTY, FLORIDA,
BY ITS BOARD OF COUNTY COMMISSIONERS
SHARON R. BOCK, CLERK & COMPTROLLER

By: _____
Deputy Clerk

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

By: _____
County Attorney

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2019

BOOK-ENTRY ONLY

RATINGS: See "RATINGS" herein

In the opinion of Locke Lord LLP and Law Offices of Carol D. Ellis, P.A., Co-Bond Counsel to the County, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any such Series 2019 Bond for any period that such Series 2019 Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2019 Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Co-Bond Counsel is further of the opinion that interest on the Series 2019 Bonds is not a specific preference item and will not be included in computing the alternative minimum taxable income of individuals. Co-Bond Counsel is also of the opinion that the Series 2019 Bonds and the interest thereon are exempt from taxation under the existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2019 Bonds. See "TAX MATTERS" herein.



\$ _____ *

**PALM BEACH COUNTY, FLORIDA
WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2019
(FPL RECLAIMED WATER PROJECT)**

Dated: Date of Delivery

Due: October 1, as shown on the inside cover

The \$ _____ * Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) (the "Series 2019 Bonds") are being issued as fully registered bonds without coupons and will be initially issued to and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC ") of New York, New York, which will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be available to purchasers in the principal denominations of \$5,000 or any integral multiple thereof under the book-entry system maintained by DTC through brokers and dealers who are or act through DTC Participants (as defined herein). Purchasers of beneficial interests in the Series 2019 Bonds will not receive physical certificates representing their ownership interest in the Series 2019 Bonds purchased. Interest on the Series 2019 Bonds is payable on April 1, 2020 and semi-annually thereafter on April 1 and October 1 of each year. Payment of principal of, premium, if any, and interest on the Series 2019 Bonds is to be made to Cede & Co., as nominee for DTC, as registered owner of the Series 2019 Bonds, to be subsequently disbursed to the DTC Participants and thereafter to the Beneficial

*Preliminary, subject to change.

Owners (as defined herein) of the Series 2019 Bonds, as more fully described herein. See "BOOK-ENTRY ONLY SYSTEM" herein.

Certain maturities of the Series 2019 Bonds are subject to optional redemption prior to maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2019 BONDS – Optional Redemption of the Series 2019 Bonds" herein.

The Series 2019 Bonds are being issued by Palm Beach County, Florida (the "County") for the purpose of (i) currently refunding all or a portion of the County's Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) and (ii) paying certain costs relating to the issuance of the Series 2019 Bonds.

The Bond Resolution (as defined herein) provides that the payment of the principal of, premium, if any, and the interest on the Series 2019 Bonds will be secured by a first lien on and pledge of the Net Revenues of the County's Water and Sewer System and a first lien on and pledge of the Connection Fees, as more fully described herein. The lien of the Series 2019 Bonds on such revenues is on a parity with the lien of other Water and Sewer Revenue Bonds of the County outstanding and secured by such revenues as more fully described in this Official Statement. See "SECURITY FOR THE SERIES 2019 BONDS" herein.

THE COUNTY IS NOT OBLIGATED TO PAY THE SERIES 2019 BONDS OR INTEREST THEREON EXCEPT FROM THE NET REVENUES AND CONNECTION FEES OF THE COUNTY'S WATER AND SEWER SYSTEM, AND NEITHER THE FULL FAITH AND CREDIT OF THE COUNTY NOR ANY PHYSICAL PROPERTIES OF THE COUNTY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY AND INTEREST ON THE SERIES 2019 BONDS. THE SERIES 2019 BONDS DO NOT CONSTITUTE A GENERAL INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER LIMITATION ON INDEBTEDNESS, AND THE COUNTY IS NOT OBLIGATED TO LEVY ANY AD VALOREM TAXES THEREFOR OR TO USE ANY FUNDS OF THE COUNTY OTHER THAN THOSE PLEDGED TO THE SERIES 2019 BONDS TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2019 BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Maturities, principal amounts, interest rates, yields and CUSIP numbers on the Series 2019 Bonds are set forth inside this cover page.

The Series 2019 Bonds are offered for delivery when, as and if issued by the County, subject to approval of certain legal matters by Locke Lord LLP, West Palm Beach, Florida and the Law Offices of Carol D. Ellis, P.A. West Palm Beach, Florida, as Co-Bond Counsel and Bryant Miller Olive P.A., Miami, Florida as Disclosure Counsel to the County. The County is represented by the Office of the County Attorney. PFM Financial Advisors LLC is serving as Financial Advisors to the County with respect to the Series 2019 Bonds. The Series 2019 Bonds are expected to be delivered through the facilities of DTC in New York, New York on or about _____, 2019.

Electronic bids for the Series 2019 Bonds will be received through Parity Electronic Bid Submission System as described in the Official Notice of Sale.

Dated: _____, 2019.

*Preliminary, subject to change.

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

\$ _____ * SERIAL BONDS

**PALM BEACH COUNTY, FLORIDA
WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2019
(FPL RECLAIMED WATER PROJECT)**

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yields</u>	<u>Initial</u> <u>CUSIP Number</u>
2020	\$	%			
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					

\$ _____ % Term Bonds Due: October 1, 20__ Price: _____ % Initial CUSIP Number: _____

\$ _____ % Term Bonds Due: October 1, 20__ Price: _____ % Initial CUSIP Number: _____

\$ _____ % Term Bonds Due: October 1, 20__ Price: _____ % Initial CUSIP Number: _____

\$ _____ % Term Bonds Due: October 1, 20__ Price: _____ % Initial CUSIP Number: _____

* Preliminary, subject to change.

**CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standards & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the purchasers of the Series 2019 Bonds. Neither the County nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

RED HERRING LANGUAGE:

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

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations in connection with the Series 2019 Bonds, other than as contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, DTC and other sources which are believed to be reliable. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

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

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2019 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 COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2019 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. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE COUNTY AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2019 BONDS.

PALM BEACH COUNTY, FLORIDA

301 N. Olive Avenue
West Palm Beach, FL 33401
(561) 355-2030

BOARD OF COUNTY COMMISSIONERS

MACK BERNARD, Mayor
DAVE KERNER, Vice Mayor
HAL R. VALECHE, Commissioner
GREGG K. WEISS, Commissioner
ROBERT S. WEINROTH, Commissioner
MARY LOU BERGER, Commissioner
MELISSA MCKINLAY, Commissioner

County Administrator

VERDENIA C. BAKER

County Attorney

DENISE M. NIEMAN, ESQ.

Clerk & Comptroller

SHARON R. BOCK, ESQ.

Director, Water Utilities Finance and Administration

KENNY RAMPERSAD

Financial Advisors

PFM FINANCIAL ADVISORS LLC

Co-Bond Counsel

LOCKE LORD LLP
THE LAW OFFICES OF CAROL D. ELLIS, P.A.

Disclosure Counsel

BRYANT MILLER OLIVE P.A.

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OFFICIAL STATEMENT

relating to

\$ _____ *

**PALM BEACH COUNTY, FLORIDA
WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2019
(FPL RECLAIMED WATER PROJECT)**

INTRODUCTION

The purpose of this Official Statement, including the cover page and all Appendices attached hereto, is to set forth certain information relating to Palm Beach County, Florida (the "County"), the County's water and sewer system (the "Water and Sewer System" or the "System") and the original issuance and sale of the County's \$ _____ * Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) (the "Series 2019 Bonds").

The Series 2019 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, Chapter 125, Florida Statutes, applicable portions of Chapter 153, Florida Statutes, not inconsistent therewith, the Charter of the County, and other applicable provisions of law (collectively, the "Act"), and Resolution R-84-1206 adopted by the Board of County Commissioners (the "Board") on August 23, 1984, as amended and supplemented, particularly as supplemented by Resolution R-2019-_____ adopted by the Board on October 22, 2019 (hereinafter referred to collectively as the "Bond Resolution"), providing for the issuance of and determining certain details of the Series 2019 Bonds.

The Bond Resolution provides that the payment of the principal of and the interest on the Series 2019 Bonds will be secured by a first lien on and pledge of the Net Revenues (hereinafter defined) of the Water and Sewer System and a first lien on and pledge of the Connection Fees (hereinafter defined), as more fully described herein. The lien of the Series 2019 Bonds on Net Revenues and Connection Fees is on a parity with the lien thereon of the County's outstanding Water and Sewer Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds") and outstanding Water and Sewer Revenue Refunding Bonds, Series 2015 (the "Series 2015 Bonds"). The Series 2013 Bonds, the Series 2015 Bonds, the Series 2019 Bonds and any additional pari passu Bonds issued under the Bond Resolution are collectively referred to herein as the "Bonds." See "ANNUAL DEBT SERVICE REQUIREMENTS" herein.

THE FULL FAITH AND CREDIT OF THE COUNTY IS NOT PLEDGED FOR THE PAYMENT OF THE SERIES 2019 BONDS AND THE SERIES 2019 BONDS DO NOT CONSTITUTE A GENERAL INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER LIMITATION OF INDEBTEDNESS. IT IS EXPRESSLY AGREED BY THE OWNERS OF THE SERIES 2019 BONDS THAT SUCH OWNERS SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY OR TAXATION IN ANY FORM ON ANY REAL PROPERTY THEREIN FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2019 BONDS OR THE PAYMENT OF ANY OTHER AMOUNTS PROVIDED FOR IN THE BOND RESOLUTION.

* Preliminary, subject to change.

Capitalized terms not defined elsewhere in this Official Statement have the same meanings assigned to such terms in the Bond Resolution. See "APPENDIX A - BOND RESOLUTION" herein.

PURPOSE OF THE SERIES 2019 BONDS

The Series 2019 Bonds are being issued by the County for the purpose of (i) currently refunding all or a portion of the County's Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) and (ii) paying certain costs relating to the issuance of the Series 2019 Bonds.

The proceeds of the Series 2009 Bonds were used for the purpose of financing the costs of acquisition, construction and installation of certain extensions, improvements and additions to the County's existing System in connection with the delivery of reclaimed water to Florida Power & Light Company ("FPL") for use at FPL's West County Energy Center and to reimburse FPL for certain costs advanced by FPL relating to such additions, extensions and improvements. See "WATER AND SEWER SYSTEM-Reclaimed Water" herein for additional information on the project.

PLAN OF REFUNDING

The County has determined that it can achieve present value savings in debt service payments by providing for payment of the Series 2009 Bonds maturing in the years _____ (the "Refunded Bonds"). Provision for payment will be accomplished through the issuance of the Series 2019 Bonds and the use of a portion of the proceeds thereof, together with other legally available funds, if any, to refund the Refunded Bonds. The Refunded Bonds will be redeemed prior to maturity on [_____ 1, 20__] at a redemption price of 100 percent of the principal amount thereof, plus accrued interest to the redemption date.

[Concurrently with the delivery of the Series 2019 Bonds, The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, (the "Escrow Agent") will enter into an Escrow Deposit Agreement (collectively, the "Escrow Agreement") with the County relating to the Refunded Bonds. The Escrow Agreement will create an irrevocable escrow deposit trust fund (the "Escrow Deposit Fund") which will be held by the Escrow Agent, and the money and securities held therein are to be applied to the payment of principal of and interest on the related Refunded Bonds as the same become due and payable and at redemption prior to maturity. The refunding will be accomplished through the issuance of the Series 2019 Bonds and the deposit of a portion of the proceeds thereof, together with other legally available moneys, if any, into the applicable Escrow Deposit Fund. Substantially all of such money is expected to be invested in non-callable direct obligations of the U.S. Government ("Defeasance Obligations").

The initial cash deposit plus principal and interest on the Defeasance Obligations in the Escrow Deposit Fund will be sufficient to pay the Refunded Bonds, through their redemption date according to the schedules prepared by _____, as verified by _____ (the "Verification Agent"). See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein.]

In reliance upon the above-referenced schedules and verification, at the time of delivery of the Series 2019 Bonds, Co-Bond Counsel shall deliver an opinion to the County to the effect that the covenants, liens and pledges entered into, created or imposed pursuant to the Bond Resolution are fully discharged and satisfied with respect to the Refunded Bonds.

[Remainder of Page Intentionally Left Blank]

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 2019 Bonds:

Sources of Funds

Principal Amount of Series 2019 Bonds	\$
[Plus][Less] Net Original Issue [Premium][Discount]	
Other Legally Available Funds	
 Total Estimated Sources of Funds	 \$ <hr/> <hr/>

Use of Funds

Deposit to Escrow Deposit Fund	\$
Bond Issuance Expenses ⁽¹⁾	
 Total Estimated Uses of Funds	 \$ <hr/> <hr/>

⁽¹⁾ Includes financial advisory fees, legal fees, rating agency fees, printing costs and other miscellaneous costs of issuance.

[Remainder of Page Intentionally Left Blank]

DESCRIPTION OF THE SERIES 2019 BONDS

General Description

The Series 2019 Bonds will be issued as fully registered bonds without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") of New York, New York, which will act as securities depository for the Series 2019 Bonds. Unless the book-entry system is discontinued as described herein, individual purchases of the Series 2019 Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the Series 2019 Bonds or any certificate representing their beneficial ownership interests in the Series 2019 Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2019 Bonds shall be dated as of the date of initial delivery thereof and shall bear interest from that date at the rates (calculated based upon a year of 360 days consisting of twelve (12) thirty (30) day months) and shall mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Series 2019 Bonds shall be available to the purchasers thereof in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2019 Bonds will be payable on April 1, 2020 and semiannually thereafter on April 1 and October 1 of each year. The Bank of New York Mellon Trust Company, N.A. will act as Paying Agent and Registrar for the Series 2019 Bonds.

Redemption of the Series 2019 Bonds

Optional Redemption of the Series 2019 Bonds. The Series 2019 Bonds maturing on or before October 1, 20__ are not subject to optional redemption prior to maturity. The Series 2019 Bonds maturing on or after October 1, 20__ are subject to redemption prior to their respective maturities, on or after October 1, 20__, at the option of the County from any funds available for such purpose, in whole or in part at any time, and if in part, as determined by the County, and if less than all of a particular maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2019 Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

Mandatory Redemption. The Series 2019 Bonds maturing on October 1, 20__ are subject to mandatory redemption in part prior to maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption, on October 1 in the following year and in the following amounts:

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

*Maturity.

[Remainder of Page Intentionally Left Blank]

Mandatory Redemption. The Series 2019 Bonds maturing on October 1, 20__ are subject to mandatory redemption in part prior to maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption, on October 1 in the following year and in the following amounts:

<u>Year</u>	<u>Principal Amount</u>
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*Maturity.

Mandatory Redemption. The Series 2019 Bonds maturing on October 1, 20__ are subject to mandatory redemption in part prior to maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption, on October 1 in the following year and in the following amounts:

<u>Year</u>	<u>Principal Amount</u>
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<u>Year</u>	<u>Principal Amount</u>
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*Maturity.

Notice of Redemption of Series 2019 Bonds. Notice of redemption of any Series 2019 Bonds shall be given by the County by deposit in the U.S. mails of a copy of a redemption notice, postage prepaid, at least thirty and not more than sixty days before the redemption date to all Holders of the Series 2019 Bonds or portions of the Series 2019 Bonds to be redeemed at their addresses as they appear fifteen days prior to the date such notice is mailed on the registration books to be maintained in accordance with the Bond Resolution. Failure to mail any such notice to a Holder of a Series 2019 Bond to be redeemed or any defect therein, shall not affect the validity of the proceedings for redemption of any Series 2019 Bond or portion thereof with respect to which no failure or defect occurred.

Such notice shall set forth the date fixed for redemption, the rate of interest borne by each Series 2019 Bond to be redeemed, the redemption price of each Series 2019 Bond to be paid, the date of the notice of redemption, the name and address of the Registrar and, if less than all of the Series 2019 Bonds then outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP numbers, if any, of such Series 2019 Bonds to be redeemed and, in the case of Series 2019 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Unless the Series 2019 Bonds are registered pursuant to the book-entry only system of DTC (see "BOOK-ENTRY ONLY SYSTEM," herein), if any Series 2019 Bond is to be redeemed in part only, the notice of redemption which relates to such Series 2019 Bond shall also state that on or after the redemption date, upon surrender of such Series 2019 Bond, a new Series 2019 Bond or Series 2019 Bonds in a principal amount equal to the unredeemed portion of such Series 2019 Bond will be issued.

Any notice mailed as provided in the Bond Resolution shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2019 Bond receives such notice. In addition to the mailing of the notice described above, further notice of redemption and of payment of the redemption price shall be given in accordance with the Bond Resolution.

The Registrar shall not be required to transfer or exchange any Series 2019 Bond after the mailing of a notice of redemption nor during the period of fifteen days next preceding mailing of a notice of redemption.

Notice having been given in the manner and under the conditions provided in the Bond Resolution, the Series 2019 Bonds or portions of Series 2019 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption for such Series 2019 Bonds or portions of Series 2019 Bonds on such date. On the date so designated for redemption, moneys for payment of redemption price being held in separate accounts by the Paying Agent in trust for the Holders of the Series 2019 Bonds or portions thereof to be redeemed, all as provided in the Bond Resolution, interest on the Series 2019 Bonds or portions of Series 2019 Bonds so called for redemption shall cease to accrue, such Series 2019 Bonds and portions of Series 2019 Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution, and the Holders of such Series 2019 Bonds or portions of Series 2019 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the next subparagraph, to receive Series 2019 Bonds for any unredeemed portions of the Series 2019 Bonds.

Unless the Series 2019 Bonds are registered under the DTC book-entry system of registration (which they will be initially – see "BOOK-ENTRY ONLY SYSTEM," herein), in case part but not all of an outstanding fully registered Series 2019 Bond shall be selected for redemption, the Holder thereof shall present and surrender such Series 2019 Bond to the County or its designated Paying Agent for payment of the principal amount thereof so called for redemption, and the County shall execute and deliver to or upon the order of

such Holder, without charge therefor, for the unredeemed balance of the principal amount of the Series 2019 Bonds so surrendered, a Series 2019 Bond or Series 2019 Bonds fully registered as to principal and interest.

Notwithstanding the foregoing or any other provision of the Bond Resolution, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the County if expressly set forth in such notice.

Negotiability, Registration and Cancellation

At the option of the registered Holder thereof and upon surrender thereof and the principal corporate trust office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney and upon payment by such Holder of any charges which the Registrar or the County may make provided in the Bond Resolution, the Series 2019 Bonds may be exchanged for Series 2019 Bonds of the same series and maturity of any authorized denominations.

The Registrar shall keep the books for the registration of Series 2019 Bonds and for the registration of transfers of such Series 2019 Bonds. The Series 2019 Bonds shall be transferrable by the Holder thereof in person or by his attorney duly authorized in writing only upon the books of the County kept by the Registrar and only upon the surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Series 2019 Bond, the County shall issue in the name of the transferee a new Series 2019 Bond or Series 2019 Bonds.

The County, the Paying Agent and the Registrar may deem and treat the person in whose name any Series 2019 Bond shall be registered upon the books kept by the Registrar as the absolute Holder of such Series 2019 Bond, whether such Series 2019 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of or interest on such Series 2019 Bond as the same become due and for all other purposes. All such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2019 Bond to the extent of the sum or sums so paid, and neither the County, the Paying Agent nor the Registrar shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Series 2019 Bonds or transferring Series 2019 Bonds is exercised, the County shall execute and the Registrar shall authenticate and deliver the Series 2019 Bonds in accordance with the provisions of the Bond Resolution. All Series 2019 Bonds surrendered in any such exchange or transfer shall forthwith be delivered to the Registrar and cancelled by the Registrar in the manner provided in the Bond Resolution. There shall be no charge for any such exchange or transfer of Series 2019 Bonds, but the County or the Registrar may require the payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to any such exchange or transfer. Neither the County nor the Registrar shall be required to (a) transfer or exchange Series 2019 Bonds for a period of 15 days next preceding an interest payment date on such Series 2019 Bonds or next preceding any selection of Series 2019 Bonds to be redeemed or thereafter until after the mailing of any notice of redemption or (b) to transfer or exchange any Series 2019 Bonds called for redemption.

Except as otherwise may be provided with respect to Option Bonds, all Series 2019 Bonds paid or redeemed, either at or before maturity shall be delivered to the Registrar when such payment or redemption is made, and such Series 2019 Bonds, together with all Series 2019 Bonds purchased by the County, shall thereupon be promptly cancelled. Series 2019 Bonds so cancelled may at any time be destroyed by the

Registrar, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Series 2019 Bonds so destroyed, and one executed certificate shall be filed with the County and the other executed certificate shall be retained by the Registrar.

Bonds Mutilated, Destroyed, Stolen or Lost

In case any Series 2019 shall become mutilated, destroyed, stolen or lost, the County may execute and the Registrar shall authenticate and deliver a new Series 2019 Bond of like date, maturity, denomination and interest rate as the Series 2019 Bond so mutilated, destroyed, stolen or lost; provided that, in the case of any mutilated Series 2019 Bond, such mutilated Series 2019 Bond shall first be surrendered to the County and in the case of any lost, stolen or destroyed Series 2019 Bond, there shall first be furnished to the County and the Registrar evidence of such loss, theft or destruction satisfactory to the County and the Registrar, together with indemnity satisfactory to them. In the event any Series 2019 Bond shall be about to mature or have matured or have been called for redemption, instead of issuing a duplicate Series 2019 Bond, the County may pay the same without surrender thereof. The County and the Registrar may charge the Holder of such Series 2019 Bond their reasonable fees and expenses in connection with this transaction. Any Series 2019 Bond surrendered for replacement shall be cancelled in the same manner as provided in the Bond Resolution.

Any such duplicate Series 2019 Bonds issued pursuant to the Bond Resolution shall constitute additional contractual obligations on the part of the County whether or not the lost, stolen or destroyed Series 2019 Bonds be at any time found by anyone, and such duplicate Series 2019 Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source of security for payment from the Net Revenues and the Connection Charges pledged under the Bond Resolution, with all other Series 2019 Bonds issued under the Bond Resolution.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE. THE COUNTY AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2019 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2019 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2019 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2019 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2019 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2019 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2019 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2019 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2019 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE COUNTY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2019 Bond certificate will be issued for each maturity of each Series of the Series 2019 Bonds as set forth in the inside cover of this Official Statement, in the aggregate principal amount thereof, 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"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

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

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

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Redemption proceeds, distributions and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County and/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 2019 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2019 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered to DTC.

The foregoing notwithstanding, definitive replacement of Series 2019 Bonds shall be issued only upon surrender to the Registrar of the Series 2019 Bonds, as the case may be, of each maturity by DTC, accompanied by registration instructions for the definitive replacement Series 2019 Bonds for such maturity from DTC. The County shall not be liable for any delay in delivery of such instructions and conclusively may rely on and shall be protected in relying on such instructions of DTC.

SECURITY FOR THE SERIES 2019 BONDS

Pledge of Net Revenues

The Bond Resolution provides that the payment of the principal of and interest on the Series 2019 Bonds will be secured by a first lien on and pledge of the Net Revenues and Connection Fees. The lien of the Series 2019 Bonds on Net Revenues and Connection Fees will be on a parity with the lien thereon of the outstanding Series 2013 Bonds, Series 2015 Bonds and any additional Bonds hereafter issued pursuant to the Bond Resolution.

"Net Revenues" are defined in the Bond Resolution to mean the Gross Revenues remaining after deduction of Operating Expenses.

"Revenues" or "Gross Revenues" as defined in the Bond Resolution means all rates, fees, charges, or other income, received by the County or accrued to the County or any agency thereof in control of the management and operation of the Water and Sewer System, and all parts thereof from the operation of the Water and Sewer System, including without limitation all payments received by the County from FPL (or its successors and assigns) pursuant to the FPL Reclaimed Water Agreement during the term of the FPL Reclaimed Water Agreement, provided that notwithstanding the termination of the FPL Reclaimed Water Agreement, the payments described in the FPL Reclaimed Water Agreement shall continue to constitute Revenues for the period the Bonds (or other water and sewer revenue bonds issued to refund the Bonds) remain outstanding pursuant to the provisions of the Bond Resolution, and shall also include the earnings and investment income derived from the investment of moneys on deposit in the various funds and accounts created and established by the resolution, which by the terms and provisions of the Bond Resolution are required to be deposited in the Revenue Fund and the Interest Account, provided, however, that Revenues shall not include (1) charges imposed on any person connecting to the Facilities of the Water and Sewer System for the purpose of reimbursement by the County to other persons for the cost of the extension of water mains pursuant to agreements between the County and such other persons, (2) that portion of the Capacity Reservation Charges not representing the Earned Portion of such Capacity Reservation Charges, (3) Connection Fees, (4) special assessments, (5) extraordinary items arising from the early extinguishment of debt, (6) reimbursements to FPL pursuant to the FPL Reclaimed Water Agreement, (7) payments made by FPL to the Village of Royal Palm Beach pursuant to the FPL Reclaimed Water Agreement, (8) fifty percent (50%) of the Coverage Fund (as such term is defined in the FPL Reclaimed Water Agreement), as such amount may be adjusted by any extraordinary maintenance during the previous year, and (9) any miscellaneous fees and charges collected by the County on behalf of other units of local government.

"Connection Fees" are defined in the Bond Resolution as "Connection Charges" to mean the charges imposed on new users connecting to the Water and Sewer System, which charges represent a pro rata share of the costs which are attributable to the increased demand such additional connections create upon the Water and Sewer System. Connection Fees, however, shall not include the installation charges imposed by the County for the cost of physically connecting into the Water and Sewer System (including, but not limited to, the cost of excavating, plumbing, installation of meters and landscaping). Under the Bond Resolution,

Connection Fees are required to be deposited into the Connection Charge Fund and are available to, among other things, make up any deficiency in the Interest Account, the Principal Account, the Bond Redemption Account or the Debt Service Reserve Account, to pay the principal of and/or interest on any subordinate indebtedness, and to pay the cost of constructing extensions to the Water and Sewer System or for the purpose of purchasing or redeeming Bonds or for any other lawful purpose.

For the purposes of the Bond Resolution (including, but not limited to, all covenants concerning rates and pari passu additional Bonds), the County covenants that it will use, apply and take into account Connection Fees only to the extent and in a manner that is then legally permissible.

Connection Fees may be imposed and expended only to cover the costs of expansion of a utility system that is necessary to service new customers. As a result, Connection Fees may lawfully be used to pay debt service only to the extent that such payments reflect costs incurred to expand the Water and Sewer System to service new customers.

THE SERIES 2019 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER LIMITATION OF INDEBTEDNESS, IT BEING EXPRESSLY AGREED BY THE HOLDERS OF THE SERIES 2019 BONDS THAT SUCH HOLDERS SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY OR TAXATION IN ANY FORM ON ANY REAL PROPERTY THEREIN FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2019 BONDS OR THE PAYMENT OF ANY OTHER PAYMENTS PROVIDED FOR IN THE BOND RESOLUTION.

Rate Covenant

The County has covenanted in the Bond Resolution to fix, establish and maintain such rates and collect such fees, rentals or other charges for the services and facilities of the Water and Sewer System, and to revise the same from time to time whenever necessary, as will always provide in each Fiscal Year Net Revenues which, together with the Connection Fees received in such Fiscal Year, shall be adequate to pay at least one hundred twenty-five percent (125%) of the Annual Debt Service Requirement for the Bonds, and that such Net Revenues together with such Connection Fees will be sufficient to make all of the payments required by the terms of the Bond Resolution (including amounts payable with respect to any Reserve Account Insurance Policy), and that such rates, fees, rentals or other charges will not be reduced so as to be insufficient for such purposes.

Debt Service Reserve Account

The Bond Resolution provides for the maintenance of a Debt Service Reserve Account in the Debt Service Fund, and upon the issuance of any pari passu additional Bonds, the County is required to deposit an amount of moneys and/or a Reserve Account Insurance Policy into the Debt Service Reserve Account in an amount, if any, sufficient to make the amounts on deposit therein equal to the maximum amount required to be deposited in the then current or any succeeding Fiscal Year into the Interest Account, Principal Account and Bond Redemption Account.

Amounts in the Debt Service Reserve Account may be used only for the purpose of making payments into the Interest Account, the Principal Account and the Bond Redemption Account when the moneys in the Revenue Fund are insufficient therefor; provided, however, that notwithstanding the

foregoing, all income and earnings received from the investment and reinvestment of moneys on deposit in the Debt Service Reserve Account will be deposited in the Interest Account.

The Debt Service Reserve Account for the outstanding Bonds is currently funded by cash in the amount of \$_____ and a Reserve Policy issued by MBIA Insurance Corporation ("MBIA"), predecessor to National Public Finance Guarantee Corporation in the amount of \$10,495,100 which expires on October 1, 2036.

In connection with the issuance of the Series 2019 Bonds, the Reserve Policy issued in 2006 by MBIA described above (the "2006 Reserve Policy") and related to the Refunded Bonds will be applicable to the Series 2019 Bonds as well, such that the total amount in the Debt Service Reserve Account at the time of issuance of the Series 2019 Bonds (taking into account the above Reserve Policy) shall be not less than the Maximum Annual Debt Service on all Bonds then outstanding. A description of the existing Reserve Account Insurance Policy and the issuer thereof is set forth below.

Existing Reserve Account Insurance Policy. In connection with the issuance of the Series 2006 Bonds, the County purchased the 2006 Reserve Policy from MBIA Insurance Corporation. The 2006 Reserve Policy unconditionally guarantees the timely payment to the paying agent for the Series 2006 Bonds of debt service on any Bonds issued under the Bond Resolution up to a maximum amount of \$10,495,100. The 2006 Reserve Account Insurance Policy will expire on the earlier of the final payment on all outstanding Bonds or October 1, 2036, and is noncancellable. In the event a payment is made on the 2006 Reserve Policy, the County is required to reinstate such 2006 Reserve Policy to its original face amount by reimbursing the issuer thereof for any payments made under such 2006 Reserve Policy, within a period of twelve (12) months from the date of a drawing with interest on any unreimbursed drawing to be paid at the prime rate of Citibank, N.A., New York, New York, plus 3% per annum, but only after all required deposits to the Debt Service Fund have been made.

National Public Finance Guarantee Corporation ("National"), a stock insurance corporation, duly organized and existing under the laws of the State of New York and a wholly-owned subsidiary of MBIA, Inc., has assumed all the rights, interests and obligations with respect to the 2006 Reserve Policy, and has indicated its intent to issue endorsements substituting its obligation for those under the original policies. National is currently rated "AA-" with a stable outlook by Standard & Poor's Ratings Services and "A3" with a stable outlook by Moody's Investors Service, Inc. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007 and Standard & Poor's, 55 Water Street, New York, New York 10041.

The above ratings of National are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of National in its sole discretion. In addition, the rating agencies may at any time change the long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by National or the creditworthiness of the 2006 Reserve Policy.

The obligations of National are contractual obligations, and in an event of default by such obligor, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of

insurance companies. The County has not made any independent investigation into the claims paying ability of National and no assurance or representation regarding its financial strength or projected financial strength is given.

Additional Pari Passu Bonds

The Bond Resolution permits the issuance of additional Bonds payable on a parity with the Series 2019 Bonds and other Bonds then outstanding, if, and only if, certain conditions are met.

Such pari passu additional Bonds may be issued if, and only if, the following conditions are met:

(1) The County must be current in all deposits into the various funds and accounts and all payments required to have been theretofore deposited or made by it under the provisions of the Bond Resolution and any supplemental Bond Resolutions adopted for the issuance of pari passu additional Bonds and in compliance with the covenants and provisions of the Bond Resolution and any supplemental Bond Resolution adopted for issuance of pari passu additional Bonds.

(2) The amount of Net Revenues, as may be adjusted as hereinafter described, received during any twelve (12) consecutive months of the eighteen (18) months immediately preceding the issuance of said pari passu additional Bonds, as certified by the County's principal financial officer responsible for maintaining the financial records of the Water and Sewer System, are at least equal to one hundred percent (100%) of Maximum Annual Debt Service on, and, together with the Connection Fees received during such period, as so certified, will be at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on any Bonds theretofore issued and then outstanding and the pari passu additional Bonds then proposed to be issued; provided that, for the purpose of determining Maximum Annual Debt Service, the interest rate on Variable Rate Bonds then outstanding shall be the greater of (i) the average daily interest rate on such Variable Rate Bonds during the preceding Fiscal Year or (ii) the actual rate of interest applicable to such Variable Rate Bonds on the date of issuance of such Variable Rate Bonds; and, provided further that if pari passu additional Variable Rate Bonds are to be issued, the interest rate thereon shall be calculated in accordance with the 25 Revenue Bond Index as published by The Bond Buyer as of the last week of the month next preceding the date of issuance of such Variable Rate Bonds, or if that index is no longer published, the interest rate as of the last week of such month, as published in an index that is deemed to be substantially equivalent by nationally recognized bond counsel.

(3) In the event any pari passu additional Bonds are issued for the purpose of refunding any Bonds then outstanding, the condition of (2) above shall not apply, provided that the issuance of such pari passu additional Bonds shall result in a reduction or shall not increase the annual debt service payments over the life of the Bonds so refunded.

The Series 2019 Bonds are being issued for the purpose of refunding the Refunded Bonds. See "PLAN OF REFUNDING" herein.

The phrase "twelve (12) consecutive months of eighteen (18) months immediately preceding the issuance of said pari passu additional Bonds" is sometimes referred to as "twelve (12) consecutive months."

The adjustment of Net Revenues which are permitted by the foregoing subparagraph (2) shall be certified to the County and the issuers of any Reserve Account Insurance Policy by the Consulting Engineer, and shall be computed as follows:

(a) If the County, prior to the issuance of the proposed pari passu additional Bonds, shall have increased the rates, fees, rentals or other charges for the services of the Water and Sewer System, the Net Revenues for the twelve (12) consecutive months immediately preceding the issuance of the pari passu additional Bonds shall be adjusted to include the Net Revenues which would have been received in such twelve (12) consecutive months as if such increased rates, fees, rentals or other charges for the services of the Water and Sewer System had been in effect during all of such twelve (12) consecutive months.

(b) If the County shall have acquired or has contracted to acquire any privately or publicly owned existing water system, sewer system or water and sewer system, the cost of which shall be paid from all or part of the proceeds of the issuance of the proposed pari passu additional Bonds, then the Net Revenues received during the twelve (12) consecutive months immediately preceding the issuance of said pari passu additional Bonds shall be increased by adding to the Net Revenues for such twelve (12) consecutive months the Net Revenues which would have been derived from the existing water system, sewer system or water and sewer system as if such existing water system, sewer system or water and sewer system had been operated by the County as a part of the Water and Sewer System during such twelve (12) consecutive months.

(c) If the County shall have entered into a contract, which contract shall be a duration of not less than the final maturity of the pari passu additional Bonds authorized for the purposes of such financing from the date of the issuance of the proposed pari passu additional Bonds, with any public body whereby the County shall have agreed to furnish services for the collection, treatment and disposal of sewage or other waste matter and/or agreed to furnish services in connection with any water system, sewer system or water and sewer system, then the Net Revenues of the Water and Sewer System during the twelve (12) consecutive months immediately preceding the issuance of said pari passu additional Bonds shall be increased by the least amount which the public body shall guarantee to pay in any one year for the furnishing of the services by the County, after deducting from such payment the estimated proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services.

The term "pari passu additional Bonds" as used in the Bond Resolution shall be deemed to mean additional obligations evidenced by Bonds issued under the provisions and within the limitations of the Bond Resolution payable from the Net Revenues and the Connection Fees pari passu with Bonds originally authorized and issued pursuant to the Bond Resolution. Such Bonds shall be deemed to have been issued pursuant to the Bond Resolution the same as the Bonds originally authorized and issued pursuant to the Bond Resolution and all of the covenants and other provisions of the Bond Resolution (except as to details of such Bonds evidencing such pari passu additional obligations inconsistent therewith), shall be for the equal benefit, protection and security of the Holders of any Bonds evidencing pari passu additional obligations subsequently issued within the limitations of and in compliance with the Bond Resolution. All of such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues and the Connection Fees, and their sources and security for payment therefrom without preference of any Bonds or coupons, if any, over any other.

The term "pari passu additional Bonds" as used in the Bond Resolution shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued under the terms of the Bond Resolution, the lien of which on the Net Revenues and the Connection Fees is subject to the prior and superior lien on the Net Revenues and the Connection Fees of Bonds issued pursuant to the Bond Resolution, and the County shall not issue any obligations whatsoever payable from the Net Revenues and the Connection Fees which rank equally as to lien on and source and security for their payment from such Net

Revenues and Connection Fees with Bonds issued pursuant to the Bond Resolution, except in the manner and under the conditions provided in the Bond Resolution.

If at any time the County shall enter into an agreement or contract for an ownership interest in any public or privately owned water and/or sewer system or for the reservation of capacity therein whereby the County has agreed as part of the cost thereof to pay part of the debt service on the obligations of such public or privately owned water and/or Sewer system issued in connection therewith, such payments to be made by the County shall be junior, inferior and subordinate in all respects to the Bonds issued under the Bond Resolution and to any other obligations issued by the County under the provisions of the Bond Resolution.

The County shall not issue pari passu additional Bonds while a default has occurred and is continuing under the Bond Resolution or while any amounts owed to a Reserve Account Insurance Policy Providers is past due.

Operating Budget

The County shall annually, prior to the start of each Fiscal Year, prepare and adopt by proper proceedings of its governing body a detailed budget of the estimated expenditures for operation and maintenance of the Water and Sewer System and the estimated Revenues of the Water and Sewer System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the Water and Sewer System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the general manager of the Water and Sewer System or other duly authorized officer in charge thereof, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the Water and Sewer System, and no such increased expenditures shall be made until the governing body of the County shall have approved such finding and recommendation by a Bond Resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the total amount of such budget shall be made except upon the further and additional certification of the Consulting Engineer that such increased expenditures are necessary for the continued operation of the Water and Sewer System. The County shall mail copies of such annual budget and all Bond Resolutions authorizing increased expenditures for operation and maintenance to the Holder or Holders of Bonds who shall file his or her address or addresses with the County and request in writing that copies of all such budgets and Bond Resolutions be furnished him or them, and shall make available such budgets and all Bond Resolutions authorizing increased expenditures for operation and maintenance of the Water and Sewer System at all reasonable times to any Holder or Holders of Bonds issued pursuant to the Bond Resolution.

Sale of the Water and Sewer System

The Water and Sewer System may be sold or otherwise disposed of only as a whole or substantially as a whole, and only if the net proceeds to be realized, together with other moneys lawfully available for such purpose, if any, shall be sufficient to retire all of the Bonds issued pursuant to the Bond Resolution and to pay interest thereon to their respective dates of maturity or earlier redemption dates. The proceeds from such sale or other disposition of the Water and Sewer System shall be applied in the manner provided in the Bond Resolution and shall be used solely for the purposes of paying the principal of the Bonds, the interest

thereon and redemption premiums, if any, as the same shall become due on the Bonds on or prior to the redemption dates or the maturity dates thereof.

Prior to any such sale, lease or other disposition of said property, if the amount to be received therefor is not in excess of one-quarter of one percent (1/4 of 1%) of the gross book value of the fixed assets, the general manager or other duly authorized officer in charge of the Water and Sewer System shall make a finding in writing determining that such property comprising a part of the Water and Sewer System is no longer necessary or useful or profitable in the operation thereof, and such proceeds shall be deposited in the Renewal and Replacement Fund to the extent necessary to make the amount then on deposit therein equal to the maximum amount required to be on deposit therein and the balance of such moneys not needed for said Renewal and Replacement Fund shall be deposited in the Capital Improvement Fund and used in the manner provided therein.

If the amount to be received from such sale, lease or other disposition of said property shall be in excess of one-quarter of one percent (1/4 of 1%) of the gross book value of the fixed assets, the general manager or other duly authorized officer in charge of the Water and Sewer System and the Consulting Engineer, shall first each make a finding in writing determining that such property comprising a part of the Water and Sewer System is no longer necessary or useful or profitable in the operation thereof, and the Board of County Commissioners shall, by Bond Resolution duly adopted, approve and concur in the findings of the general manager or other duly authorized officer and the Consulting Engineer, and authorize such sale, lease or other disposition of said property and such proceeds shall be first deposited into the Renewal and Replacement Fund to the extent necessary to make the amount then on deposit therein equal to the maximum amounts required to be on deposit therein, such proceeds shall next be deposited into the Capital Improvement Fund in an amount deemed necessary by the County, and the balance of such moneys not needed for said deposit into the and the Capital Improvement Fund shall be deposited in the Bond Redemption Account and used in the manner provided therein.

Notwithstanding the foregoing, the County shall have the authority to sell for fair and reasonable consideration any land comprising a part of the Water and Sewer System which is no longer necessary or useful in the operation of the Water and Sewer System and the proceeds derived from the sale of such land shall be deposited in the Capital Improvement Fund and applied for the purposes therein.

Maintenance of the Water and Sewer System

The County has covenanted in the Bond Resolution that it will maintain the Water and Sewer System in good condition and continuously operate the same in an efficient manner and at a reasonable cost as a County revenue producing enterprise.

The County shall also at the end of every second Fiscal Year, cause the Water and Sewer System to be inspected by the Consulting Engineer, who shall make a written report of such inspection and of the condition of the Water and Sewer System and file such report with the County and with the issuer of any Bond Insurance Policy, and the County shall mail upon request, and make available generally, the report of said Consulting Engineer, or a reasonable summary thereof, to any Holder or Holders of Bonds issued pursuant to the Bond Resolution.

No Free Service

The County will not render or cause to be rendered any free service of any nature by its Water and Sewer System or any part thereof, nor will any preferential rates be established for users of the same class; and in the event the County, or any department, agency or instrumentality, officer or employee thereof, shall avail itself of the Facilities or services provided by said Water and Sewer System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged by the County and any such department, agency, instrumentality, officer or employee; provided that this covenant does not affect any rights of any person, firm or corporation under contracts existing prior to the adoption of the Bond Resolution.

Enforcement of Collections

The County has covenanted under the Bond Resolution that it will diligently enforce and collect all fees, rentals or other charges for the services and Facilities of the Water and Sewer System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the laws of the State of Florida.

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

Connections with the Sewer System

The County will, to the full extent permitted by law, require all lands, buildings and structures within the area of the Water and Sewer System which can use the Facilities and services of the Sewer System of the Water and Sewer System, to connect with and use the Facilities and services of such Sewer System, and to cease all other means and methods for the collection, purification, treatment and disposal of sewage and waste matter.

No Competing Facilities

The County, to the full extent permitted by law, will not grant any franchise, license or permit for the construction or operation of any water and sewer facilities which will be competitive with the services and Facilities of the Water and Sewer System; provided, however that this shall not affect any vested rights of any persons, firms or corporations owning or operating water and sewer facilities at the time of adoption of the Bond Resolution.

FLOW OF FUNDS

Funds and Accounts

There are created by the Bond Resolution the following funds and accounts, among others:

- The Water and Sewer Revenue Fund (the "Revenue Fund");
- The Water and Sewer System Operation and Maintenance Fund (the "Operation and Maintenance Fund");
- The Water and Sewer System Debt Service Fund (the "Debt Service Fund"), consisting of four separate accounts known as the "Interest Account," the "Principal Account," the "Bond Redemption Account" and the "Debt Service Reserve Account";
- The Water and Sewer System Renewal and Replacement Fund (the "Renewal and Replacement Fund");
- The Water and Sewer System Connection Charge Fund (the "Connection Charge Fund"); and
- The Water and Sewer System Capital Improvement Fund (the "Capital Improvement Fund").

Revenues

Revenues, except investment earnings required to be deposited in the Interest Account, are required to be deposited into the Revenue Fund and applied in the following manner:

1. Revenues will first be deposited, in the full amount necessary, into the Operation and Maintenance Fund in an amount equal to the estimated Operating Expenses to be paid or to accrue during the current calendar month.

2. Revenues will next be deposited:

(a) into the Interest Account in the Debt Service Fund on the 15th day of each month in an amount sufficient to pay 1/6th of the interest becoming due on the Bonds on the next semi-annual interest payment date; provided, however, that such monthly deposits for interest shall not be required to be made into the Interest Account to the extent that money on deposit therein is sufficient for such purpose. In the event the County issues additional pari passu Variable Rate Bonds pursuant to the provisions of the Bond Resolution, Revenues will be deposited at such other times and in such additional amounts as necessary to pay the interest becoming due on the Variable Rate Bonds on the next interest payment date, all in the manner provided in the supplemental Bond Resolution authorizing such pari passu additional Variable Rate Bonds.

The County shall, five (5) days prior to each interest payment date, transfer to the Paying Agent moneys in an amount equal to the interest due on such date or shall advise the Paying Agent of the amount of any deficiency in the amount so transferred so that the Paying Agent may provide for such deficiency to be paid from any Reserve Account Insurance Policy or moneys and investments on deposit in the Debt Service Reserve Account.

The earnings and investment income derived from the moneys and investments on deposit in the Principal Account, the Bond Redemption Account, the Debt Service Reserve Account and the Connection Charge Fund which are deposited into the Interest Account as required by the terms of the Bond Resolution, shall be credited against the amount of revenues required to be deposited in the Interest Account.

(b) into the Principal Account in the Debt Service Fund, on the 15th day of each month an amount sufficient to pay 1/12th of the principal amount of the Serial Bonds which will mature and become due on the next annual maturity date. The County shall, five (5) days prior to each

principal payment date, transfer to the Paying Agent moneys in an amount equal to the principal due on such date or shall advise the Paying Agent of the amount of any deficiency in the amount so transferred so that the Paying Agent may give appropriate notice required to provide for such deficiency to be paid from any Reserve Account Insurance Policy or moneys and investments on deposit in the Debt Service Reserve Account.

(c) into the Bond Redemption Account in the Debt Service Fund on the 15th day of each month in each year 1/12th of the amount required for the payment of the Term Bonds until the amount on deposit in the Bond Redemption Account is equal to the amount required to be paid on such Term Bonds on the next installment payment date. The moneys in the Bond Redemption Account shall be used solely for the purchase or redemption of the Term Bonds payable therefrom. The County may purchase any of the Term Bonds at prices not greater than par and accrued interest. If, by the application of moneys in the Bond Redemption Account, the County shall purchase or call for redemption in any year Term Bonds in excess of the installment requirement for such year, such excess of Term Bonds so purchased or redeemed shall be credited on a pro rata basis over the remaining installment payment dates.

The County shall, to the extent of any moneys in the Bond Redemption Account, be mandatorily obligated to use such moneys for the redemption prior to maturity of the Term Bonds in such manner and at such times as shall be determined by subsequent Bond Resolution of the County.

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

3. Revenues will next be deposited into the Debt Service Reserve Account in the Debt Service Fund on the 15th day of each month in an amount sufficient to pay 1/12th of the difference between the amount on deposit in the Debt Service Reserve Account and the Maximum Annual Debt Service; provided that there shall be on deposit in the Debt Service Reserve Account on the date on which any Bonds are issued, an amount of money and/or a Reserve Account Insurance Policy equal to the Maximum Annual Debt Service and, provided further, that no payments shall be required to be made into the Debt Service Reserve Account whenever and as long as the amount deposited therein (including any Reserve Account Insurance Policy) is equal to the Maximum Annual Debt Service.

With respect to Variable Rate Bonds, the amount required to be on deposit in the Debt Service Reserve Account shall be calculated as of the first day of each Fiscal Year and shall be based upon one hundred ten percent (110%) of the greater of (i) the daily average interest rate on such Variable Rate Bonds during the preceding Fiscal Year or such shorter period that such Variable Rate Bonds shall have been outstanding, or (ii) the actual rate of interest applicable to such Variable Rate Bonds on the date of calculation.

To the extent the County causes to be deposited into the Debt Service Reserve Account a Reserve Account Insurance Policy, such Reserve Account Insurance Policy shall be payable (upon the giving of notice as required thereunder) on any interest or principal payment date on which a deficiency exists; provided, however, that prior to drawing on such Reserve Account Insurance Policy, the County shall first satisfy any such deficiency from the funds in any of the accounts in the Debt Service Fund available for such purpose and then from any subsequently issued Reserve Account Insurance Policy.

If a draw is made from any Reserve Account Insurance Policy, the County shall reinstate the maximum limits of such Reserve Account Insurance Policy within twelve (12) months following such drawing from the first Net Revenues and Connection Fees available after all required payments have been made into the Interest Account, the Principal Account and the Bond Redemption Account, so that, together with any moneys on deposit therein, if any, there shall be on deposit in the Debt Service Reserve Account an amount equal to the Maximum Annual Debt Service. In the event that any moneys shall be withdrawn from the Debt Service Reserve Account for payment into the Interest Account, the Principal Account and the Bond Redemption Account, such withdrawal shall be restored within twelve (12) months following such withdrawal, after first reinstating to its maximum limits any Reserve Account Insurance Policy drawn upon, from the Net Revenues and Connection Fees available after all required payments have been made into the Interest Account, the Principal Account and the Bond Redemption Account so that, together with any Reserve Account Insurance Policy on deposit therein, there shall be on deposit in the Debt Service Reserve Account an amount equal to the Maximum Annual Debt Service.

Amounts in the Debt Service Reserve Account shall be used only for the purpose of making payments into the Interest Account, the Principal Account and the Bond Redemption Account when the moneys in the Revenue Fund are insufficient therefor.

No distinction or preference shall exist in the use of the amounts on deposit in the Debt Service Reserve Account for payment into the Interest Account, the Principal Account and the Bond Redemption Account, such accounts being on a parity with each other.

4. Revenues will next be deposited into the Renewal and Replacement Fund on the 15th day of each month in an amount equal to 1/12th of 5% of the Gross Revenues received during the preceding Fiscal Year until the amount on deposit in the Renewal and Replacement Fund is equal to \$1,000,000 and, in addition, there shall be deposited such additional sums and at such times as the Consulting Engineer certifies are necessary for the purposes of the Renewal and Replacement Fund.

Moneys in the Renewal and Replacement Fund will be used for the purpose of paying the costs of extensions, improvements or additions to, or the replacement or renewal of capital assets of the Water and Sewer System, or extraordinary repairs to the Water and Sewer System; provided, however, that moneys in the Renewal and Replacement Fund shall be used for payment into the Interest Account, the Principal Account and the Bond Redemption Account when the moneys in the Revenue Fund, the Debt Service Reserve Account, the Connection Charge Fund and the Capital Improvement Fund are insufficient therefor.

Pursuant to the Bond Resolution, the County has established within the Renewal and Replacement Fund the 2009 Renewal and Replacement Account (the "2009 R&R Account"). All amounts received by the County from FPL pursuant to the FPL Reclaimed Water Agreement are required to be deposited into the 2009 R&R Account, and are intended to be utilized solely for renewals, replacements, repairs and/or capital improvements with respect to the FPL Reclaimed Water Project.

Notwithstanding any provision in the Bond Resolution to the contrary, moneys on deposit in the 2009 R&R Account that are transferred to the Interest Account, Principal Account or Bond Redemption Account shall only be used to pay debt service on the Series 2009 Bonds.

5. Revenues will next be used for the payment to the United States of America of arbitrage rebate payments required by Section 148(f) of the Internal Revenue Code of 1986 (the "Code") with respect to the Bonds and then to the payment of any subordinated indebtedness issued by the County in connection

with the Water and Sewer System, including the payment of interest on unreimbursed drawings on any Reserve Account Insurance Policy.

6. Thereafter, the balance of any revenues remaining in the Revenue Fund will be deposited in the Capital Improvement Fund and used by the County to make improvements to the Water and Sewer System, to purchase or redeem Bonds prior to maturity or for any other lawful purpose in connection with the Water and Sewer System; provided, however, that none of such revenues shall ever be used for the purposes provided in this paragraph (6) unless all payments required in paragraphs (1) to (5) above, including any deficiencies for prior payments, and any amounts due to the issuer of any Reserve Account Insurance Policy have been made in full to the date of such use; provided further, however, that moneys in the Capital Improvement Fund shall be used for payment into the Interest Account, the Principal Account and the Bond Redemption Account when the moneys in the Revenue Fund and the Debt Service Reserve Account and the Connection Charge Fund are insufficient therefor.

Investments

The amounts required to be accounted for in each of the funds and accounts designated in the Bond Resolution may be deposited in a single bank account for the Water and Sewer System provided that adequate accounting procedures are maintained to reflect and control the restricted allocations of the amounts on deposit therein for the various purposes of such funds and accounts as provided in the Bond Resolution. The designation and establishment of funds and accounts in and by the Bond Resolution shall not be construed to require the establishment of any completely independent funds and accounts, but rather is intended solely to constitute an allocation of certain revenues and assets of the Water and Sewer System as provided in the Bond Resolution.

Connection Fees

All Connection Fees will be deposited in the Connection Charge Fund and applied in the following manner and order of priority:

- For payment into the Interest Account, the Principal Account and the Bond Redemption Account when the moneys in the Revenue Fund and the Debt Service Reserve Account are insufficient therefor;
- To restore any withdrawals or to make up any deficiencies that may exist from time to time in the Debt Service Reserve Account whenever the moneys in the Revenue Fund are insufficient for such purpose;
- For payment to the United States of America of arbitrage rebate payments required by Section 148(f) of the Code with respect to the Bonds, and then to the payment of the principal of and/or interest on any subordinate indebtedness; and
- To pay the cost of constructing extensions to the Water and Sewer System or for the purpose of purchasing or redeeming Bonds or for any other lawful purpose.

Under current law, Connection Fees may be imposed and expended only to cover the costs of expansion of a utility system that is necessary to service new customers. As a result, under current law, Connection Fees can be used to pay debt service or arbitrage rebate only to the extent that such payments

reflect costs incurred or are associated with investment earnings on Bonds issued to expand the Water and Sewer System to service new customers. During the Fiscal Years ended during 2016 through 2018, approximately 68% of the debt service on the then Outstanding Bonds was lawfully payable from Connection Fees. Beginning in Fiscal Year 2019, the County has determined that approximately ___% of the debt service on the Outstanding Bonds and including subordinate lien debt, is lawfully payable from Connection Fees.

THE COUNTY

Background

Palm Beach County is located on the southeast coast of Florida. The County’s 2018 population was estimated to be 1,433,417. The geographical boundaries of the County encompass approximately 2,023 square miles. The City of West Palm Beach is the county seat of the County.

The County is a political subdivision of the State of Florida, and is governed by the State Constitution, general laws of the State of Florida and the County’s Charter. Pursuant to the Florida Constitution, counties operating under a charter, such as the County, have all powers of local self-government not inconsistent with general law, and the governing body of such a county may enact ordinances not inconsistent with general law.

Management and Organization

The County is governed by a seven-member Board of County Commissioners (the "Board"), which is the legislative and governing body of the County. The Commissioners are elected from single-member districts. The Board elects a Mayor who serves as presiding officer.

<u>Name</u>	<u>Title</u>	<u>End of Current Term</u>
Mack Bernard	Mayor	November 2020
Dave Kerner	Vice Mayor	November 2020
Hal R. Valeche	Commissioner	November 2020
Gregg. K. Weiss	Commissioner	November 2022
Robert S. Weinroth	Commissioner	November 2022
Mary Lou Berger	Commissioner	November 2020
Melissa McKinlay	Commissioner	November 2022

The County Administrator, the chief administrative official of the County, is Verdenia C. Baker. She is appointed by and serves at the pleasure of the Board. She is directly responsible to the Board for administration and operation of all operating departments of the County. The County Administrator is also responsible to the Board for the execution of all Board policies and the preparation of the annual budget of the County. Ms. Baker began her career with the County in 1987 and was selected as County Administrator in 2015. She holds a Master’s Degree in Public Administration and a Bachelor’s Degree in Rehabilitative Services, both from Florida State University.

The Clerk & Comptroller of Palm Beach County (the "Clerk") is an elected, constitutional officer. In addition to the roles of Clerk of the Circuit Court, County Recorder and Clerk of the Board of County Commissioners, the Clerk as Comptroller serves as the County's Chief Financial Officer, Treasurer, and Auditor.

The County Property Appraiser, Sheriff, Supervisor of Elections, Clerk and Tax Collector are separate constitutional offices. The budgets of the Property Appraiser and Tax Collector and Clerk's fee budget are submitted directly to the State of Florida Department of Revenue. The budgets of the offices of the Sheriff and Supervisor of Elections and the Clerk's non-fee budget are subject to initial approval and subsequent review by the Board.

RETIREMENT PLANS AND OTHER POST EMPLOYMENT BENEFITS

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at www.dms.myflorida.com and the Comprehensive Annual Financial Reports available at www.myfloridacfo.com/aadir/statewide_financial_reporting. No representation is made by the Department as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

General Information. Substantially all of the Department's employees participate in the FRS. The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans – the FRS defined benefit pension plan (the "FRS Pension Plan") and the FRS defined contribution plan (the "FRS Investment Plan"). The FRS Pension Plan was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees.

Florida Retirement System Pension Plan

Membership. FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives.
- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class. Members of the EOC may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.

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

- *Regular Class, SMSC, and EOC Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program ("DROP") became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS

employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2018, the FRS Trust Fund held \$2,432,971,600 in accumulated benefits for 36,001 DROP participants. Of these 36,001 DROP participants, 34,173 were active in the DROP with balances totaling \$2,185,360,679. The remaining participants were no longer active in the DROP and had balances totaling \$247,610,920 to be processed after June 30, 2018.

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

Contributions. All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2018, was \$161,196,880,609. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

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Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The uniform rates in effect at September 30, 2018 are as follows:

<u>Membership Class</u>	Employee Contribution <u>Rate</u>	Employer Contribution <u>Rate⁽¹⁾</u>	Total Contribution <u>Rate</u>
Regular	3.00%	8.26%	11.26%
Special Risk	3.00	24.50	27.50
State Attorney/Public Defender	3.00	56.75	59.75
County, City, Special District Elected Officers	3.00	48.70	51.70
Special Risk Administrative Support	3.00	34.98	37.98
Senior Management	3.00	24.06	27.06
Deferred Retirement Option Program	N/A	14.03	14.03

⁽¹⁾ These rates include a 1.66% contribution for the Retiree Health Insurance Subsidy Program ("HIS").
Source: Comprehensive Annual Financial Report of the Department for Fiscal Years Ended September 30, 2017 and 2018.

The Department's employer contributions to the FRS Pension Plan totaled \$2.6 million and employee contributions totaled \$0.9 million for the Fiscal Year ended September 30, 2018. The Department contributed 100 percent of its statutorily required contributions for the current and preceding two years.

Net Pension Liability, Deferrals, and Pension Expenses. At September 30, 2018 the Department reported a liability of \$22.9 million for its proportionate share of the FRS Pension Plan's net pension liability, which was measured as of June 30, 2018. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of July 1, 2018. The Department's proportionate share of the net pension liability was based on the Department's 2017-18 Fiscal Year contributions relative to the 2017-18 Fiscal Year contributions of all participating members. At June 30, 2018 the Department's proportionate share was 0.076% which was a decrease of 0.005 from its proportionate share measured as of June 30, 2017.

For the Fiscal Year ended September 30, 2018 the Department recognized pension expense of \$1,101,152 related to the FRS Pension Plan. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions as reported in their Comprehensive Annual Financial Report for Fiscal Years ended September 30, 2018 and 2017.

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Actuarial Methods and Assumptions for the FRS Pension Plan. The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2017, calculated based on the discount rate and actuarial assumptions below:

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Discount rate	7.10%	7.00%
Long-term expected rate of return, net of investment expense	7.10%	7.00%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	N/A	N/A

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used to determine the total pension liability as of June 30, 2018, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Asset Valuation Method	Fair Market Value
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age Normal

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018.

Sensitivity Analysis for the FRS Pension Plan. The following presents the net pension liability of the FRS, calculated using the discount rate of 7.00%, as well as what the FRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease <u>6.10%</u>	Current Discount Rate <u>7.10%</u>	1% Increase <u>8.10%</u>
Total pension liability	\$216,168,090,000	\$191,317,399,000	\$170,677,431,000
Fiduciary net position	<u>161,196,880,609</u>	<u>161,196,880,609</u>	<u>161,196,880,609</u>
Net pension liability	\$54,971,209,391	\$30,120,518,391	\$9,480,550,391

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018.

Retiree Health Insurance Subsidy Program. The HIS Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the Fiscal Year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be

eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Fiscal Year ended June 30, 2018, the contribution rate was 1.66% of payroll pursuant to Section 112.363, F.S. The State contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

The Department’s employer contributions to the HIS Program totaled \$43,807 for the Fiscal Year ended September 30, 2018.

Net Pension Liability, Deferrals and Pension Expense. At September 30, 2018 the Department reported a liability of \$6.1 million for its proportionate share of the HIS Program’s net pension liability, which was measured as of June 30, 2018. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of July 1, 2018. The Department’s proportionate share of the net pension liability was based on the Department’s Fiscal Year 2017-18 Fiscal Year contributions relative to the 2017-18 Fiscal Year contributions of all participating members for the same period. At June 30, 2018 the Department’s proportionate share was 0.058%, which was a decrease of 0.002 from its proportionate share measured as of June 30, 2017.

For the Fiscal Year ended September 30, 2018 the Department recognized pension expense of \$129,980 related to the HIS Program. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program as reported in their Comprehensive Annual Financial Report for Fiscal Years ended September 30, 2018 and 2017.

Actuarial Methods and Assumptions for the HIS. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67. The same demographic and economic assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2017 ("funding valuation") were used for the HIS Program, unless otherwise noted. In a given membership class and tier, the same assumptions for both FRS Investment Plan members and for FRS Pension Plan members were used.

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Discount rate	3.58%	3.87%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.58	3.87

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018.

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used in the 2017 valuation was updated

from 2.85% to 3.58%, reflecting the change in the Bond Buyer General Obligation 20- Bond Municipal Bond Index as of June 30, 2018.

The actuarial assumptions used to determine the total pension liability as of June 30, 2018, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018.

Sensitivity Analysis for the HIS. The following presents the Department’s proportionate share of the net pension liability of the HIS, calculated using the discount rate of 3.87%, as well as what the Department’s proportionate share would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate 3.87%	1% Increase (4.87%)
Department’s proportionate share of the net pension liability	\$6,963,679	\$6,114,168	\$5,406,051

Source: Comprehensive Annual Financial Report of the Department for Fiscal Years Ended September 30, 2017 and 2018.

FRS Investment Plan

The State Board of Administration administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the FRS Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime

monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

Multiple Employer Defined Benefit Retirement Plan

As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan and HIS. Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan FRS Investment Plan alternative to the FRS Pension Plan, which is administered by the SBA. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or from the website: www.dms.myflorida.com/workforce_operations/retirementpublications.

Other Post-Employment Benefits

The Department has separate defined benefit post-employment healthcare plans that provide medical benefits to eligible retired employees and their dependents.

The plan is a single-employer plan administered by the County. The authority to establish and amend the benefit terms and financing requirements is granted to the County Board. The Department, as an entity of the County, is required by Florida Statute 112.0801 to allow its retirees (and eligible dependents) to continue participation in the group insurance plan. No assets are accumulated in a trust which meets the criteria in Paragraph 4 of GASB Statement No. 75. Additionally, there are no legal documents referencing a trust. The healthcare benefits OPEB plan does not issue a separate stand-alone financial report.

Retirees of the healthcare benefit OPEB plan must be offered the same coverage as is offered to active employees at a premium cost no more than the premium cost applicable for active employees, resulting in an implicit subsidy.

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As of September 30, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries	10
Inactive, non-retired members	-
Active members	<u>507</u>

Total

517

The total healthcare OPEB liability of \$988,208 was measured as of September 30, 2018. The liability measured in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	9/30/2018
Inflation rate	3.5%
Projected annual salary increase	3.5%
Discount rate	4.24%
Initial healthcare inflation rate	7.0%
Ultimate healthcare inflation rate (5 years out)	4.5%

The discount rate was based on the Bond Buyer 20-Bond GO index.

Mortality rates were based on the RP-2014 generational table using MP-18 and applied on a gender-specific basis.

No formal experience study was performed; however, the actuarial assumptions used in the valuation were consistent with the Florida Retirement System.

Changes in Total OPEB Liability.

The following table illustrates changes in the Department's portion of the forgoing for the Fiscal Year ended September 30, 2018:

Balance at September 30, 2017	\$1,064,296
Changes for the year:	
Service cost	46,378
Interest cost	59,065
Changes of benefit terms	0
Changes in assumptions or other inputs	(41,803)
Benefit payments	(139,728)
Net changes	(76,088)
Balance at September 30, 2018	\$988,208

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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.

The following table presents the Department's share of the total OPEB liability as well as what that liability would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1% Decrease (3.24%)	Current Discount Rate 4.24%	1% Increase (5.24%)
Net OPEB liability	\$1,042,468	\$988,208	\$943,058

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates.

The following table presents the Department's share of the total OPEB liability as well as what that liability would be if it were calculated using healthcare cost trend rates 1 percent lower or 1 percent higher than the assumed trend rate:

	<u>Healthcare Cost Trend Rates</u>		
	1% Decrease 6% Decreasing to 3.5% over 10 years	Current Rate 7% Decreasing to 4.5% over 10 years	1% Increase 8% Decreasing to 5.5% over 10 years
Department's proportionate share of the net pension liability	\$880,389	\$988,208	\$1,126,530

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the Fiscal Year ended September 30, 2018, the Healthcare OPEB plan recognized OPEB expense of \$(47,587). At September 30, 2018, the Healthcare OPEB plan reported deferred outflows of resources and deferred inflows of resources related to OPEB as reported in their Comprehensive Annual Financial Report for Fiscal Years ended September 30, 2018 and 2017.

See Note 10 entitled "POST-EMPLOYMENT BENEFITS (OPEB) in the "NOTES TO THE FINANCIAL STATEMENTS, SEPTEMBER 30, 2018 and 2017" included in " APPENDIX C –THE DEPARTMENT'S FISCAL YEAR 2018 AUDITED FINANCIAL STATEMENTS" attached hereto for a detailed description of the additional explicit benefits and for the actuarial methods and assumptions relating to each of the plans.

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THE WATER AND SEWER SYSTEM

[TO BE UPDATED]

Administration

The Director of the Water Utilities Department of the County (the "Department" or "PBCWUD") is James Stiles. Mr. Stiles is a veteran manager with over 30 years of public and private sector utilities experience, and is responsible for the oversight of 568 employees and a \$130 million annual operating budget. PBCWUD is Florida's 3rd largest water and wastewater utility, serving over 500,000 residents. Major facilities include 5 large water treatment plants with a rated capacity of over 113 million gallons per day and 3 wastewater treatment plants with a combined capacity of over 42 million gallons per day. PBCWUD includes 2,364 miles of water distribution piping with over 34,000 valves and 17,500 fire hydrants, 886 lift stations, 588 miles of force mains and 1,238 miles of gravity mains. Mr. Stiles is skilled in all aspects of utility management, including organizational and financial management, regulatory compliance, operations and maintenance. His prior experience includes serving as project manager of utility operations for South Martin Regional Utility and the Beeline Community Development District, Executive Director of the Glades Utility Authority until its absorption into PBCWUD and Assistant Director of Operations & Maintenance (O&M) for PBCWUD.

The Department's Deputy Director is Hassan Hadjimiry. Mr. Hadjimiry is a Registered Professional Engineer in the State of Florida with a Master of Science Degree in Civil Engineering and Water Resources and over 38 years of engineering and management experience in the water, wastewater and reclaimed utilities industry, including project design and management for all phases of multidisciplinary capital improvement projects.

The Department's Assistant Director is Ali Bayat. Mr. Bayat is a Registered Professional Engineer and Certified Project Manager in the State of Florida, with a Master of Science Degree in Civil and Environmental Engineering, with responsibility over the Operation and Maintenance Division of the Department. He has over 20 years of management, operation, engineering and research experience in the water, wastewater and reclaimed utilities industry.

System Service Area

The County's Water and Sewer System serves an area of approximately 1,305 square miles of mostly unincorporated portions of the County. The Department serves approximately 587,000 residents, representing service to approximately 248,245 potable water dwelling units and 227,980 wastewater units.

On August 24, 2004, the Board of County Commissioners amended the Future Land Use Element of the County's Comprehensive Plan, thereby authorizing the County to be the default water and wastewater utility provider for all unincorporated lands within the County. The amendment expanded the Department's service area by approximately 900 square miles, providing significant opportunities for future growth. Also in August 2004, the County entered into a franchise agreement with the Village of Royal Palm Beach (the "Village") to acquire the right to serve certain areas outside the Village's municipal limits which had previously been established as the Village's service area through interlocal agreements. In February 2006, the County entered into an agreement with the Village to acquire the Village's utility system assets, including its customer base of approximately 12,000 accounts. In May 2013, the County entered into agreements with the cities of Belle Glade, Pahokee, and South Bay to absorb the assets of the Glades Utility Authority. These areas now constitute the Department's Western Service Area.

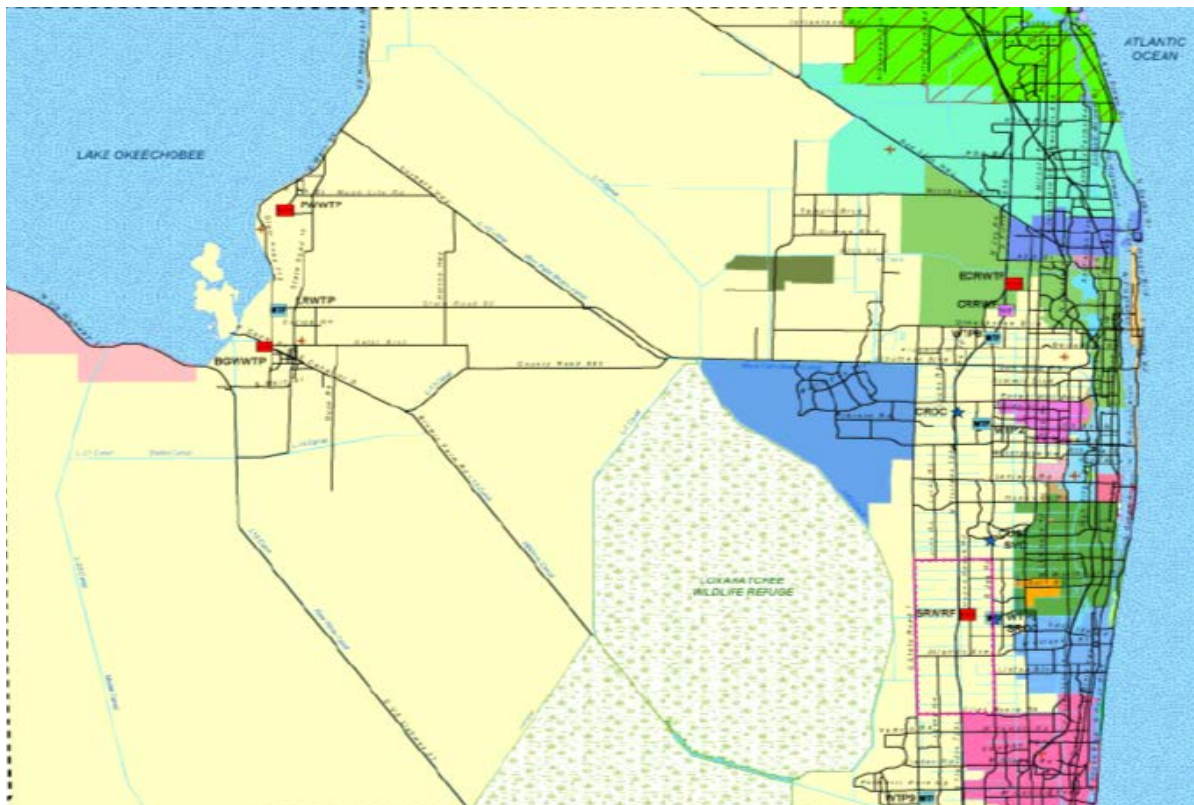
The following table shows growth in the average number of dwelling units served by the Water and Sewer System for the ten-year period ended September 30, 2019:

Number of Dwelling Units Served*

Fiscal Year Ending September 30,	Water	Wastewater
2010	223,745	205,909
2011	224,681	206,708
2012	226,128	207,912
2013	234,455	216,882
2014	238,455	220,882
2015	242,455	224,882
2016	244,180	226,607
2017	246,180	228,607
2018	248,180	230,607
2019	250,180	232,607

*Includes conversion of commercial customers into residential equivalent residential connections (ERCs).
Source: Palm Beach County Water Utilities Department.

PALM BEACH COUNTY SERVICE AREA AND MAJOR FACILITIES



Bulk Service Agreements

To ensure efficient utilization of available system capacity, the County has entered into several cooperative bulk service agreements with other utilities. In 2011, the County developed a new temporary bulk service agreement with reduced rates, designed to encourage other bulk agreements with terms of service of up to 5 years. The County currently has seven (7) agreements to provide bulk potable water to neighboring utilities and four (4) agreements to provide bulk wastewater service.

The Department has entered into interlocal agreements to provide potable water on a wholesale basis to the City of Atlantis, the City of Boynton Beach, the Town of Lake Clarke Shores, Florida Power & Light Company, Indian Trail Improvement District, Seminole Improvement District and the Seacoast Utility Authority. The existing bulk service agreements are listed below:

Bulk Potable Water Agreements

<u>Utility</u>	<u>Date of Agreement</u>	<u>Agreement Capacity⁽¹⁾</u>	<u>Expiration</u>
City of Atlantis	July 1992	1.0 MGD	July 2032
City of Boynton Beach	October 2013	1.0 MGD	December 2043
FPL	September 2015	1.0 MGD	October 2040
Town of Lake Clarke Shores	September 2010	4.0 MGD	February 2040
Seacoast Utility Authority	March 2017	5.0 MGD	March 2047
Seminole Improvement District	April 2006	<u>5.0 MGD</u>	April 2036
TOTAL CAPACITY		27.0 MGD	

⁽¹⁾ Reflects the maximum capacity under the agreement, although usage may vary. MGD means million gallons per day.

The four (4) bulk agreements to provide bulk wastewater service are listed below:

Bulk Wastewater Agreements

<u>Utility</u>	<u>Date of Agreement</u>	<u>Capacity</u>	<u>Expiration</u>
Village of Palm Springs	July 2011	1.4 MGD	July 2041
Town of Lake Clarke Shores	November 18, 2014	0.3 MGD	November 2044
Seacoast Utility Authority	March 2017	5.0 MGD	March 2047
Seminole Improvement District	April 2006	<u>4.0 MGD</u>	April 2036
TOTAL CAPACITY		10.7 MGD	

⁽¹⁾ Reflects the maximum capacity under the agreement, although usage may vary.

Water Supply and Treatment Facilities

The System's service area is served by five wellfields that withdraw raw water from surficial aquifer sources. The surficial wells draw water from the semi-confined portion of the surficial aquifer that underlines much of eastern Palm Beach County. This aquifer is recharged from rainfall on the land surface and infiltration from canals and other surface water bodies. See "APPENDIX F - CONSULTING ENGINEER'S BIENNIAL REPORT", for additional information regarding such wellfields.]

The County owns and operates five regional water treatment plants, including three new state-of-the-art membrane treatment facilities in suburban Boca Raton and Delray Beach, and the Lake Region Water Treatment Plant (LRWTP) in Belle Glade with treatment capacities of 26.88 MGD, 30 MGD, and 10 MGD respectively. The other two water treatment plants (located in the City of Greenacres and in suburban West Palm Beach) use a modern lime-softening process supplemented by ozone or ion exchange for removal of organics. Their treatment capabilities are 30 MGD and 16.4 MGD, respectively. As set forth in the Consulting Engineer's Biennial Report attached hereto as APPENDIX F, the County has identified a site in the north part of the County for a future northern region water treatment plant. All plants are in excellent condition, and, except for the LRWTP, utilize groundwater from the semi-confined shallow aquifer that underlies most of eastern Palm Beach County. The source of water for the LRWTP is the Floridan Aquifer. The water treatment facilities are in compliance with all federal, state, and local regulations applicable to the operation of such facilities. The County implemented a Wellfield Protection Ordinance in 1988, which was designed to protect the County's wellfields from contamination. Generally, the raw water is of good quality, moderately hard and alkaline, with varying levels of natural organic color, iron, and hydrogen sulfide. The County's [105] wells are located sufficiently inland from the coast that they have not been subject to saltwater intrusion.

Consumptive use of water resources for potable water supply is regulated by the South Florida Water Management District ("SFWMD"). The SFWMD issues Water Use Permits ("WUPs") to water utilities based on the existing and projected population served and the ability of the water source to provide the quantity and quality of water needed without causing an adverse impact on the aquifer source or the environment. WUPs have normally been issued by the SFWMD with terms of five years. However, on March 13, 2003, the SFWMD's Governing Board unanimously approved a 20-year permit for the Department. This permit is of great importance to the County and offers a unique approach with respect to environmental responsibility and protection of the Everglades ecosystem. This approach focuses on implementation of an aggressive alternative water supply program. During the next three years, the Department will continue to provide at least 23 MGD of alternative water supplies through expansion of the Department's reclaimed water system, construction of created wetland systems, and coordinated use of aquifer storage and recovery wells.

The Department's water treatment plants have a combined permitted capacity of 113.28 MGD. During Fiscal Year 2018, average daily water flow was 59.84 MGD. Maximum daily flow (rolling twelve month average) was 85.15 MGD.

Water Transmission, Distribution and Storage Facilities

The water distribution system includes 2,520 miles of pipe and 18 storage and re-pump stations, which are filled during low flow periods and used to meet peak water demands. The total storage capacity is 8.8 MGD. The system also includes 26 emergency interconnects with surrounding municipalities and

Broward County. There are 19,119 fire hydrants connected to the system. Estimated water loss (unaccounted for water) was 10.8% in Fiscal Year 2018.

Wastewater Collection and Treatment System

The raw wastewater in the System's service area is typical of domestic sewage generated throughout South Florida, with less than five percent of the sewage connections commercial connections and very few industrial connections. The wastewater collection system includes over 1,290 miles of gravity wastewater line and over 1,020 wastewater pump stations. Wastewater flows in the southern portion of the County's Eastern Service Area are treated at the Southern Region Water Reclamation Facility (SRWRF). This modern facility has a total capacity of 35 MGD and treated an average of 18.82 MGD in 2018. All resulting outputs of treatment at the SRWRF are reclaimed for beneficial use. See "Reclaimed Water", below. Back-up disposal is provided by a system of two deep disposal wells. Part of the treated effluent from the SRWRF is used to hydrate approximately 200 acres of award-winning created wetlands that attract wildlife and are utilized by citizens. Treated biosolids are dewatered at the plant and brought to the Solid Waste Authority of Palm Beach County's pelletization facility, where they are converted into fertilizer. Off-gases from the anaerobic digestion system of the plant are captured and used to run a cogeneration facility that provides nearly 20 percent of the plant's electrical needs. The SRWRF is operated pursuant to FDEP Permit No. FL 0041424, which expires November 8, 2019. The County submitted for renewal of this permit in May 2019.

Wastewater flows in the County's Western Service Area treated at the Western Region Wastewater Treatment Plant (WRWWTP) located in the City of Belle Glade and the Western Region North Wastewater Treatment Plant (WRNWWTP) located in the City of Pahokee, both of which were acquired by the County, as part of the absorption of the assets of the Glades Utility Authority in May of 2013. The WRWWTP has a permitted capacity of 6.5 MGD and treated an average of 3.65 MGD in 2018. The WRNWWTP has a permitted capacity of 1.2 MGD and treated an average of 1.49 MGD in 2018. The Department is planning to decommission the WRNWWTP and treat all Western Region flows at the WRWWTP within the next few years.

Wastewater flows in the northern portion of the County's Eastern Service Area are treated at the East Central Regional Water Reclamation Facility ("ECRWF"). The ECRWF is a 70 MGD conventional activated sludge secondary wastewater treatment facility located in West Palm Beach, Florida. The County's share of this capacity, as one of the five local governments (the "Entities") that established the ECRWF under a 1992 Interlocal Agreement (the "Interlocal Agreement"), is 23.5 MGD. The average daily flow was 16.22 MGD from the County to the ECRWF in 2018. The ECRWF's secondary effluent is discharged to a 10 MGD advanced wastewater treatment ("AWT") facility for supplemental potable water supply, a 22 MGD high-level disinfection facility to meet industrial cooling water demands at the Florida Power and Light West County Energy Center, and on-site deep injection wells. Under the Interlocal Agreement, the East Central Regional Wastewater Treatment Facilities Operation ("ECR") Board has the power to issue revenue bonds or other indebtedness payable from the revenues received from the Entities for treatment at the ECRWF. If any such Entity fails to pay its pro rata share of flow charges, the other Entities are required to temporarily absorb the underpayment until such time that payment is made.

The City of West Palm Beach is responsible for the day-to-day operation of the ECRWF, including certain administrative functions, on behalf of the Entities. Operating expenses of the ECRWF are covered by a wastewater flow charge billed monthly to each of the Entities based upon metered flow. Each of the Entities is required to make annual deposits to a renewal and replacement fund and catastrophic reserve fund. As a participating Entity, the County is required to pay its share of all operation and maintenance

expenses of the ECRWRF based on metered flow. Payments made by the County as its share of the ECR operation and maintenance expenses are treated as operating expenses of the Water and Sewer System and are paid before debt service on the Bonds. Payments made by the County to the ECR renewal and replacement fund are treated as capital expenditures payable from the Capital Improvement Fund established under the Bond Resolution. The ECRWRF is operated under FDEP Permit No. FL 0041360, which expires on May 4, 2021.

The ECR Board previously issued subordinated indebtedness on behalf of the ECR Facilities to fund certain capital improvements through a low-interest loan through the State Revolving Fund Loan Program administered by the Florida Department of Environmental Protection. The ECR Board paid off the then outstanding subordinate obligations with the proceeds of its Series 2012 Bond. As of September 30, 2018 there were \$8,655,000 outstanding from the Series 2012 Bond.

Until late 2014, the ECRWRF biosolids had been partially stabilized on-site using an aerobic digestion process, dewatered using belt filter presses, and then further stabilized at an off-site regional composting facility under a service contract with the Solid Waste Authority of Palm Beach County (SWAPBC). On June 12, 2014 the ECR Board entered into a new agreement with the SWAPBC through which it acquired a capacity ownership share in the SWAPBC biosolids processing facility equal to a maximum 68,005 wet tons per year, or 35.83% of the total facility capacity. This agreement extends through August 29, 2029. The ECR Board decided to implement various improvements to its solids processing facilities located at the ECRWRF, including upgrades to waste activated sludge storage and thickening facilities, aeration basin modifications, temperature phased anaerobic digestion facilities, centrifuge dewatering facilities, a septage, fats, oil and grease receiving station, and odor control facilities. In October, 2014 the ECR Board issued its Series 2014 Bonds in the amount of \$86.59 million to fund the solids project.

Total aggregate debt service for outstanding ECR bonds is \$189,099,855 as of September 30, 2018. Payment of all ECR debt is apportioned among the five ECR partners on a flow basis, of which the County's share is forecasted to be [] percent over the [] to [] forecast period. Debt service payments are collected in level monthly flow charges with an annual true-up along with operating costs and renewal and replacement provisions.

Reclaimed Water

Early in the County's utility operations, reclaimed water was viewed as a cost-saving and environmentally beneficial alternative to deep well disposal. Originally reclaimed water customers paid no Connection Fees and paid a flat monthly Base Facility Fee, based on meter size, for an unlimited supply of reclaimed water.

Over the past ten to fifteen years, the County has invested approximately \$[] million in its reclaimed water system and has been providing reclaimed water to golf courses, homeowners associations, and has created wetlands. On March 13, 2007, the Board of County Commissioners approved a commodity fee of \$0.15 per thousand gallons of reclaimed water to encourage conservation and to absorb some of the effluent disposal costs previously borne by wastewater customers. On March 17, 2009, the Board approved a Connection Fee for new reclaimed water customers, increased the Commodity Fee to \$0.20 per thousand gallons, and established a two-tier Base Facility Fee, with higher fees charged to customers who had not paid Connection Fees. The Commodity Fees have been indexed each year thereafter in accordance with the Water and Sewer Consumer Price Index.

The Department operates three water reclamation facilities within Palm Beach County. The Southern Region Water Reclamation Facility (SRWRF) serves the southern portion of the Department's wastewater service area. The associated wastewater treatment plant is currently permitted at 35.0 MGD, with reclaimed water treatment capacity of 22.0 MGD. Existing constructed wetlands have a capacity of 5.0 MGD. SRWRF provides reclaimed water to ten golf courses, a school, commercial properties, and over thirty residential communities. In 2018, SRWRF treated an annual average flow of ___ MGD, delivered an average of __ MGD of reclaimed water to its customers, __ MGD was provided to the constructed wetlands, and __ MGD of reclaimed water was used for onsite irrigation and in-plant process water.

The Central Region Reclamation Water Facility (CRRWF) is currently rated as a 3.0 MGD wastewater treatment plant that provides reclaimed water to residential communities, commercial properties, and golf courses in central Palm Beach County. CRRWF was constructed in 2008 and receives secondary treated effluent from the East Central Regional Water Reclamation Facility (ECRWRF) which it treats to reclaimed water standards. CRRWF currently serves Century Village, Cypress Lakes, Emerald Dunes Golf Course, and Vista Center and in 2018 provided an average of 0.19 MGD (AADF) of reclaimed water.

As described below, the ECRWRF serves the northern portion of the Department's wastewater service area. In 2008, reclaimed water treatment, storage, pumping facilities and piping were constructed at ECRWRF to provide 22.0 MGD of reclaimed water to FPL's West County Energy Center ("WCEC") (the "FPL Project"). As described below, FPL provided 100% of funding for construction of the treatment facility and piping for reclaimed water. In 2018, ___ MGD (AADF) of reclaimed water was delivered to WCEC. The County's agreement with FPL, approved by the Palm Beach County Board of County Commissioners on May 20, 2008, is to deliver 22 MGD average daily flow and 27 MGD peak daily flow of reclaimed water for a contract period of 30 years with three 10-year renewal periods.

The County financed the required facilities for the FPL Project, including reclaimed water treatment, storage and pumping facilities located at the ECRWRF site, approximately 20 miles of reclaimed water pipeline extending from the ECRWRF to the WCEC, and on-site facilities at the WCEC consisting of yard piping and a 5 million gallon ground storage tank, through the issuance of its Series 2009 Bonds. Although the Series 2009 Bonds are secured by the Net Revenues and Connection Fees on the same basis as the Series 2019 Bonds and other Bonds, the financing of the FPL Reclaimed Water Project is fully supported by an agreement between the County and FPL through which FPL pays capital fees sufficient to pay annual principal and interest on the County's Series 2009 Bonds. FPL rates, fees and charges payable to support the operations of the facility also include a provision for future asset renewal and replacement, extraordinary maintenance, administrative costs of the Department, and the variable reclaimed water treatment costs.

Effluent not required by the WCEC at a given time will be used by the Department to service future reclaimed water customers located along the route of the pipeline. To date two (2) contracts have been entered into for interruptible reclaimed water supply as a customer other than FPL; one with the Seminole Improvement District and one with Palm Beach County for the Ballpark of the Palm Beaches. WCEC cooling water demands are highest in the summer months while the lowest cooling water demands are in the cooler, dryer months when there is a greater potential third party demand for sprinkling. Such unneeded cooling water will be sold by the Department on a best effort basis to third parties with pro rata adjustments to FPL fees.

The consumptive use permit associated with the County's potable water specifies that the County utilize at least 22 MGD of reclaimed water by 2023. The Department expects, based upon work done to date, this requirement to be achievable.

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Set forth below is a history of reclaimed water revenues received by the County (excluding that attributable to the County's interest in the ECR):

**Palm Beach County
Water Utilities Department
History of Reclaimed Water Revenues (Excluding ECR)**

Year	Total Accounts	Revenues from Base Facility	Revenues from Commodity	Total Revenues
2008	77	\$386,001.19	\$384,631.25	\$770,632.44
2009	84	663,952.51	555,762.43	1,219,714.94
2010	90	721,607.47	732,085.90	1,453,693.37
2011	91	886,188.31	728,162.93	1,614,351.24
2012	93	692,585.28	729,848.51	1,422,433.79
2013	90	890,188.30	860,096.23	1,750,284.53
2014	94	723,811.14	829,971.62	1,553,782.76
2015				
2016				
2017				
2018				
Total				

Government Regulation

The System is subject to federal and state regulation. At the federal level, regulatory jurisdiction is vested in the Environmental Protection Agency ("EPA"). The FDEP is the State agency with authority over water treatment and wastewater disposal.

Water Supply Regulation

1. Federal. All water supply systems in the United States which provide water to at least 15 service connections or 25 individuals are subject to the provisions of, and to regulation by the EPA under the Safe Drinking Water Act (the "SDWA"). The EPA has promulgated nationwide drinking water regulations which specify the maximum level of harmful contaminants allowed in drinking water and which govern the construction, operation and maintenance of water supply systems as required by SDWA.

2. State. Under the terms of the SDWA, a state has primary enforcement responsibility for public water systems if the EPA determines that the state's drinking water regulations are at least as stringent as the federal drinking water regulations. Florida has adopted all of the primary and secondary regulations promulgated by the EPA pursuant to the SDWA as part of its drinking water program. Consequently, regulation of the water system is primarily under the jurisdiction of the State of Florida. The Department's water system has consistently met all FDEP requirements.

Wastewater Regulations.

1. Federal. The provisions of the Federal Water Pollution Control Act, the Clean Water Act of 1977 (the "Clean Water Act"), the Marine Protection, Research and Sanctuaries Act of 1972 ("MPRSA") and related regulations affect the wastewater system. Federal enforcement of these statutes is entrusted to EPA.

Under the Clean Water Act, EPA administers an extensive program of federal capital construction grants (the "Construction Grants Program") and oversees compliance with regulations and guidelines it has promulgated concerning (i) wastewater treatment plant construction, operation, maintenance, upgrading and rehabilitation, (ii) introduction of toxins and other pollutants into wastewater treatment facilities and (iii) pollutant discharges from all point sources. Included in that regulatory framework is the National Pollutant Discharge Elimination System ("NPDES") Permit Program and the issuance of wastewater treatment plant operating permits. The required NPDES permit and a state permit have been combined into one permit issued by DEP.

The Clean Water Act also directs the EPA to address the problem of discharges of toxins and other substances that must be met by specific industries ("Categorical Standards") and has directed that publicly-owned treatment facilities establish and enforce industrial pretreatment programs.

The EPA pursuant to the Clean Water Act has recently promulgated rules establishing numeric criteria for certain nutrients (specifically, phosphorous and nitrogen) for both flowing waters and marine waters in Florida. The Department is uncertain at this time of whether the new limits will be lower than that currently achieved by advanced wastewater treatment processes in place in Florida, which could necessitate mandatory upgrades to meet the new criteria. The Department is likewise unable to predict at this time whether and when new, more stringent criteria will be imposed and what impact, financial and otherwise, the same might have on the Department and the System.

2. State. State regulations set forth various permitting requirements applicable to the wastewater system. Construction of new wastewater facilities or the modifications of existing facilities requires a construction permit issued by the FDEP. Prior approval from the FDEP is required to place new collection and transmission systems into operation. In addition, operation of all treatment and disposal facilities requires an operating permit from the FDEP.

State regulations establish various standards with which the System must comply in operating the wastewater system. The regulations set forth (i) criteria and standards for the FDEP in granting permits to construct or modify domestic wastewater facilities, including specific guidelines for the design and construction of gravity wastewater systems and collection and transmission systems; (ii) criteria for the discharge of domestic wastewater effluent to certain wetlands; and (iii) standards for treating wastewater before discharge into disposal systems, surface waters, spray irrigation, ocean outfalls or underground geological formations.

In addition to the water effluent limitations set forth above, all activities of the System and all discharges from the wastewater system and the Department's stormwater drainage system must also meet certain water quality-based effluent limitations. The regulations prohibit the FDEP from issuing a permit for a discharge to the waters of the State unless the FDEP has established an effluent limit for those pollutants in the discharge that are present in quantities or concentrations that can reasonably be expected to cause or contribute to a violation of the water quality standards for the State's public water supply.

In addition, the regulations require owners of wastewater treatment plants to provide monthly reports concerning the composition, concentration and treatment of the wastewater from the treatment plants. The regulations set forth a schedule of required sampling of effluent discharge for the following: flow, ph-chlorine residual, biochemical oxygen demand, suspended solids and fecal coliform. Failure to maintain records of such sampling and to correct such failure shall subject the wastewater treatment plant to revocation of its permit.

The Department is not subject to any current consent order, regulatory compliance measure or other with respect to the System.

Capital Asset Reinvestment Needs

The Department recognizes that across the nation there is a severe shortfall in available funding for the renewal and replacement of aging infrastructure. Consultants to the Department have estimated that the cost to replace Department assets will be \$__ billion (future dollars) with the bulk of that reinvestment beginning in about __ years. Department water, wastewater and reclaimed water assets average between 5 and 50 years of age and several of the Department's older plants have already been replaced. The Department maintains an asset management program to routinely identify those assets posing the greatest risks and consequences of failure, and works actively to identify and prioritize capital projects to address these risks. The Department has engaged the services of a program management consulting firm to accelerate its capital improvement plan and deliver projects more efficiently.

The Department recognizes that infrastructure renewal and replacement will become a larger part of its capital improvement plan in coming years. Operational cash flow was sufficient to fund \$__ million and \$__ million of renewal and replacement costs for Fiscal Years 2018 and 2017, respectively.

Major Initiatives

[TO COME]

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Capital Improvement Program

The Department's Capital Improvement Program for the Fiscal Years ending 2018-2023 includes \$349,519,379 for water, wastewater, and reclaimed water improvement projects and is designed to meet existing and projected service needs. The Capital Improvement Program is prepared by the Department and is reviewed and updated from time to time. The following table shows the principal construction and improvement projects included in the 2018-2023 Capital Improvement Program, which will be funded from current income, cash reserves, and grants.

<u>Capital Project Description</u>	<u>Projected Amount</u>
Water Treatment and Supply	\$141,136,162
Water Transmission	34,374,642
Pump Stations	3,543,984
Wastewater Treatment	43,109,216
Lift Stations	26,867,489
Collection system Piping	26,745,168
Force Mains	25,092,085
Systemwide Reclaimed Water	21,583,961
Building Improvements	25,650,874
Acquisitions	-
Utility Locations	1,415,887
Total	\$349,519,379

Rates

The Department periodically reviews its monthly service charges, Connection Fees, and Guaranteed Revenue Fees (described below) to determine the fairness and adequacy to meet the needs of existing and future customers. Department policies are designed to (i) maintain the rate covenant set forth in the Resolution with respect to the Bonds, (ii) establish rates for the on-line customers that provide revenues sufficient to support the capital improvement program for existing facilities on an on-going basis, and (iii) discourage the use of potable water for irrigation purposes. All rates and rate changes must be approved by the Board at an advertised public hearing.

After nearly ten years of no rate increases, monthly rates were increased an average of 18% on April 1, 2007 due to reduced water demand, slower growth, and escalating costs. When the Board approved the rate increase, the Board also provided by ordinance that rates would increase annually on October 1 of each year beginning in 2008 by three-fourths of the Consumer Price Index, Water and Sewerage Maintenance. Later that year, the South Florida Water Management District ("SFWMD") imposed two day-per-week irrigation rules that further reduced the water demand and reduced revenue for the Department. The Board responded by imposing a 15% surcharge on monthly bills effective May 1, 2008, for one year and requested a further review of rates before expiration of the surcharge. As a result, the surcharge was lifted effective April 1, 2009, and replaced with a permanent increase of approximately 11.75%. Despite these increases, the Department's monthly rates are in the lower third of rates charged by all water and sewer utilities in Palm Beach County.

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As indicated above, beginning on October 1, 2008, Base Facility Fees and Commodity Fees have been indexed annually based on three-fourths of the Water and Sewage Maintenance CPI as measured from July to July.

**RATE CHANGES
October 2014 to October 2018**

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>	<u>10/1/2018</u>
Residential 5/8"					
4,000 gallons	\$39.22				
6,000 gallons	53.10				
10,000 gallons	80.86				
Non-residential 5/8"					
9,000 gallons	\$85.92				
20,000 gallons	140.24				
50,000 gallons	323.84				

**Palm Beach County
Water Utilities Department
Consumer Price Index - Water & Sewer Maintenance***

	<u>100% of Water & Sewer Maint.</u>	<u>75% of Water & Sewer Maint.</u>	<u>Consumer Price Index</u>
2014	%	%	%
2015	%	%	%
2016	%	%	%
2017	%	%	%
2018	%	%	%

* The Department measures the CPI from July – July, so the index will differ from that commonly used year over year.

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Monthly Service Charges

The table that follows shows the current monthly service charges that are in effect for all customers (not including the Western Region Service Area).

A. Residential			
Customer Account Fee:	A charge of \$2.50 is assessed for each multi-family bill rendered.		
	Water	Wastewater	Combined
<u>Base Facility Fee</u>			
Multi-Family			
Fee assessed per dwelling unit (DU) for all meter sizes	\$10.50	\$-0-	\$10.50
	10.50	15.80	\$26.30
Single Family			
Fee assessed per meter as follows: Meter Size			
5/8" meter	14.09	15.80	29.89
1" meter	34.40	46.63	81.03
1½" meter	51.44	71.60	123.04
2" meter	107.25	156.57	263.82
<u>Commodity (Usage) Fee</u>			
Per 1,000 gallons			
0 to 4,000 gallons	1.42	1.92	3.34
5,000 to 10,000 gallons	3.14	4.51	7.65
11,000 to 25,000 gallons	7.91	.00	7.91
Over 25,000 gallons	9.84	.00	9.84
<u>Wastewater Service Only</u>		30.56	

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B. Non-Residential:

Customer Account Fee: \$0

	Water	Wastewater	Combined
<u>Base Facility Fee:</u>			
Meter Size			
5/8" x 3/4" meter	\$26.48	\$33.31	\$59.79
1" meter	90.18	127.41	217.59
1-1/2" meter	143.47	208.18	351.65
2" meter	243.40	373.07	616.47
3" meter	644.78	957.66	1,602.44
4" meter	994.55	1,465.63	2,460.18
6" meter			
Based on projected usage			
<u>Fire Lines</u>			
2" meter	\$15.66		
3" meter	29.49		
4" meter	49.14		
6" meter	98.26		
8" meter	157.24		
<u>Commodity Fee:</u>			
	Per 1,000 gallons of metered usage		
	Water	Wastewater	Combined
5/8" x 3/4" meter			
0-14,000 gallons	\$1.65	\$2.23	\$3.88
over 14,000 gallons	4.51	2.23	6.74
1-1/2" meter			
0-94,000 gallons	1.65	2.23	3.88
over 94,000 gallons	4.51	2.23	6.74
2" meter			
0-138,000 gallons	1.65	2.23	3.88
over 138,000 gallons	4.51	2.23	6.74
3" meter			
0-557,000 gallons	1.65	2.23	3.88
over 557,000 gallons	4.51	2.23	6.74
4" meter			
0-675,000 gallons	1.65	2.23	3.88
over 675,000 gallons	4.51	2.23	6.74
6" and above			
All usage	1.65	2.23	3.77
Wastewater Service Only		30.56	

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Reclaimed Water Rates

<u>Meter Size</u> Non-Residential:	<u>Connection Fee</u>	Monthly Base Facility Fee If Connection <u>Fee Paid</u>	Monthly Base Facility Fee If Connection <u>Fee Not Paid</u>	Monthly Commodity Fee <u>Per 1,000 gallons</u>
5/8" x 3/4"	\$675	\$3.62	\$7.36	\$0.29
1"	3,600	19.33	39.28	0.29
1 1/2"	9,000	48.36	98.26	0.29
2"	19,350	103.96	211.25	0.29
3"	42,300	227.27	461.84	0.29
4"	115,650	621.36	1,262.68	0.29
6"	247,050	1,327.34	2,697.32	0.29
8"	439,200	2,359.70	4,795.22	0.29
10"	684,000	3,674.94	7,467.95	0.29

As described above, the Western Region rate will remain in place until 2021, and then will revert to the County rate, plus 7%.

WESTERN REGION FEES

RESIDENTIAL

Type of Fee	Water	Wastewater	Combined
Base Facility Fee Multi-Family			
Fee assessed per meter	\$2.50	\$2.50	\$2.50
Single Family			
Fee assessed per meter	10.20	15.36	25.56
Commercial			
5/8" meter	18.64	19.26	37.90
1" meter	54.07	55.84	109.91
1 1/2" meter	83.90	86.65	170.55
2" meter	182.71	188.71	371.42
3" meter	--	--	--
4" meter	--	--	--
Commodity (Usage) Fee			
Per 1,000 gallons	1.50	4.00	5.50

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WESTERN REGION FEES (Continued)

NON-RESIDENTIAL

Type of Fee	Water	Wastewater	Combined
Base Facility Fee			
Commercial			
5/8" meter	\$18.64	\$19.26	\$37.90
1" meter	59.06	61.00	120.06
1 1/2" meter	96.71	99.88	196.59
2" meter	227.75	235.23	462.98
3" meter	757.07	781.94	1,539.01
4" meter	2,317.17	2,393.29	4,710.46
Commodity (Usage) Fee			
Per 1,000 gallons	\$4.67	\$4.00	\$8.67

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Capacity Reservation Charges (Guaranteed Revenues)

Capacity Reservation Charges, generally referred to as Guaranteed Revenue Fees, are defined in the Bond Resolution as charges imposed upon developers for the purpose of reserving capacity in the Water and Sewer System. Reservations encompassing ten or more ERCs require a Standard Development Agreement ("SDA"). The County's policy on Guaranteed Revenue Fees was revised on November 1, 1991, to include such fees on all developable land within the Water and Sewer System service area, and the policy revision limited the payment of such fees for 84 months. The policy was subsequently revised on July 1, 1996, to further limit payment of Guaranteed Revenue Fees from 84 months to 60 months, and SDA annual renewal payments were discontinued. The policy was further revised effective July 1, 1998, to limit capacity renewals of SDAs to one additional five-year period.

The Guaranteed Revenue Fee calculation is based on Equivalent Residential Connections ("ERC"s). One ERC is equal to the peak design demand of the 5/8" x 3/4" meter sub-category of the "single-family" residential category of customer usage, currently 270 gallons per day of water with a 2.5 peaking factor and 216 gallons per day of wastewater with a peaking factor of 2.5. The number of ERCs assigned to each customer is defined to be the ratio of the estimated average number of gallons per day consumption for that customer category divided by the average number of gallons per day consumption for the single-family 5/8" meter category.

For properties represented by an SDA, the property owner is required to initially pay a Mandatory Agreement Payment ("MAP") consisting of twelve months Guaranteed Revenue Fees for each ERC represented in the SDA at the rate in effect at the time of SDA submission. No annual renewal payment is required. At the time of service initiation, 60 months Guaranteed Revenue Fees at the then current rate, minus the initial MAP, are due. The capacity requested by the property owner in an SDA has a term not to exceed five years. Capacity needs may be retained for one additional five-year term upon payment of an additional MAP at the then current rates. For properties not associated with an SDA, 60 months of Guaranteed Revenue Fees are due at the time of service initiation for each ERC at the rate in effect at time of service initiation.

Guaranteed Revenue Fees were increased on September 30, 2018 as follows:

	<u>Current Fee Per ERC</u>
Water	\$19.54 per month
Wastewater	\$27.43 per month
Combined	\$45.65 per month

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Guaranteed Revenue Fees are indexed each year based on three-fourths of the Water and Sewerage Maintenance CPI, as measured from July to July. Guaranteed Revenue Fees are calculated at the above rate per ERC according to the following schedule:

<u>Category</u>	<u>Number of ERCs per Dwelling Unit</u>
Multi-Family	.70
Multi-Family Limited Service	.40
Single-Family:	
5/8" or 3/4" meter	1.00
1" meter	2.90
1 Y2" meter	4.50
2" meter	9.80
Non-Residential:	
5/8" or 3/4" meter	1.50
1" meter	5.80
1 Y2" meter	10.00
2" meter	16.25
3" meter	43.70
4" meter	66.80
6" meter	Based on projected usage

Set forth below is a table showing the Guaranteed Revenues received by the County over the past five Fiscal Years:

Guaranteed Revenue Receipts	
<u>Fiscal Year</u>	<u>Receipts</u>
2014	\$4,422,434
2015	7,603,125
2016	7,532,047
2017	5,061,561
2018	6,129,004

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Connection Fees

Connection Fees are one-time payments made by new customers at the time a unit is connected to the Water and Sewer System. The Connection Fees are designed to ensure that each new customer connecting to the Water and Sewer System will pay a fair share of the costs incurred by the County in constructing the facilities needed to serve such new customer. The amount of the Connection Fee per connection or dwelling unit paid by the new customer will be the one that is in effect at the time of connection to the Water and Sewer System unless a different rate is provided for in the SDA. Connection Fees are as follows:

Single-Family	Water	Wastewater	Combined	Reclaimed Water
5/8" or 3/4" meter	\$1,500	\$2,500	\$4,000	N/A
1" meter	4,350	7,250	11,600	N/A
1 1/2" meter	6,750	11,250	18,000	N/A
2" meter	4,700	24,500	39,200	N/A
Multi-Family				
Per dwelling unit	\$1,050	\$1,750	\$2,800	N/A
Limited Service	600	1,000	1,600	N/A
Non-Residential				
5/8" or 3/4" meter	\$2,250	\$3,750	\$6,000	N/A
1" meter	8,700	14,500	23,200	N/A
1 1/2" meter	15,000	25,000	40,000	N/A
2" meter	24,375	40,625	65,000	N/A
3" meter	65,550	109,250	174,800	N/A
4" meter	100,200	167,000	267,200	N/A
6" meter		Based on Usage		N/A
8" meter		Based on Usage		N/A
10" meter		Based on Usage		N/A
Fire Lines				
Single Family or Duplex			N/A	
Multi-Family Residential (2"-3" backflow assembly)				
Non-Residential (4" or smaller backflow assembly)			23,160	
Non-Residential (6" backflow assembly)			57,000	
Non-Residential (over 6" backflow assembly)			90,700	

Judicial rulings in the State of Florida have determined that Connection Fees may be imposed and expended only to cover the expansion of a utility system that is necessary to service new customers. As a result, the County is of the opinion that Connection Fees can be used to pay debt service only to the extent that such payments reflect costs that have been incurred to expand the Water and Sewer System to service new customers.

The County's rate and financial consultants have performed a study which determined the percentage of the proceeds of prior outstanding Bond issues that are attributable to the expansion of the Water and Sewer System facilities (the "Expansion Percentage"), which is the amount that is available for

debt service. See "HISTORICAL FINANCIAL OPERATIONS" and "PROJECTED FINANCIAL OPERATIONS" and "FLOW OF FUNDS -- Connection Fees" herein. The following table shows the amount of Connection Fees received in each of the past five Fiscal Years and the amount that was available for the payment of debt service on the Bonds, calculated by applying the then-applicable Expansion Percentage to the Annual Debt Service due in each such Fiscal Year.

Set forth below is a table showing Connection Fees received over the last five Fiscal Years:

Connection Fee Receipts

Fiscal Year Ending 9/30	Total Connection Charges	Annual Debt Service	Expansion Percentage	Connection Fees Available for Debt Service
2014	\$7,902,936	\$16,568,941	63%	\$7,902,936
2015	8,271,112	16,630,630	69	8,271,112
2016	10,530,256	16,647,225	69	10,530,256
2017	8,970,138	17,535,862	69	8,970,138
2018	9,132,437	13,529,536	69	9,132,437

Source: Palm Beach County Water and Sewer Department.

Projected Rate Increases

In developing the Capital Improvement Program and the table of "PROJECTED FINANCIAL OPERATIONS" contained herein, the Department has included projected [__]% rate increases in monthly service charges and Guaranteed Revenue fees effective each year on October 1. The actual increases currently programmed into the County's rate structure will be based on three-fourths of the Consumer Price Index, Water and Sewerage Maintenance, measured from July to July.

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Top Ten Customers

The following table shows the top ten customers of the System for Fiscal Year 2018.

Palm Beach County Water Utilities

Top 10 Customers 2018

Customer	Operating Revenues (in thousands)	%	Customer Type
1 Florida Power & Light Company	\$4,463	2.26%	Bulk
2 School District of PBC	2,408	1.22	Retail
3 Century Village West Condominiums	2,144	1.09	Retail
4 GEO Group, Inc.	1,208	0.61	[Retail]
5 Palm Beach County Sheriff's Office	676	0.34	Retail
6 MHC Lake Worth Village	643	0.33	Retail
7 Casa Del Monte LLC	527	0.27	Retail
8 Fountains Condo	527	0.27	Retail
9 Golden Lakes Village Condos	486	0.25	Retail
10 Palm Beach County Parks and Recreation Department	474	0.24	Retail
Total	\$13,556	6.88%	

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COMPARISON OF UTILITY RATES

Utility	Rate Per 5,000 Gallons/Water & Sewer
Town of Palm Beach	74.76
West Palm Beach	74.76
Palm Springs	72.74
GUA	71.74
Lake Worth	71.05
Boca Raton	69.99
Lantana	66.00
Riviera Beach	62.82
Atlantis	61.98
Seacoast	60.85
Wellington	58.81
Delray Beach	56.97
Royal Palm Beach	52.24
Palm Beach County	52.24
Jupiter/Loxahatchee	51.51
Boynton Beach	50.05

(1) Customer's monthly bill includes all fees charged monthly with commodity fee based on usage of 5,000 gallons.

(2) Glades Utility Authority (GUA): on May 1, 2013 the Department absorbed the GUA which comprised the Cities of Belle Glade, Pahokee and South Bay.

Source: Comprehensive Annual Financial Report of the Department for Fiscal Years Ended September 30, 2018 and 2017.

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HISTORICAL FINANCIAL OPERATIONS

The table that follows shows actual operating data of the Water and Sewer System for Fiscal Years ended September 30, 2014 through 2018.

	2014	2015	2016	2017	2018
Operating Revenue:					
Charges for services	\$164,000,761	\$170,471,157	\$180,795,577	\$187,624,148	\$191,700,391
Other operating revenue	<u>5,939,291</u>	<u>6,332,292</u>	<u>5,418,415</u>	<u>5,416,013</u>	<u>5,507,896</u>
Total operating revenue	\$169,940,052	\$176,803,449	\$186,213,992	\$193,040,161	\$197,208,287
Total operating expenses excluding depreciation and equity interest in net loss of joint venture	\$111,815,585	\$116,443,238	\$123,317,976	\$131,729,580	\$127,029,860
Net operating income	\$58,124,467	\$60,360,211	\$62,896,016	\$61,310,581	\$70,178,427
Non-operating ⁽³⁾	\$11,053,141	\$14,514,826	\$11,936,492	\$10,893,021	\$11,664,831
Net revenues	\$69,177,608	\$74,875,037	\$74,832,508	\$72,203,602	\$81,843,258
Connection fees available for debt service⁽¹⁾	<u>7,902,936</u>	<u>8,271,112</u>	<u>10,530,256</u>	<u>8,970,138</u>	<u>9,132,437</u>
Net Revenues and Connection Fees	\$77,080,544	\$83,146,149	\$85,362,764	\$81,173,740	\$90,975,695
Debt Service	\$16,568,941	\$16,630,630	\$16,647,225	\$17,535,862	\$13,529,536
Coverage by Net Revenues and Connection Fees available for debt service	4.65	5.00	5.13	4.16	6.72
Coverage by Net Revenues, excluding Connection Fees	4.18	4.50	4.50	4.10	6.05

⁽¹⁾ FPL has pledged to make capital payments sufficient to pay annual principal and interest on the Series 2009 Bonds under the terms of the agreement between the County and FPL dated May 20, 2008, which are included herein.

Source: Palm Beach County [Finance Department]

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PROJECTED FINANCIAL OPERATIONS

The table that follows shows projected operating data of the Water and Sewer System to Fiscal Years ending September 30, 2019 through 2023.

	2019	2020	2021	2022	2023
Operating Revenue:					
Water - Base Facility	\$47,229,796	\$48,410,541	\$49,620,805	\$50,861,325	\$52,132,858
Water - Commodity	47,833,906	49,029,753	50,255,497	51,511,885	52,799,682
Water – Contractual	1,600,102	1,640,104	1,681,107	1,723,135	1,766,213
Wastewater – Base Facility	51,796,863	53,091,785	54,419,079	55,779,556	57,174,045
Wastewater - Commodity	35,907,211	36,804,891	37,725,013	38,668,138	39,634,842
Wastewater – Contractual	1,021,208	1,046,738	1,072,906	1,099,729	1,127,222
Reclaimed Water - Retail	2,228,376	2,284,085	2,341,187	2,399,717	2,459,710
Reclaimed Water – Bulk	8,522,670	8,735,737	8,954,130	9,177,983	9,407,433
Customer Account Charge	982,334	1,006,893	1,032,065	1,057,867	1,084,313
Other Operating Revenue	5,690,185	5,832,440	5,978,251	6,127,707	6,280,900
Total Operating Revenue	202,812,650	207,882,966	213,080,040	218,407,041	223,867,217
Operating Expenses by Function:					
Depreciation & Amortization	48,196,665	48,678,631	49,165,418	49,657,072	50,153,643
Water Treatment	39,723,279	40,914,977	42,142,426	43,406,699	43,840,766
Water Distribution	14,124,823	14,548,567	14,985,024	15,434,575	15,588,921
Wastewater Treatment	17,902,688	18,439,768	18,992,961	19,562,750	19,758,378
Wastewater Collection	19,739,105	20,331,279	20,941,217	21,569,453	21,785,148
Purchased Water & Wastewater Treatment	9,610,693	9,899,014	10,195,984	10,501,864	10,606,882
Customer Accounts	11,412,101	11,754,464	12,107,098	12,470,311	12,595,014
Administrative & General	29,053,807	29,925,422	30,823,184	31,747,880	32,065,359
Total Operating Expenses	189,763,161	194,492,122	199,353,313	204,350,604	206,394,110
Operating Income (Loss)	13,049,489	13,390,844	13,726,727	14,056,437	17,473,107
Non-Operating Revenues (Expenses):					
Guaranteed Revenue	5,355,168	5,515,823	5,681,297	5,851,736	6,027,288
Interest Income	5,018,057	5,168,599	5,323,657	5,483,366	5,647,867
Interest Expense (Net of Cap Interest)	(5,772,357)	(5,945,528)	(6,123,893)	(6,307,610)	(6,496,839)
Engineering Fees	1,141,528	1,175,774	1,211,047	1,247,379	1,284,800
Engineering Expenses	(475,283)	(489,542)	(504,228)	(519,355)	(534,935)
Other	501,806	516,860	532,366	548,337	564,787
Total Non-Operating Income	5,768,919	5,941,986	6,120,246	6,303,853	6,492,969
Net Revenues Available for Debt Service	18,818,408	19,332,830	19,846,973	20,360,290	23,966,076
Connection Fees Available for Debt Service					
Net Revenues and Connection Fees					
Long-Term Debt Service Coverage:					
Including Available Connection Fees					
Excluding Available Connection Fees					

Source: Palm Beach County [Finance Department]

INVESTMENT CONSIDERATIONS

The purchase of the Series 2019 Bonds involves a degree of risk, as is the case with all investments. Factors that could affect the County's ability to perform its obligations under the Bond Resolution, including the timely payment of principal of and interest on the Series 2019 Bonds, include, but are not limited to, the following:

1. There is no assurance that permits for operation of major components of the System will be renewed or can be renewed. To renew permits improvements to the System may have to be made requiring expenditures from the Renewal and Replacement Fund or the issuance of Additional Pari Passu Bonds or Subordinate Bonds. Further, there is no assurance that the requirements for renewal of the permits will remain the same prior to the time that renewal is mandatory; a change in requirements could require additional expenditures for improvements or difficulty in otherwise meeting the new requirements.

2. The future financial condition of the System could be adversely affected by, among other things, legislation, environmental and other regulatory actions, changes in demand for services, demographic changes and litigation. Some of the possible changes in the future may include, but not be limited to, the following:

- (a) The System's wastewater treatment and potable water production facilities are subject to regulation and control by numerous federal, state and local governmental agencies. Such regulations could potentially increase operating expenses. The County cannot predict future policies such agencies may adopt. Future changes could result in the County having to discontinue operations at certain facilities or to make significant capital expenditures and could generate substantial litigation;
- (b) The County's capital improvement construction costs projections are based in part on preliminary design estimates for work for which construction bids have not yet been received. Unforeseen events could result in increases in construction costs and delays in completion of construction. Increased costs could have an adverse effect on the County's ability to complete construction within the projected costs, and delays in completion could adversely affect the County's ability to generate sufficient Net Revenues to meet its obligations under the Bond Resolution; and
- (c) The possible Investment Earnings and accumulation of certain fund balances that have been estimated are based on assumed earnings rates. While these assumptions are believed to be reasonable, there is no assurance that such rates will be available in the future nor is there any assurance that the potential accumulations shown will actually be realized.

3. The County, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the County will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant.

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

Prospective purchasers of the Series 2019 Bonds should review carefully the provisions of the Bond Resolution, which is included as APPENDIX A, to this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

At the time of the delivery of the Series 2019 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 _____ relating to the sufficiency of the anticipated cash and maturing principal amounts and interest on the Defeasance Obligations to pay, when due, the principal, whether at maturity or upon prior redemption, interest and call premium requirements, if any, of the Refunded Bonds.

LITIGATION

[There is no litigation of any nature now pending or, to the best of the County's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Series 2019 Bonds or in any way contests the validity of the Series 2019 Bonds or any proceedings of the County taken with respect to the authorization, sale, or issuance of the Series 2019 Bonds, or the pledge or application of any moneys provided for the payment of or security for the Series 2019 Bonds.]

The County is involved in various lawsuits arising in the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of management of the County, based upon consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the County.]

TAX MATTERS

In the opinion of Locke Lord LLP and the Law Offices of Carol D. Ellis, P.A., Co-Bond Counsel ("Co-Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to the status of interest on any such Series 2019 Bond for any period that such Series 2019 Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2019 Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Co-Bond Counsel is of the further opinion that interest on the Series 2019 Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Co-Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2019 Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2019 Bonds. Failure to comply with these requirements may result in interest on the Series 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019 Bonds. The County has covenanted to comply with such requirements to ensure that interest on the Series 2019 Bonds will not be included in federal gross income. The opinion of Co-Bond Counsel assumes compliance with these covenants.

Co-Bond Counsel is also of the opinion that the Series 2019 Bonds and the interest thereon are exempt from taxation under the existing laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein. Co-Bond Counsel has not opined as to the taxability of the Series 2019 Bonds or the income therefrom under the laws of any state other than Florida. A complete copy of the proposed form of opinion of Co-Co-Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Series 2019 Bonds is less than the amount to be paid at maturity of such Series 2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2019 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2019 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2019 Bonds is the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Series 2019 Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Series 2019 Bonds accrues daily over the term to maturity of such Series 2019 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2019 Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Series 2019 Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2019 Bonds in the original offering to the public at the reasonably expected initial offering price to the public, or, if applicable, the first price at which a substantial amount of such Series 2019 Bonds is sold to the public.

Series 2019 Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series 2019 Bonds, or, in some cases, at the earlier redemption date of such Series 2019 Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2019 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Co-Bond Counsel has not undertaken

to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2019 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019 Bonds.

Risk of Further Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Florida legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2019 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2019 Bonds will not have an adverse effect on the tax status of interest on the Series 2019 Bonds or the market value or marketability of the Series 2019 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2019 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2019 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2019 Bonds may be affected and the ability of Bondholders to sell their Series 2019 Bonds in the secondary market may be reduced. The Series 2019 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2019 Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series 2019 Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Co-Bond Counsel is of the opinion that interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2019 Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Co-Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

UNDERWRITING

The Series 2019 Bonds are being purchased by _____, as successful bidder for the Series 2019 Bonds pursuant to the Official Notice of Sale relating to the Series 2019 Bonds (the "Underwriter").

The Underwriter has submitted a winning bid to purchase the Series 2019 Bonds at an aggregate purchase price of \$_____ (representing the original principal amount of the Series 2019 Bonds of \$_____, [plus/less] original issue [premium/discount] of \$_____, and less an Underwriter's discount of \$_____).

The Underwriter will purchase all of the Series 2019 Bonds, if any are purchased. The yields set forth on the inside cover of this Official Statement, which reflect the initial public offering prices of the Series 2019 Bonds, were provided by the Underwriter and may be changed by the Underwriter, and the Underwriter, may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing the

Series 2019 Bonds into investments trusts) and others at prices to produce yields higher than the yields set forth on the inside cover of this Official Statement.

In the ordinary course of their various business activities, the Underwriter and its 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 County.

LEGALITY

Certain legal matters incident to the authorization, issuance and sale of the Series 2019 Bonds by the County are subject to the approving opinion of Locke Lord LLP and the Law Offices of Carol D. Ellis, P.A. Co-Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2019 Bonds. The County is represented by the Office of the County Attorney. Bryant Miller Olive P.A. represents the County as Disclosure Counsel in connection with the Series 2019 Bonds.

The proposed text of the legal opinion of Co-Bond Counsel is set forth as "APPENDIX D - FORM OF BOND COUNSEL OPINION". The actual legal opinion to be delivered may vary from the text of APPENDIX D if necessary, to reflect facts and law on the date of delivery of the Series 2019 Bonds. The opinion will speak only as of its date and subsequent distribution of it by recirculation of this Official Statement or otherwise shall not create any implication that subsequent to the date of the opinion Co-Bond Counsel have affirmed their opinion concerning any of the matters referenced in this Official Statement.

The legal opinion of Co-Bond Counsel is based on existing law, which is subject to change. Such legal opinion is further based on factual representations made to Co-Bond Counsel as of the date thereof. Co-Bond Counsel assume no duty to update or supplement their opinion to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

Co-Bond Counsel will deliver a supplemental opinion on the date of issuance of the Series 2019 Bonds to the effect that certain of the statements contained herein constitute fair and accurate summaries of the provisions of the Resolution and the Series 2019 Bonds purported to be summarized. In addition, Co-Bond Counsel will opine that the statements under the heading "TAX MATTERS" are fair and accurate statements of the matters set forth therein. Except to the extent described in the preceding sentences and as specifically provided in such supplemental opinion, Co-Bond Counsel have not undertaken independently to verify and therefore expresses no opinion as to the information or statements contained in this Official Statement or any financial or statistical information, exhibits, schedules, or attachments hereto.

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

The fees of Co-Bond Counsel and Disclosure Counsel are contingent upon the issuance of the Series 2019 Bonds.

CONTINGENT FEES

The County has retained Co-Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2019 Bonds. Payment of the fees of Co-Bond Counsel, Disclosure Counsel, the Financial Advisor and an underwriting discount to the Underwriter are each contingent upon the issuance of the Series 2019 Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "____" (____ outlook), "____" (____ outlook) and "____" (____ outlook), respectively, to the Series 2019 Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from Moody's, S&P and Fitch. There is no assurance that the ratings will be in effect for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by Moody's, S&P or Fitch if in their judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the ratings given the Bonds may have an adverse effect on the liquidity or market price of the Bonds. An explanation of the significance of the respective ratings can be received from Moody's at the following address, 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, from S&P, at the following address: 55 Water Street, New York, New York 10041 and from Fitch, at the following address: 33 Whitehall Street, New York, New York 10004.

FINANCIAL ADVISOR

The Financial Advisor has advised the County in matters relating to planning, structuring and issuance of the Series 2019 Bonds. PFM Financial Advisors LLC. Is an independent advisory firms and is not engaged in the business of underwriting, trading and distributing municipal or other public securities. Certain of the fees of the Financial Advisor are contingent upon the issuance of the Series 2019 Bonds.

GENERAL PURPOSE FINANCIAL STATEMENTS

The Audited Financial Statements of the Department for the Fiscal Years Ended September 30, 2018 and report thereon of a firm of independent certified public accountants engaged by the County is attached hereto as APPENDIX C. The consent of the Department's auditor to include in this Official Statement the aforementioned report was not requested, and the audited financial statements are included as a public record and are presented for general information purposes only. The auditor was not requested nor did they perform any procedures with respect to the preparation of this Official Statement or the information presented herein.

The Series 2019 Bonds are payable solely from the Net Revenues to the extent and in the manner set forth in the Resolution and the Series 2019 Bonds are not otherwise secured by, or payable from, the general revenues of the County. The Report included in "APPENDIX C – COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DEPARTMENT FOR FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017" hereto is presented for general information purposes only.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAWS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the County 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 Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC 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 County, and certain additional financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The County has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The County does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2019 Bonds because the County would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the County would have been pledged or used to pay such securities or the interest thereon.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the Series 2019 Bondholders to provide certain financial information and operating data relating to the County and the Series 2019 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The County has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC (the "Rule"). Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The County has agreed to file notices of certain enumerated events, when and if they occur, with the Repository.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - CONTINUING DISCLOSURE UNDERTAKING" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2019 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. **[The County has not failed to comply in any material respects with its continuing disclosure undertakings in the last five years.]** In February 2013, the County engaged Digital Assurance Certification LLC to serve as its dissemination agent with respect to all of the County's outstanding bonds and to enhance its future compliance with undertakings made pursuant to the Rule.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the County 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 2019 Bonds, the security for the payment of the Series 2019 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and is believed to be correct as of the date of the Official Statement, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2019 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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AUTHORIZATION OF OFFICIAL STATEMENT

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

PALM BEACH COUNTY, FLORIDA

By: _____
Mayor, Board of County Commissioners

By: _____
County Administrator

APPENDIX A
BOND RESOLUTION

APPENDIX B

SUPPLEMENTAL INFORMATION CONCERNING THE COUNTY

APPENDIX C

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE DEPARTMENT FOR FISCAL YEARS
ENDED SEPTEMBER 30, 2018 AND 2017**

APPENDIX D

FORM OF BOND COUNSEL OPINION

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

APPENDIX F

CONSULTING ENGINEER'S BIENNIAL REPORT

\$50,000,000*
PALM BEACH COUNTY, FLORIDA
Water and Sewer Revenue Refunding Bonds, Series 2019
(FPL Reclaimed Water Project)

OFFICIAL NOTICE OF SALE

Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Project) (the "Series 2019 Bonds"), are being offered for sale in accordance with this Official Notice of Sale. Bids for the purchase of the Series 2019 Bonds will be received on behalf of Palm Beach County, Florida, electronically via i-Deal LLC's Parity/BiDCOMP Competitive Bidding System ("Parity[®]") on November 6, 2019, until 10:30 A.M., Eastern Time.

October 30, 2019

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

\$50,000,000*
PALM BEACH COUNTY, FLORIDA
WATER AND SEWER REVENUE REFUNDING BONDS,
SERIES 2019
(FPL RECLAIMED WATER PROJECT)

Notice is given that all-or-none bids will be received by Palm Beach County, Florida (the "County"), for the purchase of \$50,000,000* Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) (the "Series 2019 Bonds"). All bids must be submitted electronically via Parity® by 10:30 A.M., Eastern Time on November 6, 2019. To bid on the Series 2019 Bonds, bidders must be a contracted customer of the BiDCOMP Competitive Bidding System (the "System"). Prospective bidders that do not have a contract with the System should call (212) 849-5021 to become a customer and to obtain a list of the bidding rules and procedures. For further information about Parity®, potential bidders may contact I-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, or telephone (212) 849-5021. The use of Parity® shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto. Only bids submitted through Parity® will be considered. To the extent any instructions or directions set forth on Parity® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control.

THE BIDDING PROCESS, CURRENTLY SCHEDULED FOR NOVEMBER 6, 2019, AT 10:30 A.M., EASTERN TIME, MAY BE CANCELLED OR POSTPONED OR THE PRINCIPAL AMOUNT AND AMORTIZATION OF THE SERIES 2019 BONDS MAY BE CHANGED OR ANY OTHER PROVISION OF THIS OFFICIAL NOTICE OF SALE MAY BE AMENDED BY THE COUNTY UPON NO LESS THAN TWENTY-FOUR (24) HOURS PRIOR NOTICE COMMUNICATED THROUGH THOMSON MUNICIPAL MARKET MONITOR. IF SUCH A POSTPONEMENT, CHANGE OR AMENDMENT OCCURS, BIDS WILL BE RECEIVED IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE, AS MODIFIED BY SUCH NOTICE.

BOND DETAILS

The Series 2019 Bonds will be issued initially as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2019 Bonds. Individual purchases of beneficial interests in the Series 2019 Bonds may be made only in book-entry-only form in denominations of \$5,000 or integral multiples of \$5,000. Purchasers of beneficial interests in the Series 2019 Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates. As long as Cede & Co. is the registered owner of the Series 2019 Bonds, payments of principal and interest with respect to the Series

* Preliminary, subject to change.

2019 Bonds will be made to such registered owner who will in turn remit such principal and interest payments to DTC participants for subsequent disbursement to the Beneficial Owners.

The Series 2019 Bonds will be dated the date of their original issuance and delivery and bear interest from such date, payable commencing on April 1, 2020, and on each April 1 and October 1 thereafter until maturity or prior redemption, at the rate or rates specified in the proposal of the successful bidder. The schedule of maturities and principal amounts to be paid are as follows:

INITIAL MATURITY SCHEDULE
SERIES 2019 BONDS

<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturity*</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>
	\$		\$

*NOTE: The County reserves the right to modify the initial maturity schedules shown above (the "Initial Maturity Schedule"). See "BOND DETAILS - Adjustment of Principal Amounts" and "TERMS OF BID AND BASIS OF AWARD" below.

Term Bond Option - Bidders may designate the principal amounts of the Series 2019 Bonds set forth in the Initial Maturity Schedule for any two (2) or more consecutive years as a single term maturity which will mature in the latest of the years designated, and will have a stated maturity amount equal to the sum of the annual principal amounts designated as a part of such term maturity. Bidders may designate no more than four (4) term maturities in such manner for the Series 2019 Bonds, and only one term maturity for such series may be subject to mandatory sinking fund redemption in any year. Upon such designation, the Series 2019 Bonds of such term maturity shall be subject to mandatory sinking fund redemption in part by lot on October 1, in the principal amounts which would otherwise have matured in such designated years, at the price of par plus accrued interest to the redemption date, without premium.

Adjustment of Principal Amounts - The Initial Maturity Schedule for the Series 2019 Bonds represents an estimate of the principal amounts and maturities of Series 2019 Bonds which will be sold. The County reserves the right to change the Initial Maturity Schedule by announcing any such change not later than twenty-four (24) hours prior to the date and time established for receipt of bids, through Thomson Municipal Market Monitor. If such a change is announced, then the changes, when incorporated

into the Initial Maturity Schedule, shall become part of a revised maturity schedule (the "Revised Maturity Schedule"). The Revised Maturity Schedule shall be deemed the principal amounts and maturities for the bid submitted via Parity®. If no such change is announced, then the Initial Maturity Schedule will be deemed the principal amounts and maturities for the bid submitted via Parity®.

In addition, if after the final computation of the bids the County determines, in its sole discretion and without the consent of the successful bidder, that the principal amount of any of the maturities in the Initial Maturity Schedule or the Revised Maturity Schedule needs to be adjusted, the County reserves the right: (i) either to increase or decrease the aggregate principal amount by no more than fifteen percent (15%) of the aggregate principal amount stated in the Initial Maturity Schedule or the Revised Maturity Schedule at the time of the Bid of the Series 2019 Bonds, and (ii) either to increase or decrease the principal amount by no more than fifteen percent (15%) within a given maturity of the Series 2019 Bonds (to be rounded to the nearest \$5,000). In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the Series 2019 Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same initial reoffering yield as specified in the proposal of the successful bidder. With the consent of the successful bidder, the aggregate principal amount of the Series 2019 Bonds may be increased to an amount exceeding fifteen percent (15%) of the aggregate principal amount stated in the Initial Maturity Schedule or the Revised Maturity Schedule at the time of the Bid of the Series 2019 Bonds, with the aggregate principal amount not to exceed \$50,000,000.

Should any adjustment to the principal amount of the Series 2019 Bonds be made pursuant to the two paragraphs immediately preceding, the dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Series 2019 Bonds to the public and the price to be paid to the County, less any bond insurance premium to be paid by the successful bidder, by (ii) the principal amount of the Series 2019 Bonds) does not increase or decrease from what it would have been if no such adjustment was made to the principal amounts of the Series 2019 Bonds.

Optional Redemption Provisions - The Series 2019 Bonds maturing on or prior to October 1, 20__ are not subject to optional redemption. The Series 2019 Bonds maturing on or after October 1, 20__ are subject to redemption prior to maturity, at the option of the County, in whole or in part on any date on or after October 1, 20__, and if in part, in such order of maturities and in such amounts as the County shall select and by lot within a maturity, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, and without premium.

AUTHORIZATION

The Series 2019 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, Chapter 125, Florida Statutes, applicable portions of Chapter 153, Florida Statutes, not inconsistent therewith, the Charter of the County, and other

applicable provisions of law (collectively, the "Act"), and Resolution R-84-1206 adopted by the Board of County Commissioners (the "Board") on August 23, 1984, as amended and supplemented, particularly as supplemented by Resolution R-2019-_____ adopted by the Board on October 22, 2019 (hereinafter referred to collectively as the "Resolution").

PURPOSE

The Series 2019 Bonds are being issued: (1) to currently refund the County's outstanding Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project), (2) to make a deposit, if necessary, to the Debt Service Reserve Account and (3) to pay costs of issuance.

SECURITY FOR SERIES 2019 BONDS

The Resolution provides that the payment of the principal of and interest on the Series 2019 Bonds will be secured by a first lien on and pledge of the Net Revenues and Connection Fees. The lien of the Series 2019 Bonds on Net Revenues and Connection Fees will be on a parity with the lien thereon of the outstanding Water and Sewer Revenue Bonds and any additional Water and Sewer Revenue Bonds hereafter issued pursuant to the Resolution.

"Net Revenues" are defined in the Resolution to mean the Gross Revenues remaining after deduction of Operating Expenses.

"Revenues" or "Gross Revenues" as defined in the Resolution means all rates, fees, charges, or other income, received by the County or accrued to the County or any agency thereof in control of the management and operation of the Water and Sewer System, and all parts thereof from the operation of the Water and Sewer System, including without limitation all payments received by the County from FPL (or its successors and assigns) pursuant to the FPL Reclaimed Water Agreement during the term of the FPL Reclaimed Water Agreement, provided that notwithstanding the termination of the FPL Reclaimed Water Agreement, the payments described in the FPL Reclaimed Water Agreement shall continue to constitute Revenues for the period the Bonds (or other water and sewer revenue bonds issued to refund the Bonds) remain outstanding pursuant to the provisions of the Resolution, and shall also include the earnings and investment income derived from the investment of moneys on deposit in the various funds and accounts created and established by the resolution, which by the terms and provisions of the Resolution are required to be deposited in the Revenue Fund and the Interest Account, provided, however, that Revenues shall not include (1) charges imposed on any person connecting to the Facilities of the Water and Sewer System for the purpose of reimbursement by the County to other persons for the cost of the extension of water mains pursuant to agreements between the County and such other persons, (2) that portion of the Capacity Reservation Charges not representing the Earned Portion of such Capacity Reservation Charges, (3) Connection Fees, (4) special assessments, (5) extraordinary items arising from the early extinguishment of debt, (6) reimbursements to FPL pursuant to the FPL Reclaimed Water Agreement, (7) payments

made by FPL to the Village of Royal Palm Beach pursuant to the FPL Reclaimed Water Agreement, (8) fifty percent (50%) of the Coverage Fund (as such term is defined in the FPL Reclaimed Water Agreement), as such amount may be adjusted by any extraordinary maintenance during the previous year, and (9) any miscellaneous fees and charges collected by the County on behalf of other units of local government.

"Connection Fees" are defined in the Resolution as "Connection Charges" to mean the charges imposed on new users connecting to the Water and Sewer System, which charges represent a pro rata share of the costs which are attributable to the increased demand such additional connections create upon the Water and Sewer System. Connection Fees, however, shall not include the installation charges imposed by the County for the cost of physically connecting into the Water and Sewer System (including, but not limited to, the cost of excavating, plumbing, installation of meters and landscaping). Under the Resolution, Connection Fees are required to be deposited into the Connection Charge Fund and are available to, among other things, make up any deficiency in the Interest Account, the Principal Account, the Bond Redemption Account or the Debt Service Reserve Account, to pay the principal of and/or interest on any subordinate indebtedness, and to pay the cost of constructing extensions to the Water and Sewer System or for the purpose of purchasing or redeeming Bonds or for any other lawful purpose.

For the purposes of the Resolution (including, but not limited to, all covenants concerning rates and pari passu additional Bonds), the County covenants that it will use, apply and take into account Connection Fees only to the extent and in a manner that is then legally permissible.

Connection Fees may be imposed and expended only to cover the costs of expansion of a utility system that is necessary to service new customers. As a result, Connection Fees may lawfully be used to pay debt service only to the extent that such payments reflect costs incurred to expand the Water and Sewer System to service new customers.

THE SERIES 2019 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR OTHER LIMITATION OF INDEBTEDNESS, IT BEING EXPRESSLY AGREED BY THE HOLDERS OF THE SERIES 2019 BONDS THAT SUCH HOLDERS SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COUNTY OR TAXATION IN ANY FORM ON ANY REAL PROPERTY THEREIN FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2019 BONDS OR THE PAYMENT OF ANY OTHER PAYMENTS PROVIDED FOR IN THE RESOLUTION.

For further information, see "SECURITY FOR THE SERIES 2019 BONDS" in the Preliminary Official Statement.

RATINGS

Moody's Investors Service, Inc., and Standard & Poor's Ratings Services and Fitch Ratings have assigned municipal bond ratings to the Series 2019 Bonds of "____" (____ outlook), "____" (____ outlook), and "____" (____ outlook), respectively. The rating reports of such rating agencies will be made available upon request to the Office of the Debt Manager for the County, Palm Beach County Governmental Center, 301 North Olive Avenue, 7th Floor, West Palm Beach, Florida 33401, (561) 355-2733 or to the County's Financial Advisor, PFM Financial Advisors LLC, 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, (407) 406-5751, Attention: David Moore, Managing Director, (the "Financial Advisor").

Such ratings reflect the views of the respective rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect upon the market price of the Series 2019 Bonds.

CONTINUING DISCLOSURE

In the Resolution, the County has committed to provide certain annual information and notices of material events, as required by Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission ("SEC") and as described in the Preliminary Official Statement under the caption "CONTINUING DISCLOSURE."

The obligation of the successful bidder to purchase the Series 2019 Bonds shall be conditioned upon it receiving, at or prior to the delivery of the Series 2019 Bonds a copy of the Resolution setting forth the continuing disclosure undertaking described above, which shall constitute a written agreement for the benefit of the registered owners and Beneficial Owners of the Series 2019 Bonds, as required by the Rule.

PURCHASER'S CERTIFICATION REGARDING INITIAL OFFERING PRICE

At the time the County delivers the Series 2019 Bonds, the successful bidder shall furnish to the County a certificate acceptable to Bond Counsel verifying information as to the bona fide initial offering price to the public and sale of each maturity of the Series 2019 Bonds. Such certificate shall be substantially in the form of Exhibit A to this Official Notice of Sale.

LEGAL OPINIONS

The opinion of Bond Counsel will approve the legality of the Series 2019 Bonds and state other matters relating to the treatment of interest on the Series 2019 Bonds for federal income tax purposes. For a further discussion of certain federal income tax matters relating to the Series 2019 Bonds, see the information under the caption “TAX MATTERS” in the Preliminary Official Statement. Bond Counsel will furnish to the successful bidder, without charge, a reliance letter with respect to its opinion to be delivered to the County, together with the closing documents customarily delivered by the County for the issuance of bonds. Bond Counsel will furnish to the successful bidder, without charge, a reliance letter with respect to its opinion to be delivered to the County, together with the closing documents customarily delivered by the County for the issuance of bonds.

Bryant Miller Olive, Disclosure Counsel to the County (“Disclosure Counsel”), have advised the County on certain matters relating to disclosure for the issuance of the Series 2019 Bonds and in connection with the preparation of the Preliminary Official Statement and the Official Statement. Disclosure Counsel will furnish to the successful bidder, without charge, a reliance letter with respect to its opinion to be delivered to the County.

The proposed text of the legal opinion of Bond Counsel is set forth in Appendix D to the Preliminary Official Statement. The actual legal opinion to be delivered may vary from the text of Appendix D, if necessary, to reflect facts and law on the date of delivery of the Series 2019 Bonds. The opinion will speak only as of its date and Bond Counsel will assume any duty to update or supplement its opinion to reflect any change in facts or circumstances, including changes in law that may thereafter occur or become effective.

GOOD FAITH DEPOSIT

The successful bidder is required to provide by wire transfer to the County prior to the award of the Series 2019 Bonds a good faith deposit in the amount of \$1,000,000, representing approximately two percent (2%) of the principal amount of the Series 2019 Bonds (the “Good Faith Deposit”). Please see “BIDDING DETAILS” and “TERMS AND BASIS OF AWARD” for further details.

The proceeds of the Good Faith Deposit of the successful bidder shall be held as security for the performance of the successful bidder’s obligation to comply with the terms of its bid. At the time of the delivery of and payment for the Series 2019 Bonds, the amount of the Good Faith Deposit shall be credited against the purchase price due from the successful bidder for the Series 2019 Bonds. In the event the successful bidder should fail to comply with the terms of its bid, the proceeds of the Good Faith Deposit shall be retained by the County. The retention of such proceeds by the County will constitute full liquidated damages and the successful bidder shall have no further liability. If the Series 2019 Bonds are not issued for any reason other than the

successful bidder failing to comply with its bid, the County shall promptly deliver the proceeds of the Good Faith Deposit to the successful bidder, in immediately available funds, and the County shall have no further liability to the successful bidder. No interest shall be paid or credited to the successful bidder on the proceeds of the Good Faith Deposit.

BIDDING DETAILS

All bids must be unconditional and submitted electronically via Parity®. **No telephone, facsimile, mail, courier delivery or personal delivery bids will be accepted.** To participate, bidders must be a contracted customer of the System. If the prospective bidder does not have a contract with the System, call (212) 849-5021 to become a customer and to obtain a list of the bidding rules and procedures. To the extent any instructions or directions set forth on Parity® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control.

After receipt of bids is closed and prior to the award, the apparent successful bidder indicated on Parity® must submit the Good Faith Deposit to the County by wire transfer. The award to the apparent successful bidder is contingent upon receipt of the Good Faith Deposit and the Series 2019 Bonds will not be awarded by or on behalf of the County to such bidder until the County has confirmed receipt of the Good Faith Deposit. Wiring instructions for the Good Faith Deposit are as follows:

Bank:	Wells Fargo Bank N.A.
R/T Number:	121000248
Acct Name:	Board of County Commissioners Palm Beach County Consolidated Account
Acct #:	2155001070034
REF:	

Each bidder will be solely responsible for making the necessary arrangements to access the System for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. I-Deal LLC will not have any duty or obligation to provide or assure such access to any bidder, and neither the County nor i-Deal LLC will be responsible for the proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the System. The County is authorizing the use of PARITY® as a communications mechanism to conduct the electronic bidding for the Series 2019 Bonds; the owners of such service are not agents of the County. The County is not bound by any advice and determination of i-Deal LLC to the effect that any particular bid complies with the terms of this Official Notice of Sale and in particular the specifications set forth in this Official Notice of Sale, including under "TERMS OF BID AND BASIS OF AWARD" below. All costs and expenses incurred by bidders in connection with their registration and submission of bids via Parity® are the sole responsibility of such bidders.

TERMS OF BID AND BASIS OF AWARD

Bids must be unconditional and for the purchase of all, but not less than all, of the Series 2019 Bonds. **THE PURCHASE PRICE FOR THE SERIES 2019 BONDS SHALL BE NO LESS THAN 99% OF THE PAR AMOUNT OF THE SERIES 2019 BONDS.**

The Series 2019 Bonds shall bear interest expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one per centum. All Series 2019 Bonds maturing on the same date shall bear the same rate of interest.

The Series 2019 Bonds will be awarded to the bidder offering to purchase the Series 2019 Bonds at the lowest annual interest cost computed on a TIC basis, but not exceeding 5.00%. The annual TIC will be determined by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Series 2019 Bonds from the payment dates to the date of the Series 2019 Bonds and to the price bid. For purposes of this Official Notice of Sale, sinking fund installments for any Term Bonds shall be considered as serial maturities. The TIC must be calculated to six (6) decimal places. If two or more bids provide the lowest TIC, the County shall determine by lot which bid shall be accepted, and such determination shall be final.

Award or rejection of bids will be made by the County prior to 4:00 p.m., West Palm Beach, Florida Time on the date of receipt of bids. **ALL BIDS SHALL REMAIN FIRM UNTIL 5:00 P.M., WEST PALM BEACH, FLORIDA TIME, ON THE DATE OF RECEIPT OF BIDS. Award is subject to the timely receipt of the Good Faith Deposit as mentioned above.**

EACH BIDDER MUST SPECIFY IN ITS BID THE INTEREST RATE FOR THE SERIES 2019 BONDS OF EACH MATURITY AND ALL SERIES 2019 BONDS MATURING ON THE SAME DATE MUST BEAR INTEREST AT THE SAME RATE. NO BIDS FOR LESS THAN ALL OF THE SERIES 2019 BONDS OFFERED WILL BE ENTERTAINED. THE COUNTY RESERVES THE RIGHT TO REJECT ALL BIDS OR ANY BID NOT CONFORMING TO THIS OFFICIAL NOTICE OF SALE. THE COUNTY ALSO RESERVES THE RIGHT TO WAIVE, IF PERMITTED BY LAW, ANY IRREGULARITY OR INFORMALITY IN ANY PROPOSAL. THE COUNTY SHALL NOT REJECT ANY CONFORMING BID UNLESS ALL CONFORMING BIDS ARE REJECTED. BY 2:00 P.M. EASTERN TIME, BIDDERS MUST SUBMIT A LIST OF SYNDICATE MEMBERS TO THE COUNTY DEBT MANAGER BY FACSIMILE AT (561) 656-7142.

COMPLIANCE WITH SEC AND MSRB RULES

The successful bidder agrees to take any and all other actions necessary to comply with applicable SEC and Municipal Securities Rulemaking Board (the "MSRB") rules governing the offering, sale and delivery of the Series 2019 Bonds, including, without limitation, the payment of any fees or charges required to be paid by the MSRB or the Securities Industry and Financial Markets Association in connection with the purchase or sale of the Series 2019 Bonds.

SMALL BUSINESS ENTERPRISE PARTICIPATION

It is the County's policy to foster participation by African-American firms, Hispanic firms, women-owned firms, and disadvantaged business enterprises (collectively, the "Small Business Enterprise Firms") in each of its bond issues. The County strongly encourages each bidder to support that policy by including Small Business Enterprise Firms in its syndicate. No bid, however, will be considered non-responsive on the basis of non-compliance with the County's request that the syndicate include Small Business Enterprise Firms. **To assist the County, each bidder shall identify any Small Business Enterprise Firms that are part of the syndicate.**

SETTLEMENT OF SERIES 2019 BONDS

It is expected that closing for the Series 2019 Bonds will occur in West Palm Beach, Florida on or about November 26, 2019 (the "Closing Date"), or such other date as shall be appropriate to ensure compliance with the Rule. On the Closing Date, the Series 2019 Bonds will be delivered to DTC, as securities depository, and registered in the name of Cede & Co., as nominee of DTC. The successful bidder shall timely obtain CUSIP identification numbers and pay CUSIP Service Bureau charges for assignment of the numbers. **The successful bidder shall advise the County within two (2) business days after notice of award of the CUSIP identification numbers for the Series 2019 Bonds.** The successful bidder shall also advise the underwriting department of DTC, not less than four (4) business days prior to the Closing Date, of the interest rates borne by the Series 2019 Bonds, the CUSIP identification numbers and the Closing Date. Any delay, error or omission with respect to the CUSIP numbers shall not constitute a cause for failure or refusal by the successful bidder to accept delivery of, and pay for, the Series 2019 Bonds in accordance with the terms of this Official Notice of Sale.

FULL PAYMENT OF THE PURCHASE PRICE (MINUS THE AMOUNT OF THE GOOD FAITH DEPOSIT) MUST BE MADE TO THE COUNTY BY 11:00 A.M. EASTERN TIME ON THE CLOSING DATE BY THE SUCCESSFUL BIDDER IN FEDERAL RESERVE FUNDS OR IMMEDIATELY AVAILABLE FUNDS, WITHOUT COST TO THE COUNTY.

BLUE SKY LAWS

The successful bidder will be responsible for the clearance or exemption with respect to the status of the Series 2019 Bonds for sale under the securities or “Blue Sky” laws of the several states and the preparation of any surveys or memoranda in connection with such sale. The County shall have no responsibility for such clearance, exemption or preparation.

CLOSING DOCUMENTS

In addition to the opinions of Bond Counsel and Disclosure Counsel referred to above, at the time of payment for and delivery of the Series 2019 Bonds, the County will furnish the successful bidder with the following documents, all to be dated as of the date of delivery:

1. ***No Litigation Opinion*** - An opinion of the Office of the County Attorney to the effect that, except as described in the Official Statement, there is no litigation pending or, to its knowledge, threatened which, if determined adversely, would materially adversely affect the validity of the Series 2019 Bonds.
2. ***General Certificate*** - A certificate or certificates of the appropriate officers of the County to the effect that (1) to the best of such officer’s knowledge and belief, and after reasonable investigation, (a) neither the Official Statement nor any amendment or supplement to it contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (b) since the date of the Official Statement, no materially adverse change has occurred in the financial position or results of operation of the County, except as set forth in or contemplated by the Official Statement; (2) the Series 2019 Bonds have been executed by the manual or facsimile signature of the appropriate County officials who were duly authorized to execute the same; and (3) on the basis of the facts, estimates and circumstances relied upon at the time of delivery of the Series 2019 Bonds, it is not expected that the proceeds of the Series 2019 Bonds will be used in a manner that will cause the Series 2019 Bonds to be arbitrage bonds.
3. ***Debt Manager's Receipt*** - The receipt of the Debt Manager showing that the purchase price of the Series 2019 Bonds has been received and deposited in the appropriate funds and accounts.

The successful bidder will also be required to execute certain closing documents required by Florida law or by Bond Counsel in connection with the delivery of the Series 2019 Bonds or the delivery of the opinions of Bond Counsel described in this Official Notice of Sale.

PRELIMINARY OFFICIAL STATEMENT; FINAL OFFICIAL STATEMENT

The County has authorized the distribution of the Preliminary Official Statement, which it deemed final (except for permitted omissions) for purposes of the Rule. The Preliminary Official Statement describes the Series 2019 Bonds and contains information with respect to the County. The Preliminary Official Statement may be obtained electronically from www.i-Dealprospectus.com or from the County and the County's financial advisor as provided under "ADDITIONAL INFORMATION" below.

This Official Notice of Sale is not intended to be a disclosure document. All bidders must review the Preliminary Official Statement and will be required to certify that they have done so prior to participating in the bidding. In the event of any conflict between the statements contained in the Preliminary Official Statement and in this Official Notice of Sale, the statements contained in the Preliminary Official Statement shall prevail.

Upon the sale of the Series 2019 Bonds, the County will deliver a final Official Statement substantially in the same form as the Preliminary Official Statement, subject to such amendments as are necessary, to the successful bidder within the earlier of seven (7) business days following the sale of the Series 2019 Bonds or to accompany the successful bidder's confirmation that requests payment for the Series 2019 Bonds. Up to five hundred (500) copies of the Official Statement (and any supplement to the Official Statement) will be made available to the successful bidder at the expense of the County. Additional copies may be obtained at the expense of the successful bidder.

MANDATORY STATE FILING

Section 218.38(1)(b)1, Florida Statutes, as amended, requires that the County file, within one hundred twenty (120) days after the delivery of the Series 2019 Bonds, an information statement with the Division of Bond Finance of the Board of Administration of the State of Florida (the "Division of Bond Finance") containing the following information: (a) the name and address of the managing underwriter, if any, connected with the bond issue; (b) the name and address of any attorney or financial consultant who advised the County with respect to the bond issue; (c) any fee, bonus, or gratuity paid by any underwriter or financial consultant, in connection with the bond issue, to any person not regularly employed or engaged by such underwriter or consultant; and (d) any other fee paid by the County with respect to the bond issue, including any fee paid to attorneys or financial consultants. The successful bidder shall provide to the County the information mentioned in (a) and (c) above when the Series 2019 Bonds are delivered. Such information provided pursuant to the cited Statute shall be maintained by the Division of Bond Finance and by the County as a public record.

TRUTH-IN-BONDING STATEMENT

Each bidder will be required to complete and sign the Truth-in-Bonding Statement set forth in Exhibit B to this Official Notice of Sale and submit such statement to the County's Debt Manager (which submission may be by facsimile transmission at

(561) 656-7142 on the date bids are due and prior to award of the Series 2019 Bonds by the County.

PUBLIC ENTITY CRIMES

Section 287.133, Florida Statutes, provides, among other things, that a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes, for CATEGORY TWO (currently \$25,000) for a period of thirty-six (36) months following the date of being placed on the convicted vendor list.

ADDITIONAL INFORMATION

The Preliminary Official Statement and this Official Notice of Sale may be obtained electronically from www.i-Dealprospectus.com. In addition, copies of the Preliminary Official Statement and this Official Notice of Sale will be furnished, in limited quantities, upon request to PFM Financial Advisors LLC, 300 South Orange Avenue, Suite 1170, Orlando, Florida 32801, (407) 406-5751, Attention: David Moore, Managing Director.

PALM BEACH COUNTY, FLORIDA

Mark Braun, CPA
Debt Manager

Dated: October 30, 2019

EXHIBIT A

ISSUE PRICE CERTIFICATE

\$50,000,000*

PALM BEACH COUNTY, FLORIDA

**Water and Sewer Revenue Refunding Bonds, Series 2019
(FPL Reclaimed Water Project)**

The undersigned, on behalf of [NAME OF UNDERWRITER] (the “[Successful Bidder][Representative]”), on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Series 2019 Bonds”).

Reasonably Expected Initial Offering Prices.

As of the Sale Date, the reasonably expected initial offering prices of the Series 2019 Bonds to the Public by the [Successful Bidder][Representative] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Series 2019 Bonds used by the [Successful Bidder][Representative] in formulating its bid to purchase the Series 2019 Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the [Successful Bidder][Representative] to purchase the Series 2019 Bonds.

The [Successful Bidder][Representative] was not given the opportunity to review other bids prior to submitting its bid.

The bid submitted by the [Successful Bidder][Representative] constituted a firm offer to purchase the Series 2019 Bonds.

Defined Terms.

Issuer means Palm Beach County, Florida.

Maturity means Series 2019 Bonds with the same credit and payment terms. Series 2019 Bonds with different maturity dates, or Series 2019 Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

* Preliminary, subject to change.

Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2019 Bonds. The Sale Date of the Series 2019 Bonds is November 6, 2019.

Underwriter means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2019 Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2019 Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2019 Bonds. The [Successful Bidder][Representative] hereby acknowledges receipt from the [Issuer] of the Series 2019 Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Series 2019 Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

Dated: _____, 20__

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

EXHIBIT B

TRUTH-IN-BONDING STATEMENT

In compliance with Section 218.385, Florida Statutes, as amended, the undersigned bidder submits the following Truth-In-Bonding Statement with respect to the Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) (the "Series 2019 Bonds") (NOTE: For information purposes only and not a part of the bid):

Palm Beach County, Florida (the "County") is proposing to issue \$_____ of Series 2019 Bonds: (1) to currently refund the County's outstanding Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project), (2) to make a deposit, if necessary, to the Debt Service Reserve Account and (3) to pay costs of issuance. The Series 2019 Bonds are expected to be repaid over a period of approximately _____ (___) years. At a forecasted interest rate of _____%, total interest paid over the life of the Series 2019 Bonds will be \$_____.

The Series 2019 Bonds are revenue obligations of the County secured by a first lien on and pledge of the Net Revenues and Connection Fees (as defined in the Resolution). Authorizing the debt or obligation will result in an average annual debt service payment of approximately \$_____ of Net Revenues and Connection Fees not otherwise available to finance the other projects of the County's Water and Sewer System each year for approximately ___ years.

(BIDDER'S NAME)

By: _____
Name:
Title:

Date: _____

SUMMARY NOTICE OF SALE

\$50,000,000*

**PALM BEACH COUNTY, FLORIDA
Water and Sewer Revenue Refunding Bonds, Series 2019
(FPL Reclaimed Water Project)**

NOTICE IS HEREBY GIVEN that all-or-none bids will be received by Palm Beach County, Florida (the "County") for the purchase of \$50,000,000* Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) (the "Bonds").

In accordance with the Official Notice of Sale all bids for the Bonds must be submitted electronically via Parity® by 10:30 a.m., Eastern Time on November 6, 2019.

To bid, bidders must be a contracted customer of the Parity/BiDCOMP Competitive Bidding System (the "System" or "Parity®"). Prospective bidders that do not have a contract with the System should call (212) 849-5021 to become a customer and to obtain a list of the bidding rules and procedures. For further information about Parity®, potential bidders may contact I-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, or telephone (212) 849-5021. The use of Parity® shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto. Only bids submitted through Parity® will be considered. The County reserves the right to cancel or postpone the date and time established for the receipt of bids and to change the principal amount or amortization of the Bonds by notice communicated through Thomson Municipal Market Monitor no less than twenty-four (24) hours prior to the date and time established for receipt of bids.

As described in the Official Notice of Sale, the Bonds are being issued: (1) to currently refund the County's outstanding Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project), (2) to make a deposit, if necessary, to the Debt Service Reserve Account and (3) to pay costs of issuance.

The Bonds will be issued in fully registered book-entry-only form through the facilities of The Depository Trust Company, New York, New York, as the securities depository. Beneficial interests in the Bonds may be sold in denominations of \$5,000 or integral multiples of \$5,000. Settlement for the Bonds is expected to occur on or about November 26, 2019.

The Preliminary Official Statement and the Official Notice of Sale for the Bonds may be obtained electronically from www.i-Dealprospectus.com. Copies of the Preliminary Official Statement and the Official Notice of Sale relating to the Bonds will also be available upon request from the County's Financial Advisor, PFM Financial Advisors LLC, 300 South Orange Avenue, Suite 1170, Florida 32801, telephone: (407) 406-5751, email: moored@pfm.com, Attention: David Moore, Managing Director.

PALM BEACH COUNTY, FLORIDA
Mark Braun, CPA
Debt Manager

Dated this 23rd day of October, 2019

* Preliminary, subject to change.

PALM BEACH COUNTY, FLORIDA

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Escrow Agent

2019 WATER AND SEWER ESCROW DEPOSIT AGREEMENT

Dated November 26, 2019

2019 WATER AND SEWER ESCROW DEPOSIT AGREEMENT

THIS 2019 WATER AND SEWER ESCROW DEPOSIT AGREEMENT made and entered into this 26th day of November, 2019, by and between the Palm Beach County, Florida (the “County”), a political subdivision of the State of Florida, and its successors and assigns and The Bank of New York Mellon Trust Company, N.A., a national banking association duly incorporated and existing under the laws of the United States, and its successors and assigns, as Escrow Agent (the “Escrow Agent”):

WITNESSETH:

WHEREAS, the County has heretofore issued and there are now outstanding the Refunded Bonds (as hereinafter defined) under and pursuant to the Resolution (as hereinafter defined); and

WHEREAS, the Refunded Bonds are to be refunded through a portion of the proceeds of the County’s \$_____ aggregate principal amount Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) (the “Series 2019 Bonds”), and other available moneys of the County as contemplated by the Series 2019 Resolution (as hereinafter defined); and

WHEREAS, pursuant to Section 4.S. of Article III of Resolution Number R-84-1206 adopted by the Board of County Commissioners of Palm Beach County, Florida (the “Board”) on August 23, 1984, as amended and supplemented (collectively, the “Resolution”), the Refunded Bonds shall no longer be deemed outstanding for purposes of the Resolution and all liability of the County with respect to the Refunded Bonds shall cease, terminate and be completely discharged and extinguished and the holders thereof shall be entitled for payment solely out of the money and U.S. obligations hereunder when payment of the principal of and premium, if any, on such Refunded Bonds, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption) when there shall have been provided for by irrevocably depositing with the Paying Agent for the Refunded Bonds or a bank or trust company acting as escrow agent in trust and irrevocably setting aside exclusively for such payment U.S. Obligations maturing as to principal and interest in such amount and at such time as will ensure the availability of sufficient moneys to make such payment; and

WHEREAS, in order to provide for the payment of principal or redemption price of and interest on the Refunded Bonds by the proper and timely deposit and application of the moneys and obligations (including investment income and earnings derived therefrom) required for payment of the Refunded Bonds and to furnish irrevocable instructions therefor, it is necessary to enter into this Escrow Deposit Agreement and to enter into certain covenants for the benefit of the holders from time to time of the Refunded Bonds.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

DEFINITIONS

In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

“Agreement” shall mean this 2019 Water and Sewer Escrow Deposit Agreement, dated November 26, 2019, by and between the County and the Escrow Agent.

“Bond Registrar” shall mean The Bank of New York Mellon Trust Company, N.A.

“County” shall mean Palm Beach County, Florida, a political subdivision of the State of Florida.

“Escrow Agent” shall mean The Bank of New York Mellon Trust Company, N.A., as Escrow Agent.

“Paying Agent” shall mean The Bank of New York Mellon Trust Company, N.A.

“Refunded Bonds” shall mean the County’s Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) maturing on and after October 1, 2020 as set forth in Schedule A-1.

“Resolution” shall mean collectively, Resolution No. R-84-1206 adopted by the Board on August 23, 1984, as amended and supplemented.

“Series 2019 Resolution” shall mean Resolution No. R-2019-_____ adopted by the Board on October 22, 2019.

“U.S. Obligations” shall mean direct non-callable, non-prepayable obligations of, or direct non-callable, non-prepayable obligations unconditionally guaranteed as to full and timely payment of principal and interest by, the United States of America which are not subject to redemption prior to their maturity other than at the option of the holder thereof and maturing not later than such date or dates on which such monies will be needed to pay principal of and interest on the Refunded Bonds pursuant to the terms hereof. “U.S. Obligations” shall not include investments in investment funds.

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

SECTION 1. There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated as the “Palm Beach County, Florida Water and Sewer Revenue Refunding Bonds, Series 2019 (FPL Reclaimed Water Project) Escrow Fund”

(hereinafter the “Escrow Fund”) to be held in the custody of the Escrow Agent separate and apart from all other funds of the County or the Escrow Agent.

(a) Concurrently with the execution of this Agreement, there is hereby deposited with the Escrow Agent, and the Escrow Agent hereby acknowledges the receipt of, immediately available moneys in the amount of \$ _____ derived from the proceeds of the 2019 Bonds. The amount received by the Escrow Agent pursuant to the preceding sentence shall be deposited in the Escrow Fund. The amount deposited in the Escrow Fund will be sufficient to purchase the U.S. Obligations listed on Schedule B hereto, leaving a cash balance in the Escrow Fund of \$ ____.

SECTION 2. The Escrow Agent, at the written direction of the County which is hereby given to the Escrow Agent pursuant to this Section, shall purchase the U.S. Obligations listed on Schedule B hereto solely from the moneys deposited in the Escrow Fund. The Escrow Agent shall apply the moneys deposited in the Escrow Fund and the U.S. Obligations purchased therewith, together with all income or earnings thereon, to the payment of the principal or redemption price of and interest due or to become due on the Refunded Bonds as the same become due and payable. The Escrow Agent shall withdraw from the Escrow Fund the maturing principal amount of and the interest paid on the U.S. Obligations, together with any other moneys available for such purpose, and shall pay over to the Paying Agent moneys in an amount sufficient to pay, when due, the principal or redemption price of and interest on the Refunded Bonds as the same shall become due, as set forth in Schedule A-1 attached hereto. The Escrow Agent shall have no power or duty to invest or reinvest any moneys held hereunder to make substitutions of U.S. Obligations held hereunder or to sell, transfer or otherwise dispose of the U.S. Obligations acquired hereunder except as provided in this Agreement.

SECTION 3. The County hereby irrevocably designates the Refunded Bonds for prior optional redemption on _____, 2020. The County hereby irrevocably instructs the Escrow Agent to cause the Paying Agent for the Refunded Bonds to mail postage prepaid, no less than thirty (30) days nor more than sixty (60) days prior to _____, 2020, the notice of redemption substantially in the form of Exhibit A-1 hereto to such persons and at the time and in the manner required by the Resolution. The Escrow Agent hereby accepts the irrevocable instructions given to it in this Section and hereby confirms that it will take all the actions required to be taken by it under the Resolution in order to effectuate the redemption or payment of the Refunded Bonds in accordance with this Section.

SECTION 4. At the written request of the County and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power to sell, transfer, request the redemption or otherwise dispose of the U.S. Obligations held in the Escrow Fund and to substitute therefor U.S. Obligations which are not subject to redemption prior to maturity and which are available for purchase with the proceeds derived from such disposition on the date of such transaction. The foregoing may be effected only if: (i) the amounts and dates on which the anticipated transfers from the Escrow Fund to the Paying Agent for the payment of the principal or redemption price of and interest on the Refunded Bonds will not be diminished or postponed thereby, (ii) the Escrow Agent shall receive and may conclusively rely upon the unqualified opinion of a lawyer or a firm of lawyers nationally recognized in the field of municipal finance to the effect that such disposition and substitution would not cause any of the Refunded Bonds to be

an “arbitrage bond” within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder in effect on the date of such disposition and substitution and applicable to obligations issued on the issue date of the 2019 Bonds and (iii) the Escrow Agent shall receive a certification from a firm of independent certified public accountants stating that, after such transaction, the principal of and interest on the U.S. Obligations in the Escrow Fund will, together with other moneys available for such purpose, be sufficient to pay, when due, the principal or redemption price of and interest on the Refunded Bonds without further reinvestment.

SECTION 5. The trust created hereby shall be irrevocable and may not be pledged other than to the holders of the Refunded Bonds. The holders of the Refunded Bonds shall have an express first lien on all moneys and the principal of and interest due or to become due on all U.S. Obligations deposited in the Escrow Fund until used and applied in accordance with this Agreement.

SECTION 6. It is expressly understood and agreed that the Escrow Agent’s duties and obligations in connection with this Agreement are confined to those expressly defined herein and no additional covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its negligence or willful misconduct. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement. The liability of the Escrow Agent for the payment of the principal or redemption price, if applicable, of and interest on the Refunded Bonds shall be limited to the amounts deposited in the Escrow Fund pursuant to this Agreement and the earnings thereon. The Escrow Agent shall have no lien whatsoever upon any of the moneys in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the County. The Escrow Agent may conclusively rely, as to the correctness of statements, conclusions and opinions therein, upon any certificate, report, opinion or other document furnished to the Escrow Agent pursuant to any provision of this Agreement; the Escrow Agent shall be protected and shall not be liable for acting or proceeding, in good faith, upon such reliance; and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Escrow Agent may consult with counsel, who may be counsel to the County or independent counsel, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance herewith. Prior to retaining such independent counsel, the Escrow Agent shall notify the County of its intention to retain counsel.

The Escrow Agent may act through its agents and attorneys. Any payment obligation of the Escrow Agent hereunder shall be paid from, and is limited to funds available, established and maintained hereunder and the Escrow Agent shall not be required to expend its own funds for the performance of its duties under this Agreement. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this

Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

The Escrow Agent shall be paid by the County from time to time all reasonable compensation for all services rendered by the Escrow Agent under this Agreement or any amendment hereto, and also all reasonable expenses, charges, counsel fees, costs and expenses and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties hereunder, including any costs, expenses and liabilities incurred in carrying out its duties hereunder during an attempt to pursue any remedy hereunder.

To the extent permitted by law, the Issuer hereby assumes liability for, and hereby agrees to indemnify, protect, save and keep harmless, the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against at any time, the Escrow Agent (whether or not also indemnified against the same by the Issuer or any other person under any other agreement or instrument) which relates to or arises out of the execution and delivery of this Agreement, the establishment of the Escrow Fund established hereunder, the acceptance of the funds and securities deposited therein, the purchase of the U.S. Obligations, the retention of the U.S. Obligations or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Issuer shall not be required to indemnify the Escrow Agent against its own negligence or willful misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement or the sooner resignation or removal of the Escrow Agent. The Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the scheduled payments for the Refunded Bonds as set forth in Schedule A-1 hereto. Furthermore, the Escrow Agent shall not be liable for the accuracy of the calculation as to the sufficiency of moneys and the principal amount of U.S. Obligations and the earnings thereon to pay the scheduled payments for the Refunded Bonds as set forth in Schedule A-1 hereto.

SECTION 7. The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than forty-five (45) days' written notice to the County and mailing notice thereof, specifying the date when such resignation will take effect, to the County and the Paying Agent, but no such resignation shall take effect unless a successor Escrow Agent hereunder shall have been appointed by the County and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent, to the County and signed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the County. The County shall mail notice of any such appointment made by it at the times and in the manner described in the first paragraph of this Section 7.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by the County pursuant to the foregoing provisions of this Section 7 within sixty (60) days after written notice of resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

In the event of replacement or resignation of the Escrow Agent, the Escrow Agent shall remit to the County the prorated portion of prepaid fees not yet incurred or payable less any termination fees and expenses at the time of discharge.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any state, and shall have at the time of appointment capital and surplus of not less than \$75,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the reasonable written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by the Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free

reorganization to which the Escrow Agent or any successor to it shall be a party or any corporation to which the Escrow Agent or successor to it shall sell or transfer all or substantially all of its corporate trust business, shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 8. This Agreement is made for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the County; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or County that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to include under this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of a lawyer or a firm of lawyers nationally recognized in the field of municipal finance with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 9. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. The balance of moneys, if any, remaining in the Escrow Fund established under this Agreement shall thereafter be returned to the County.

SECTION 10. The Escrow Fund shall be and constitute a trust fund for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 11. If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 12. All the covenants, promises and agreements in this Agreement contained by or on behalf of the County or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 13. This Agreement shall be governed by the applicable law of the State of Florida without regard to conflict of law principles.

SECTION 14. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers as of the date first above written.

PALM BEACH COUNTY, FLORIDA

By: _____
Mayor

[SEAL]

SHARON R. BOCK, CLERK & COMPTROLLER

By: _____
Deputy Clerk

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

By: _____
County Attorney

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Agent

By: _____
Title: _____

SCHEDULE A-1

Refunded Bonds

Palm Beach County, Florida Water and Sewer Revenue Bonds. Series 2009 (FPL Reclaimed Water Project) maturing on October 1, in the years and the principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Coupon Rate</u>
2020	\$1,590,000	5.00%
2021	1,670,000	5.00
2022	1,755,000	4.00
2023	1,825,000	5.00
2024	1,915,000	5.00
2025	2,010,000	5.00
2026	2,100,000	5.00
2033	18,800,000	5.25
2039	7,855,000	5.00
2040	17,810,000	5.00

Annual
Payment Schedule
Refunded Bonds

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Premium</u>	<u>Total Payment Date Requirements</u>
January ____, 2020		\$55,320,000	\$0	

Paying Agent: The Bank of New York Mellon Trust Company, N.A.

SCHEDULE B
U.S. OBLIGATIONS

I. PURCHASES

<u>Type of Security</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Coupon Rate</u>	<u>Price</u>
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NOTICE OF REDEMPTION

PALM BEACH COUNTY, FLORIDA
 WATER AND SEWER REVENUE BONDS
 SERIES 2009
 (FPL RECLAIMED WATER PROJECT)
 (DATED: JULY 22, 2009)

MATURING: OCTOBER 1, 2020 THROUGH AND INCLUDING NOVEMBER 1, 2040

NOTICE IS HEREBY GIVEN to the holders of the Palm Beach County, Florida Water and Sewer Revenue Bonds, Series 2009 (FPL Reclaimed Water Project) maturing on October 1, 2020 through and including October 1, 2040 (the "Bonds") that (i) pursuant to the requirements of Section 4.S. of Article III of Resolution No. R-84-1206 adopted by the Board of County Commissioners of Palm Beach County, Florida on August 13, 1984, as amended and supplemented (collectively, the "Resolution"), the County has deposited with The Bank of New York Mellon Trust Company, N.A., as Escrow Agent, in escrow, direct non-callable, non-prepayable obligations of or direct non-callable, non-prepayable obligations unconditionally guaranteed as to the full and timely payment by, the United States of America, which, together with cash on deposit with the Escrow Agent shall be sufficient, to pay when due the principal and the interest due and to become due on said Bonds on January __, 2020 (the "Redemption Date"), and as a result of such deposit said Bonds are deemed to have been paid in accordance with Section 4.S. of Article III of the Resolution and (ii) such Bonds have been called for redemption prior to maturity on Redemption Date, at the redemption prices set forth below, plus accrued interest to such date of redemption.

The Bond number, interest rate, CUSIP, redemption price and maturity to be redeemed are as follows:

<u>Bond No.</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Redemption Price</u>	<u>CUSIP No.*</u>
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* THE ABOVE CUSIP NUMBER HAS BEEN ASSIGNED TO THE BONDS BY THE CUSIP SERVICE BUREAU OF STANDARD AND POOR'S CORPORATION AND IS INSERTED HEREIN FOR THE CONVENIENCE OF THE HOLDER(S) OF THE BONDS TO BE REDEEMED. NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OR ACCURACY OF THE FOREGOING CUSIP NUMBER OR THE CUSIP NUMBER PRINTED ON THE BONDS.

On January __, 2020, there shall become due and payable upon presentation and surrender of the Bonds at the office of The Bank of New York Mellon Trust Company, N.A., the above-mentioned redemption prices, together with interest accrued on the Bonds to such redemption date and, **FROM AND AFTER JANUARY __, 2020 INTEREST ON THE BONDS SHALL CEASE TO ACCRUE AND BE PAYABLE.**

Payment of the amounts due will be made only on presentation and surrender of the Bonds at the Office of the Bond Registrar.

In compliance with the Interest and Dividend Compliance Act of 1983 and Broker Reporting Requirements, we are required to withhold 28%* of the principal amount of your holdings redeemed unless we are provided with your Social Security Number or Taxpayer Identification Number, properly certified or submitted on a W-9 Form. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your bonds for payment.

Dated this __ day of November, 2020.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By: _____
Paying Agent

* [Instructions: In the event the Internal Revenue Service shall announce a change in the rate of back-up withholding, the percentage shown should be adjusted accordingly.]