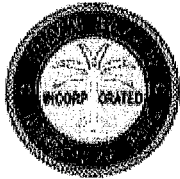


PRELIMINARY OFFICIAL STATEMENT DATED _____, 2018

NEW ISSUE - Book-Entry-Only

Ratings: See "RATINGS" herein

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) the Series 2018 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Interest on the Series 2018 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects relating to the Series 2018 Bonds, see "TAX MATTERS" herein.



\$ _____*

CITY OF MIAMI BEACH, FLORIDA
STORMWATER REVENUE AND REVENUE REFUNDING BONDS
SERIES 2018

Dated: Date of Delivery

Due: September 1, as shown on inside cover page

The City of Miami Beach, Florida Stormwater Revenue and Revenue Refunding Bonds, Series 2018 (the "Series 2018 Bonds") will be issued by the City of Miami Beach, Florida (the "City") as fully registered bonds, without coupons, in denominations of \$5,000 or any whole multiple thereof. When issued, the Series 2018 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2018 Bonds. Purchasers will not receive certificates representing their ownership interests in the Series 2018 Bonds purchased. See "DESCRIPTION OF THE SERIES 2018 BONDS - Book-Entry Only System" herein. Interest on the Series 2018 Bonds will accrue from their date of delivery and will be payable on September 1, 2018 and semiannually on each March 1 and September 1 thereafter. U.S. Bank National Association, Miami, Florida, will serve as the initial bond registrar and paying agent (collectively, the "Bond Registrar") for the Series 2018 Bonds. While the Series 2018 Bonds are registered through the DTC book-entry only system, principal of and interest on the Series 2018 Bonds will be payable by the Bond Registrar to DTC.

The Series 2018 Bonds are being issued for the purpose of providing funds to (i) finance a portion of the costs of improving and upgrading the City's Stormwater Utility; (ii) together with other legally available moneys of the City, provide for the advance refunding and defeasance of (a) a portion of the City of Miami Beach, Florida Stormwater Revenue Bonds, Series 2011A (the "Series 2011A Bonds"), which will be outstanding immediately prior to issuance of the Series 2018 Bonds in the aggregate principal amount of \$49,055,000, and (b) a portion of the City of Miami Beach, Florida Stormwater Revenue Refunding Bonds, Series 2011B (the "Series 2011B Bonds" and, together with the Series 2011A Bonds, the "Series 2011 Bonds"), which will be outstanding immediately prior to issuance of the Series 2018 Bonds in the aggregate principal amount of \$25,855,000; and (iii) pay the costs related to the issuance of the Series 2018 Bonds and the advance refunding of the Series 2011 Bonds to be refunded. See "INTRODUCTION" and "PURPOSE OF THE ISSUE" herein.

The Series 2018 Bonds are payable from and secured by a lien on and a pledge of the Net Revenues derived from the City's ownership or operation of the Stormwater Utility and certain other

moneys held under the Resolution (as such terms are defined herein). Such lien on and pledge of Net Revenues and certain other moneys held under the Resolution, as described herein (the “Pledged Revenues”), shall be on a parity with the lien on and pledge of the Pledged Revenues (i) granted in favor of the City of Miami Beach, Florida Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2 and the Series 2011 Bonds that will remain outstanding following issuance of the Series 2018 Bonds; and (ii) that may be granted by the City in favor of Additional Bonds, Refunding Bonds, Alternative Parity Debt and parity Short-Term Indebtedness; **provided, however, that no deposit to the Reserve Account shall be made in connection with the issuance of the Series 2018 Bonds and the Series 2018 Bonds shall not be secured by, or entitled to any benefit from, amounts, Reserve Account Insurance Policies or Reserve Account Letters of Credit held in the Reserve Account or any subaccount therein for the benefit of the Series 2011 Bonds remaining Outstanding upon issuance of the Series 2018 Bonds, or any other Bonds that may be hereinafter issued under the Bond Resolution (as such terms are defined herein).** See “SECURITY AND SOURCES OF PAYMENT” herein.

The Series 2018 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See “DESCRIPTION OF THE SERIES 2018 BONDS - Redemption Provisions” herein.

THE CITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE SERIES 2018 BONDS SOLELY FROM THE PLEDGED REVENUES. THE SERIES 2018 BONDS SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, MIAMI-DADE COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION AND THE FAITH AND CREDIT OF THE CITY, MIAMI-DADE COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018 BONDS. ISSUANCE OF THE SERIES 2018 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY, MIAMI-DADE COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY TAXES WHATEVER THEREFOR, OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018 BONDS, EXCEPT AS PROVIDED IN THE RESOLUTION.

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

The Series 2018 Bonds are offered when, as and if issued by the City, subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the City by Raul J. Aguila, Esquire, City Attorney, and certain legal matters relating to disclosure will be passed upon for the City by the Law Offices of Steve E. Bullock, P.A., Miami, Florida, Disclosure Counsel. Bryant Miller Olive P.A., Miami, Florida, is serving as Counsel to the Underwriters. RBC Capital Markets, LLC, St. Petersburg, Florida, is serving as Financial Advisor to the City in connection with the issuance of the Series 2018 Bonds. It is expected that the Series 2018 Bonds will be available for delivery through DTC in New York, New York on or about _____, 2018.

Citigroup

Wells Fargo Securities

Estrada Hinojosa & Company, Inc.

2018 Bond

Dated: _____, 2018

* Preliminary, subject to change.

Red herring: This Preliminary Official Statement and the information contained herein are subject to amendment and completion without notice. The Series 2018 Bonds may not be sold and offers to buy may not be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2018 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

\$_____ **Series 2018 Serial Bonds**

<u>Due (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial CUSIP Number</u>
2018	\$	%		%	59324____
2019					59324____
2020					59324____
2021					59324____
2022					59324____
2023					59324____
2024					59324____
2025					59324____
2026					59324____
2027					59324____
2028					59324____
2029					59324____
2030					59324____
2031					59324____
2032					59324____
2033					59324____
2034					59324____
2035					59324____
2036					59324____
2037					59324____
2038					59324____
2039					59324____
2040					59324____
2041					59324____
2042					59324____
2043					59324____
2044					59324____
2045					59324____
2046					59324____
2047					59324____

\$ _____ % Series 2018 Term Bonds Due September 1, 20____ – Price: _____ / Yield: _____%
Initial CUSIP Number: 59324_____

* Preliminary, subject to change.

† Neither the City nor the Underwriters is responsible for the use of CUSIP Numbers, nor is a representation made as to their correctness. The CUSIP Numbers are included solely for the convenience of the readers of this Official Statement.

CITY OF MIAMI BEACH, FLORIDA

MAYOR

Philip Levine

VICE MAYOR

Ricky Arriola

CITY COMMISSION

John Elizabeth Alemán, *Commissioner*

Kristen Rosen Gonzalez, *Commissioner*

Michael Grieco, *Commissioner*

Joy Malakoff, *Commissioner*

Micky Steinberg, *Commissioner*

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Jimmy L. Morales, Esquire

City Attorney

Raul J. Aguila, Esquire

Chief Financial Officer

John Woodruff

City Clerk

Rafael E. Granado, Esquire

Assistant City Manager / Public Works Director

Eric T. Carpenter, P.E.

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Miami, Florida

Consulting Engineer

AECOM
Coral Gables, Florida

Feasibility Consultant

Public Resources Management Group, Inc.
Maitland, Florida

Independent Auditor

Crowe Horwath LLP
Fort Lauderdale, Florida

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 2018 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from public documents, records and other sources considered to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct. Any statement in this Official Statement involving estimates, assumptions and opinions, whether or not so expressly stated, are intended as such and are not to be construed as representations of fact, and the Underwriters and the City expressly make no representation that such estimates, assumptions and opinions will be realized or fulfilled. Any information, estimates, assumptions and matters of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement, nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. *The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.*

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Official Statement. The offering of the Series 2018 Bonds is made only by means of this entire Official Statement.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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," "project," "forecast," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE EXEMPTION OF THE SERIES 2018 BONDS FROM REGISTRATION OR QUALIFICATION IN CERTAIN STATES CANNOT BE REGARDED AS

A RECOMMENDATION THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR RECOMMENDED THE SERIES 2018 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2018 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE HOLDERS OF THE SERIES 2018 BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE CITY FOR PURPOSES OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN FINANCIAL INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15C2-12(B)(1).

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OFFICIAL STATEMENT

relating to

\$ _____ *

**CITY OF MIAMI BEACH, FLORIDA
STORMWATER REVENUE AND REVENUE REFUNDING BONDS
SERIES 2018**

INTRODUCTION

The purpose of this Official Statement, including the cover page and all appendices, is to set forth certain information relating to the City of Miami Beach, Florida (the "City"), its stormwater management utility system, which is owned and operated by the City (the "Stormwater Utility") and the sale by the City of its \$ _____ * aggregate principal amount of Stormwater Revenue and Revenue Refunding Bonds, Series 2018 (the "Series 2018 Bonds"). The Series 2018 Bonds are being issued pursuant to the Constitution and Laws of the State of Florida, including Chapter 166 and Section 403.0893(1), Florida Statutes, as amended, and the City of Miami Beach Charter (collectively, the "Act") and other applicable provisions of law and pursuant and subject to the terms and conditions of Resolution No. 2000-24127 adopted by the Mayor and City Commission of the City (collectively, the "City Commission") on October 18, 2000 (the "Bond Resolution"), and Resolution No. 2017- _____ adopted by the City Commission on October ____, 2017 (the "Series 2018 Resolution" and, collectively with the Bond Resolution, the "Resolution"). For a complete description of the terms and conditions of the Series 2018 Bonds, and the provisions of the Resolution, see "APPENDIX E - The Resolution."

The Series 2018 Bonds will be issued in book-entry only form and purchasers of the Series 2018 Bonds will not receive certificates representing their interest in the Series 2018 Bonds purchased. The Series 2018 Bonds will contain such other terms and provisions, including provisions regarding redemption, as described in "DESCRIPTION OF THE SERIES 2018 BONDS" herein.

The City has previously issued pursuant to the Bond Resolution its (i) \$16,185,000 original principal amount of City of Miami Beach, Florida Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2 (the "Series 2009 Bonds"), \$5,505,000 of which are currently Outstanding; (ii) \$52,130,000 original principal amount of City of Miami Beach, Florida Stormwater Revenue Bonds, Series 2011A (the "Series 2011A Bonds"), \$49,055,000 of which are currently Outstanding and \$44,270,000* of which (constituting the Series 2011A Bonds maturing on and after September 1, 2022) are expected to be advance refunded and defeased upon issuance of the Series 2018 Bonds (the "Refunded Series 2011A Bonds"); (iii) \$26,575,000 original principal amount of City of Miami Beach, Florida Stormwater Revenue Refunding Bonds, Series 2011B (the "Series 2011B Bonds" and, together with the Series 2011A Bonds, the "Series 2011 Bonds"), \$25,855,000 of which are currently Outstanding and \$25,265,000* of which (constituting the Series 2011B Bonds maturing on and after September 1, 2022) are expected to be advance refunded and defeased upon issuance of the Series 2018 Bonds (the "Refunded Series 2011B Bonds" and, together with the Refunded Series 2011A Bonds, the "Refunded Bonds"); and (iv) \$99,590,000 original principal amount of City of Miami Beach, Florida Stormwater Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), \$99,155,000 of which are currently Outstanding. The Series 2009 Bonds, the portion of the Series 2011A Bonds expected to remain Outstanding in the aggregate principal amount of \$4,785,000* after issuance of the Series 2018 Bonds, the portion of the Series 2011B Bonds expected to remain Outstanding

* Preliminary, subject to change.

in the aggregate principal amount of \$590,000* after issuance of the Series 2018 Bonds, and the Series 2015 Bonds, are collectively referred to herein as the “Outstanding Bonds.” The Series 2018 Bonds, the Outstanding Bonds and any Additional Bonds and Refunding Bonds hereafter issued are collectively referred to herein as the “Bonds.”

The principal of and interest on the Series 2018 Bonds will be secured by a lien on and pledge of the Pledged Revenues as described herein, on a parity with the Outstanding Bonds and any other Bonds, Alternative Parity Debt or parity Short-Term Indebtedness that may be issued from time to time under the Bond Resolution; **provided, however, that no deposit to the Reserve Account shall be made in connection with the issuance of the Series 2018 Bonds and the Series 2018 Bonds shall not be secured by, or entitled to any benefit from, amounts, Reserve Account Insurance Policies or Reserve Account Letters of Credit held in the Reserve Account or any subaccount therein for the benefit of the Series 2011 Bonds remaining Outstanding upon issuance of the Series 2018 Bonds, or any other Bonds that may be hereinafter issued under the Bond Resolution.** See “SECURITY AND SOURCES OF PAYMENT - General and - Reserve Account” herein.

This introduction is intended to serve as a brief description of this Official Statement and is expressly qualified by reference to this Official Statement as a whole. A full review should be made of this entire Official Statement, as well as the documents and reports summarized or described herein. The description of the Series 2018 Bonds, the documents authorizing and securing the same, including, without limitation, the Resolution, and the information from various reports contained herein are not comprehensive or definitive. All references herein to such documents and reports are qualified by the entire, actual content of such documents and reports. Copies of such documents and reports may be obtained from the City by contacting the City’s Chief Financial Officer, 1700 Convention Center Drive, Miami Beach, Florida 33139, Telephone number: (305) 673-7466, Facsimile number: (305) 673-7795, Email address: www.miamibeachfl.gov/finance.

Capitalized terms used but not defined in this Official Statement shall have the meanings ascribed to such terms in the Resolution. See “APPENDIX E - The Resolution.”

PURPOSE OF THE ISSUE

General

The Series 2018 Bonds are being issued by the City for the purpose of providing funds to (i) finance a portion of the costs of certain capital improvements currently contemplated as part of the City’s multi-year program to improve and enhance the effectiveness and reliability of the Stormwater Utility (the “Series 2018 Project”), as more particularly described below in “PURPOSE OF THE ISSUE - Series 2018 Project;” (ii) together with other legally available moneys of the City, provide for (a) the advance refunding and defeasance of the Refunded Bonds, as more particularly described below in “PURPOSE OF THE ISSUE - Plan of Refunding;” and (iii) pay costs related to the issuance of the Series 2018 Bonds and the advance refunding of the Refunded Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Series 2018 Project

The improvements constituting the Series 2018 Project are part of the additions and upgrades recommended in the master plans for the Stormwater Utility. The master plans were prepared by

* Preliminary, subject to change.

engineering consultants retained for such purpose by the City. See “THE STORMWATER UTILITY - Capital Improvement Program” herein. The improvements comprising the Series 2018 Project include the following:

- (i) Repair, replacement and/or installation of curbs and gutters;
- (ii) Reconstruction and/or raising of streets and sidewalks;
- (iii) Repair, replacement and/or installation of collection systems (including, but not limited to, catch basins, manholes and storage facilities);
- (iv) Construction of pumping stations and water quality treatment devices;
- (v) Repair and/or upgrade of existing outfalls (including, but not limited to, tidal backflow prevention devices); and
- (vi) Any additional improvements to the Stormwater Utility the City Commission may approve by resolution as part of the Series 2018 Project in addition to and/or in lieu of one or more of the foregoing improvements.

For a more detailed discussion of the specific improvements expected to be implemented as part of the Series 2018 Project and the estimated Cost of such improvements, see “THE STORMWATER UTILITY - Capital Improvement Program” herein and “APPENDIX B - City of Miami Beach, Florida Engineer’s Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018,” including, in particular, “Capital Improvements” in the Engineer’s Report.

The portion of the proceeds of the Series 2018 Bonds that is to be used to pay the Costs of the Series 2018 Project will be deposited into the Series 2018 Construction Account established under the Series 2018 Resolution. Until withdrawn to pay Costs of the Series 2018 Project in accordance with the Resolution, the proceeds of the Series 2018 Bonds deposited into the Series 2018 Construction Account will be held in trust and subject to the lien and pledge of the Resolution created for the benefit of the holders of the Series 2018 Bonds.

Plan of Refunding

A portion of the proceeds of the Series 2018 Bonds, together with other legally available moneys of the City, will be used to provide for the advance refunding and defeasance of the Refunded Bonds. The City will provide for the Refunded Bonds to be redeemed on September 1, 2021 at a redemption price equal to one hundred percent (100%) of the principal amount of the Refunded Bonds, without premium.

To effect the advance refunding of the Refunded Bonds, the City will enter into an Escrow Deposit Agreement (the “Escrow Deposit Agreement”) on or prior to the delivery of the Series 2018 Bonds with U.S. Bank, National Association (the “Escrow Agent”). Pursuant to the terms of the Escrow Deposit Agreement, on the date of issuance of the Series 2018 Bonds, the City will deposit a portion of the proceeds of the Series 2018 Bonds, together with other legally available moneys of the City, into an escrow deposit trust fund to be maintained by the Escrow Agent (the “Escrow Deposit Trust Fund”). A portion of such proceeds and other legally available moneys will be applied on the date of delivery of the Series 2018 Bonds to the purchase of non-callable direct obligations of the United States of America (the “Government Obligations”), maturing at such times and in such amounts so that the maturing principal, together with the interest income thereon and cash held uninvested in the Escrow Deposit Trust Fund, will

be sufficient to pay the principal of and interest due on the Refunded Bonds to and including September 1, 2021, on which date the Refunded Bonds will be redeemed.

Subsequent to the deposit of moneys into the Escrow Deposit Trust Fund and the investment of such moneys as described in the preceding paragraph, in the opinion of Bond Counsel, rendered in reliance upon schedules verified as to accuracy by Integrity Public Finance Consulting LLC (the "Verification Agent"), the Refunded Bonds will no longer be Outstanding under the provisions of the Bond Resolution. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

The maturing principal of and interest on the Government Obligations and cash held uninvested in the Escrow Deposit Trust Fund will not be available to pay principal of and interest on any of the Series 2018 Bonds.

The Refunded Bonds shall consist of the following:

Refunded Series 2011A Bonds

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>
2022	\$1,350,000	2029	\$ 1,905,000
2023	1,415,000	2030	1,990,000
2024	1,490,000	2031	2,095,000
2025	1,570,000	2036 ⁽¹⁾⁽²⁾	7,470,000
2026	1,650,000	2036 ⁽¹⁾⁽³⁾	4,565,000
2027	1,740,000	2041 ⁽¹⁾⁽³⁾	2,000,000
2028	1,810,000	2041 ⁽¹⁾⁽⁴⁾	13,220,000

-
- (1) Term Bonds.
 - (2) Bearing interest at the rate of 4.700% per annum.
 - (3) Bearing interest at the rate of 5.000% per annum.
 - (4) Bearing interest at the rate of 4.750% per annum.

Refunded Series 2011B Bonds

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>
2022	\$2,295,000	2025	\$ 2,670,000
2023	2,410,000	2030 ⁽¹⁾	15,350,000
2024	2,540,000		

-
- (1) Term Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2018 Bonds:

Sources of Funds

Par Amount of Series 2018 Bonds	\$
Net Original Issue Premium/Discount	
Other Legally Available Moneys ⁽¹⁾	_____
Total Estimated Sources of Funds	\$ <u>_____</u>

Uses of Funds

Deposit to Series 2018 Construction Account ⁽²⁾	\$
Deposit to Escrow Deposit Trust Fund ⁽³⁾	
Deposit to Series 2018 Cost of Issuance Account ⁽⁴⁾	
Underwriters' Discount	_____
Total Estimated Uses of Funds	\$ <u>_____</u>

-
- (1) Constitutes amount held under the Bond Resolution to pay principal of and interest due on the Refunded Bonds.
 - (2) See "PURPOSE OF THE ISSUE - Series 2018 Project" herein.
 - (3) See "PURPOSE OF THE ISSUE - Plan of Refunding" herein.
 - (4) To pay certain costs of issuance of the Series 2018 Bonds and the advance refunding of the Refunded Bonds, including, without limitation, printing costs and fees of bond counsel, disclosure counsel, the financial advisor, the rating agencies, the Series 2018 Consulting Engineer and the Feasibility Consultant.

DESCRIPTION OF THE SERIES 2018 BONDS

General

The Series 2018 Bonds will be dated their date of delivery. The Series 2018 Bonds will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2018 Bonds is payable semiannually commencing on September 1, 2018 and on each March 1 and September 1 thereafter. Such interest shall be calculated on the basis of a 360 day year consisting of twelve 30-day months. The City has appointed U.S. Bank National Association, Miami, Florida, to serve as the paying agent and as the bond registrar for the Series 2018 Bonds (collectively, the "Bond Registrar").

In any case where the maturity date of, or the date for the payment of the principal of or interest on the Series 2018 Bonds, or the date fixed for redemption of the Series 2018 Bonds shall not be a business day, then payment of such interest or principal or redemption price need not be made by the Bond Registrar on such date but may be made on the next succeeding business day with the same force and effect as if made on the Interest Payment Date, date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such Interest Payment Date, date of maturity or date fixed for redemption.

The Series 2018 Bonds will be issued as fully registered bonds, without coupons, in denominations of \$5,000 or any whole multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC").

Purchases of beneficial interests in the Series 2018 Bonds will be made in book-entry-only form, without certificates. Unless a securities depository other than DTC is selected by the City, so long as the Series 2018 Bonds shall be in book-entry-only form, the principal of and interest on the Series 2018 Bonds will be payable to Cede & Co. (or such other nominee selected by DTC), as registered owner thereof, and will be distributed by DTC and the DTC Participants to the Beneficial Owners (as such terms are hereinafter defined). See “DESCRIPTION OF THE SERIES 2018 BONDS - Book-Entry Only System” herein.

Redemption Provisions

Optional Redemption

The Series 2018 Bonds maturing on or before September 1, 20__ are not subject to redemption prior to maturity. The Series 2018 Bonds maturing on or after September 1, 20__ are subject to redemption prior to maturity, at the option of the City, on or after September 1, 20__, in whole or in part at any time, in any order of maturity selected by the City and by lot or by such other manner as the Bond Registrar shall deem appropriate within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2018 Bonds to be redeemed, together with accrued interest to the date fixed for redemption and without premium.

Mandatory Sinking Fund Redemption

The Series 2018 Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, by lot or by such other manner as the Bond Registrar shall deem appropriate, through the application of Amortization Requirements, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, on September 1 of each year in the following amounts and in the years specified:

<u>Due</u> <u>(September 1)</u>	<u>Amortization</u> <u>Requirement</u>
*	\$

* Final maturity.

Notice of Redemption

Mailing of Notice of Redemption. At least thirty (30) days, but not more than sixty (60) days, before the redemption date, a notice of redemption (a) shall be filed by the City with the Bond Registrar and (b) shall be mailed by the Bond Registrar, first class mail, postage prepaid, to all registered owners of Series 2018 Bonds (which, so long as DTC shall act as securities depository for the Series 2018 Bonds, shall be Cede & Co.) to be redeemed at their addresses as they appear on the registration books of the Bond Registrar, but failure so to mail any such notice to any registered owner shall not affect the validity of the proceedings for such redemption.

Each such notice shall specify the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2018 Bonds are to be redeemed, the numbers or other distinguishing marks of such Series 2018 Bonds to be redeemed in part and the respective portions thereof to be redeemed. Such notice shall further state that on such date there shall become due

and payable upon each of the Series 2018 Bonds to be redeemed the redemption price or the specified portions thereof in the case of Series 2018 Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on such Series 2018 Bonds or portions thereof so redeemed.

In the case of an optional redemption of the Series 2018 Bonds, the redemption notice may state that (a) it is conditioned upon the deposit of moneys with the Bond Registrar or with a bank, trust company or other appropriate fiduciary institution acting as escrow agent (the “escrow agent”), in amounts necessary to effect the redemption, no later than the redemption date, or (b) the City retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this paragraph. Any such notice of Conditional Redemption shall be captioned “Conditional Notice of Redemption.” Any Conditional Redemption may be rescinded at any time prior to the redemption date if the City delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2018 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the City to make such moneys available shall constitute an Event of Default under the Bond Resolution.

Effect of Calling for Redemption. On the date so designated for redemption, notice having been filed and mailed in the manner and under the conditions described above, the Series 2018 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2018 Bonds on such date, and, moneys for payment of the redemption price being held in separate accounts by the Chief Financial Officer or by the Bond Registrar in trust for the Holders of the Series 2018 Bonds to be redeemed, all as provided in the Resolution, interest on the Series 2018 Bonds so called for redemption shall cease to accrue, such Series 2018 Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and the Holders or registered owners of such Series 2018 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon.

Book-Entry Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2018 Bonds, payment of the principal of and interest on the Series 2018 Bonds to DTC Participants or Beneficial Owners (as such terms are hereinafter defined) of the Series 2018 Bonds, confirmation and transfer of beneficial ownership interest in the Series 2018 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners of the Series 2018 Bonds is based solely on information furnished by DTC on its website for inclusion in this Official Statement. Accordingly, neither the City nor the Underwriters can make any representation concerning these matters or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2018 Bonds. The Series 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., as DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018 Bond certificate will be issued for each maturity of the Series 2018 Bonds, each in the aggregate principal amount of such maturity, as set forth on the inside cover page of this Official Statement, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a

member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over one hundred (100) countries that its 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, thereby eliminating 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” and, together with Direct Participants, “DTC Participants”). DTC has a S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, rating of AA+. The DTC rules applicable to the DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2018 Bond (“Beneficial Owner”) is in turn to be recorded on the DTC Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, will not effect any change in beneficial ownership of the Series 2018 Bonds. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The DTC 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 DTC 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 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, defaults and proposed amendments to the documents securing the Series 2018 Bonds. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 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 Bond Registrar and request that copies of notices are provided directly to them.

Redemption notices shall be sent by the Bond Registrar to DTC. If less than all of the Series 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2018 Bonds will be made to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Bond Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Bond Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of DTC Participants.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City only to DTC.

NEITHER THE CITY NOR THE BOND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT OR INDIRECT PARTICIPANT OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2018 BONDS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2018 BONDS, ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE BOND RESOLUTION, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2018 BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2018 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2018 BONDS SHALL MEAN CEDE & CO., AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2018 BONDS.

Discontinuance of Book-Entry Only System

In the event the City determines that it is in the best interest of the Beneficial Owners to obtain Series 2018 Bond certificates, the City may notify DTC and the Bond Registrar, whereupon DTC will notify the DTC Participants, of the availability through DTC of Series 2018 Bond certificates. In such event, the City shall prepare and execute, and the Bond Registrar shall authenticate, transfer and exchange, Series 2018 Bond certificates as requested by DTC in appropriate amounts and within the guidelines set forth in the Bond Resolution. DTC may also determine to discontinue providing its services with respect to the Series 2018 Bonds at any time by giving written notice to the City and the Bond Registrar and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City and the Bond Registrar shall be obligated to deliver Series 2018 Bond certificates as described herein.

In the event Series 2018 Bond certificates are issued, the provisions of the Bond Resolution shall apply to, among other things, the transfer and exchange of such certificate and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City and the Bond Registrar to do so, the City will direct the Bond Registrar to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2018 Bonds to any DTC Participant having Series 2018 Bonds credited to its DTC account; or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2018 Bonds.

SECURITY AND SOURCES OF PAYMENT

General

The Bonds issued under the Bond Resolution are limited obligations of the City, payable solely from and secured by a lien upon and pledge of Net Revenues and, to the extent provided in the Bond Resolution, from Impact Fees and Special Assessments, and all moneys held in the respective Funds and Accounts established under the Bond Resolution other than the Subordinated Indebtedness Account and the Arbitrage Rebate Fund (collectively, the "Pledged Revenues"). See APPENDIX E - The Resolution for a further description of the sources of funds pledged as security for the Bonds and referred to herein as the Pledged Revenues. The Series 2018 Bonds are payable from and secured by the Pledged Revenues on a parity with the Outstanding Bonds and any other Bonds, Alternative Parity Debt or parity Short-Term Indebtedness that may be issued from time to time under the Bond Resolution; **provided, however, that no deposit to the Reserve Account shall be made in connection with the issuance of the Series 2018 Bonds and the Series 2018 Bonds shall not be secured by, or entitled to any benefit from, amounts, Reserve Account Insurance Policies or Reserve Account Letters of Credit held in the Reserve Account or any subaccount therein for the benefit of the Series 2011 Bonds remaining Outstanding upon issuance of the Series 2018 Bonds, or any other Bonds that may be hereinafter issued under the Bond Resolution.**

With respect to the Series 2018 Bonds, there will be no Special Assessments or Impact Fees available to pay principal of or interest on the Series 2018 Bonds. Therefore, as applied to the Series 2018 Bonds, "Pledged Revenues" shall not be deemed to include Special Assessments or Impact Fees.

"Net Revenues" is defined in the Bond Resolution as being, for any particular period, the amount of Revenues for such period less Current Expenses for such period.

"Revenues" is defined in the Bond Resolution as all moneys received by the City in connection with or as a result of its ownership or operation of the Stormwater Utility, including the income derived

by the City from the provision of stormwater management utility services, any proceeds of use and occupancy insurance on the Stormwater Utility or any part thereof, payments made to the City under Interest Rate Swap arrangements, income from investments made under the Bond Resolution and, except for certain purposes related to the issuance of Additional Bonds under the Bond Resolution, amounts transferred or to be transferred from the Rate Stabilization Account; provided, however, Revenues shall not include grants, contributions or donations, investment income from investments of moneys on deposit in the Construction Fund, the Subordinated Indebtedness Account, the Impact Fee Account and the Special Assessment Account, proceeds of insurance (except use and occupancy insurance) and condemnation awards, moneys held in the Subordinated Indebtedness Account and in any Arbitrage Rebate Fund created pursuant to the Bond Resolution, proceeds of sales of property constituting a part of the Stormwater Utility, Special Assessments, the proceeds of Bonds or other Utility Debt and Impact Fees.

“Current Expenses” is defined in the Bond Resolution as the City’s reasonable and necessary current expenses of maintenance, repair and operation of the Stormwater Utility and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, any reasonable payments to pension or retirement funds properly chargeable to the Stormwater Utility, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Bond Registrar, legal and accounting expenses, any fees, fines, or penalties lawfully imposed on the Stormwater Utility, any taxes which may be lawfully imposed on the Stormwater Utility or its income or operations and reserves for such taxes, annual fees for the maintenance of Credit Facilities, Liquidity Facilities, Reserve Account Insurance Policies, Reserve Account Letters of Credit or Interest Rate Swaps (other than payments due under an Interest Rate Swap on a parity with interest due on the Bonds and termination payments thereunder), and any other expenses required to be paid by the City in connection with the Stormwater Utility under the provisions of the Bond Resolution or by law, including any amounts required from time to time to pay arbitrage rebate to the United States of America or to fund the Arbitrage Rebate Fund, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any administrative expenses payable to the City’s General Fund, or any deposits or transfers to the credit of the Debt Service Account, the Reserve Account, the Rate Stabilization Account, the Subordinated Indebtedness Account, the Impact Fee Account or the Special Assessment Account.

Flow of Funds

The City maintains a special fund designated the “Stormwater Utility Fund” (the “Enterprise Fund”). The Bond Resolution establishes within the Enterprise Fund the Debt Service Account (and within the Debt Service Account, the Bond Service Subaccount and Redemption Subaccount), Reserve Account, Rate Stabilization Account, Subordinated Indebtedness Account, Impact Fee Account and Special Assessment Account. The Bond Resolution also establishes the Construction Fund. All such funds and accounts will be held by the City, and no independent trustee has been appointed to hold the moneys in such funds for the benefit of the Bondholders.

The City deposits all Revenues collected from the operation of the Stormwater Utility into the Enterprise Fund. Not later than the twentieth (20th) day of each month, the City will withdraw from the Enterprise Fund (except for an amount equal to the next two (2) month’s Current Expenses under the Annual Budget, which amount shall be held for the payment of Current Expenses) and deposit the funds withdrawn in the following order:

- (a) To the Bond Service Subaccount of the Debt Service Account, an amount which, together with amounts concurrently deposited therein from Impact Fees pursuant to the Bond Resolution and from Special Assessments pursuant to the Bond Resolution, will equal one-sixth

(1/6) of interest payable on the Bonds of each Series on the next Interest Payment Date, and one-twelfth (1/12) or, if principal is payable semiannually, one-sixth (1/6), of the next maturing installment of principal on all Serial Bonds then Outstanding; provided, however, that in each month intervening between the date of delivery of Bonds and the next succeeding Interest Payment Date or principal payment date, respectively, the amount specified in this subparagraph shall be the amount which when multiplied by the number of deposits to the credit of the Bond Service Subaccount required to be made during such respective periods as provided above will equal the amounts required (taking any amounts received as accrued interest or capitalized interest from the proceeds of the Bonds) for such next succeeding interest payment and next maturing installment of principal, respectively;

(b) To the Redemption Subaccount of the Debt Service Account, an amount which, together with amounts concurrently deposited therein from Impact Fees pursuant to the Bond Resolution and from Special Assessments pursuant to the Bond Resolution, will equal one-twelfth (1/12) or, if any Bonds are required to be retired semiannually in satisfaction of the Amortization Requirements therefor, one-sixth (1/6), of the principal amount of Term Bonds of each Series required to be retired in satisfaction of the Amortization Requirements, if any, for such Fiscal Year;

(c) To the Reserve Account, the amount, if any, as may be required to make the amount deposited to the credit of the Reserve Account in such month equal to the Reserve Account Deposit Requirement for such month; provided, however, that if the Reserve Account Deposit Requirement is being satisfied by the restoration of any amounts drawn or paid under a Reserve Account Insurance Policy or a Reserve Account Letter of Credit, there shall be paid to the provider thereof such amount, if any, of any balance remaining after the deposits under clauses (a) and (b) above, as may be required to cause the Reserve Account Deposit Requirement to be satisfied;

(d) To the Rate Stabilization Account, amounts determined from time to time by the City Commission; and

(e) To the Subordinated Indebtedness Account, an amount, if any, equal to the sum of one-twelfth (1/12) of the principal, redemption premium, if any, and interest coming due on any Subordinated Indebtedness during the succeeding twelve (12) month period and the amount, if any, required to be deposited in any special reserve subaccount established within the Subordinated Indebtedness Account.

Impact Fees are required to be deposited to the Impact Fee Account, and Special Assessments are required to be deposited to the Special Assessment Account, and the amounts in such accounts are required to be used for the specific purposes for which such Impact Fees or Special Assessments have been levied. No Special Assessments or Impact Fees shall be available to pay principal of or interest on the Series 2018 Bonds. For a further description of such Accounts, see APPENDIX E - The Resolution.

Reserve Account

General

Under the Bond Resolution, the City has established the Reserve Account within the Enterprise Fund. The Reserve Account is held for the benefit of all Bonds Outstanding; provided, however, that pursuant to a Series Resolution for one or more particular Series of Bonds, the City may establish a separate subaccount within the Reserve Account for such particular Series of Bonds. In such event, such Series of Bonds shall be secured only by the moneys held for the credit of such separate subaccount and

by no other amounts held for the credit of the Reserve Account or any other subaccount therein, and the Bonds Outstanding of any other Series will have no claim whatsoever on the moneys held for the credit of such separate subaccount in the Reserve Account.

The Reserve Account Requirement under the Bond Resolution is an amount equal to the lesser of (i) the Maximum Principal and Interest Requirements for all Bonds Outstanding secured by the Reserve Account in the current or any subsequent Fiscal Year, or (ii) the maximum amount allowed to be funded from Bond proceeds under the Code; provided that if the Series Resolution corresponding to a Series of Bonds provides for the establishment of a separate subaccount in the Reserve Account to secure only such Series of Bonds (with such Series of Bonds having no claim on the other moneys deposited to the credit of the Reserve Account), the Reserve Account Requirement for such Series of Bonds shall be calculated as set forth in the corresponding Series Resolution.

Notwithstanding anything to the contrary contained in the Bond Resolution, (i) the Series 2009 Bonds are not secured by the Reserve Account or any separate subaccount therein, and (ii) the Reserve Account Requirement is computed without regard to the Series 2009 Bonds.

No Deposit for Series 2018 Bonds

The Series 2018 Resolution provides that, notwithstanding anything to the contrary contained in the Bond Resolution (i) the Series 2018 Bonds shall not be secured by, nor payable from moneys, Reserve Account Insurance Policies or Reserve Account Letters of Credit on deposit in, the Reserve Account or any subaccount therein created under or pursuant to the Bond Resolution and (ii) the Reserve Account Requirement with respect to the Series 2018 Bonds shall be \$0.00. **As a result, the Series 2018 Bonds shall not be entitled to any benefit from amounts, Reserve Account Insurance Policies or Reserve Account Letters of Credit that may be held in the Reserve Account or any subaccount therein for the benefit of the Series 2011 Bonds remaining Outstanding upon issuance of the Series 2018 Bonds, or any other Bonds that may be hereinafter issued under the Bond Resolution.** Amounts on deposit in the Reserve Account upon issuance of the Series 2018 Bonds shall be held solely for the benefit of the holders of the Outstanding Series 2011 Bonds and not for the benefit of the holders of the Series 2009 Bonds or the Series 2018 Bonds.

Rate Covenant

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

If the City has covenanted to levy Special Assessments or Impact Fees against property to be benefitted by any Improvements (which levy is done in accordance with State law), and if, in the case of Special Assessments, the City has pledged such Special Assessments to the payment of Bonds or portions thereof and if, in the case of Impact Fees, such Impact Fees are legally available for application with

respect to the payment of Bonds or portions thereof, then the Net Revenues in any Fiscal Year for purposes of the rate covenant shall be increased by the amount which the Consulting Engineers estimate will be received from the levy of said Special Assessments or Impact Fees, as the case may be, during such Fiscal Year, said amount to be the installment payments on the Special Assessments or Impact Fees, as the case may be, plus, in the case of Special Assessments, any interest payable on the unpaid portion of the Special Assessments during such Fiscal Year.

If in any Fiscal Year the Net Revenues are less than the amount required under the preceding paragraphs, within thirty (30) days of the receipt of the audit report for such Fiscal Year (which may be the City's Consolidated Audited Financial Report relating to the Stormwater Utility), the City is required to either cause the Chief Financial Officer, or employ a Rate Consultant, to review and analyze the financial status and operations of the Stormwater Utility, and to submit, within sixty (60) days thereafter, a written report to the City recommending revisions of the rates, fees and charges of the Stormwater Utility and the methods of operation of the Stormwater Utility that will result in producing the amount so required in the following Fiscal Year. Promptly upon its receipt of such recommendations, the City is required to transmit copies thereof to the City Manager and Chief Financial Officer and to revise its rates, fees and charges, or alter its methods of operation and take such other action as will conform with such recommendations.

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

If the City complies with all recommendations of the Chief Financial Officer or Rate Consultant, as applicable, in respect to its rates, fees, charges and methods of operation, the failure of Net Revenues to meet the rate covenant described above will not constitute an Event of Default so long as the Revenues, together with available moneys in the Funds and Accounts created under the Bond Resolution, other than the Construction Fund and the Arbitrage Rebate Fund, are sufficient to pay in cash the Current Expenses and to pay the Principal and Interest Requirements on all Bonds Outstanding under the Bond Resolution and other Utility Debt for such Fiscal Year.

Additional Bonds

Additional Bonds of the City may be issued from time to time under and secured by the Bond Resolution, on a parity as to the pledge of the Net Revenues with the Bonds and any Alternative Parity Debt and parity Short-Term Indebtedness that may be issued under the Bond Resolution, subject to the conditions described below, for the purpose of paying all or any part of the Cost of any Improvements and the funding of the Reserve Account and/or the Rate Stabilization Account.

Before any Additional Bonds are permitted to be issued under the Bond Resolution, the City Commission shall adopt a Series Resolution authorizing the issuance of such Additional Bonds and there shall be filed with the City, among other things, the following:

- (a) a certificate of the Chief Financial Officer, an Accountant or the Rate Consultant, demonstrating that either (i) the percentage derived by dividing the Net Revenues projected for the Stormwater Utility for the Fiscal Year following the Fiscal Year in which the Completion Date of the Improvements to be financed by the Additional Bonds then to be delivered is expected to occur, as certified by the Rate Consultant, adjusted as permitted below, by the Maximum Principal

and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than one hundred ten percent (110%); or (ii) the percentage derived by dividing the Net Revenues for any period of twelve (12) consecutive months selected by the City out of the eighteen (18) months preceding the delivery of such certificate, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than one hundred ten percent (110%) (the period during which Net Revenues are determined being referred to hereinafter as the "Measurement Period"); and

(b) if the certificate described in (a)(i) above is being delivered, a certificate of the Rate Consultant setting forth the projected Net Revenues for the Fiscal Year following the Fiscal Year in which the Completion Date of the Improvements to be financed by the Additional Bonds then to be delivered is expected to occur;

(c) a certificate of the Chief Financial Officer to the effect that no event of default under the Bond Resolution and no event which with the passage of time, the giving of notice or both would become an event of default, has occurred within the twelve consecutive calendar months prior to the date of such certificate and is continuing, or, if any such event or events has occurred and is continuing, that the issuance of such Series of Additional Bonds will cure the same; and

(d) an opinion of the City Attorney or Bond Counsel that the issuance of such Additional Bonds has been duly authorized and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled.

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

(1) If the City, prior to the issuance of the proposed Additional Bonds, shall have increased the rates, fees, rentals or other charges for the services of the Stormwater Utility, the Net Revenues for the Measurement Period shall be adjusted to show the Net Revenues which would have been derived from the Stormwater Utility in such Measurement Period as if such increased rates, fees, rentals or other charges for the services of the Stormwater Utility had been in effect during all of such Measurement Period.

(2) If the City shall have acquired or has contracted to acquire any privately or publicly owned existing stormwater management utility system, then the Net Revenues derived from the Stormwater Utility during the Measurement Period shall be increased by addition to the Net Revenues for the Measurement Period of the Net Revenues which would have been derived from said existing stormwater management utility system as if such existing stormwater management utility system had been a part of the Stormwater Utility during the Measurement Period. For the purposes of this paragraph, the Net Revenues derived from said existing stormwater management utility system during the Measurement Period shall be adjusted by deducting the cost of operation and maintenance of said existing stormwater management utility system from the gross revenues of said existing stormwater management utility system in the same manner provided in the Bond Resolution for the determination of Net Revenues.

(3) If the City, in connection with the issuance of Additional Bonds, shall enter into a contract (with a duration not less than the final maturity of such Additional Bonds) with any public or private entity whereby the City agrees to furnish services in connection with any stormwater management utility system then the Net Revenues of the Stormwater Utility during the Measurement Period shall be increased by the least amount which said public or private entity shall guarantee to pay in any one (1) year for the

furnishing of said services by the City, after deducting therefrom the proportion of operating expenses and repair, renewal and replacement cost attributable in such year to such services. Such payments shall be deemed to be Net Revenues of the Stormwater Utility and pledged for the Bonds in the same manner as other Net Revenues of the Stormwater Utility.

(4) If the City has covenanted to levy Special Assessments or Impact Fees against property to be benefited by any Improvements (which levy must be done in accordance with State law), and if, in the case of Special Assessments, the City has pledged or pledges such Special Assessments to the payment of Bonds or portions thereof and if, in the case of Impact Fees, such Impact Fees are legally available for application with respect to Bonds or portions thereof, then solely for purposes of clauses (a) and (b) above the Net Revenues during the Measurement Period shall be increased by the amount which the Consulting Engineers estimate will be received from the levy of said Special Assessments or Impact Fees, as the case may be, during any Fiscal Year occurring within three (3) years of the date of the sale of such Additional Bonds, said amount to be the installment payments on the Special Assessments or Impact Fees, as the case may be, plus, in the case of Special Assessments, any interest payable on the unpaid portion of the Special Assessments during such Fiscal Year.

A portion of the Series 2018 Bonds is being issued as Additional Bonds. See "INTRODUCTION" and "PURPOSE OF THE ISSUE - Series 2018 Project" herein. The rates for services of the Stormwater Utility which became effective on October 1, 2016 were used to calculate the Net Revenues available to satisfy the requirements set forth in subparagraph (a) above, as permitted by the Bond Resolution and described in subparagraph (1) above. For a description of the rate increase that became effective on October 1, 2016, see "THE STORMWATER UTILITY - Rates, Fees and Charges" herein.

In the future, the City intends to issue Additional Bonds in accordance with its Capital Improvement Program. See "THE STORMWATER UTILITY - Capital Improvement Program" herein. For a more detailed description of the conditions required to be satisfied in connection with the issuance of Additional Bonds and the effect of issuing such Bonds, see "APPENDIX E - The Resolution" and, in particular, Sections 209 of the Bond Resolution.

Refunding Bonds

Under the provisions of the Bond Resolution, Refunding Bonds of the City may be issued under and secured by the Bond Resolution, on a parity as to the pledge of the Net Revenues with the Bonds and any Alternative Parity Debt and parity Short-Term Indebtedness that may be issued under the Bond Resolution, for the purpose of refunding all or a portion of any Bonds Outstanding of any one or more Series, funding the Reserve Account and/or the Rate Stabilization Account and paying any expenses in connection with such refunding.

Before any Refunding Bonds are permitted to be issued under the Bond Resolution, the City Commission shall adopt a Series Resolution authorizing the issuance of such Refunding Bonds and there shall be filed with the City, among other things, (A) either: (i) a certificate of the Chief Financial Officer that the issuance of the Refunding Bonds will result in a decrease in total Principal and Interest Requirements for all Bonds Outstanding, or (ii) the certificates required by (a), (b) and (c) under the caption "Additional Bonds" above; provided, however, that with respect to the certificates required by (a)(i) and (b), the projected Net Revenues shall be computed for the Fiscal Year immediately following the issuance of the Refunding Bonds; (B) an opinion relating to the Refunding Bonds required by (d) under the caption "Additional Bonds" above and (C) an opinion of Bond Counsel to the effect that upon the issuance of such Refunding Bonds and the application of the proceeds thereof, the Bonds to be refunded

will no longer be deemed to be Outstanding under the Bond Resolution and that the issuance of the Refunding Bonds will not adversely affect the exclusion of interest on any Bonds then Outstanding from gross income for federal income tax purposes.

A portion of the Series 2018 Bonds is being issued as Refunding Bonds. See “INTRODUCTION” and “PURPOSE OF THE ISSUE - Plan of Refunding” herein. For a more detailed description of the conditions required to be satisfied in connection with the issuance of Refunding Bonds and the effect of issuing such Bonds, see “APPENDIX E - The Resolution” and, in particular, Sections 210 of the Bond Resolution.

Limited Liability

The City is not obligated to pay the Series 2018 Bonds or the interest thereon except from the Pledged Revenues and neither the faith and credit nor any physical properties of the City are pledged to the payment of the Series 2018 Bonds. The issuance of the Series 2018 Bonds does not directly or indirectly or contingently obligate the City to levy any form of taxation whatever therefor or to make any appropriation for their payment except from the Pledged Revenues. Neither the full faith and credit nor the taxing power of the City, Miami-Dade County, Florida (the “County”), the State of Florida or any political subdivision thereof is pledged to the payment of the Series 2018 Bonds.

Other Parity Indebtedness

In addition to the issuance of Additional Bonds and Refunding Bonds, the City may issue other obligations on a parity with the Series 2018 Bonds and other Bonds Outstanding under the Bond Resolution as long as such obligations are issued in accordance with the provisions of the Bond Resolution authorizing their issuance as parity indebtedness. Such obligations include the issuance of Short-Term Indebtedness without the delivery of the certificates described under the caption “Additional Bonds” above as long as immediately following the issuance of such Short-Term Indebtedness, the outstanding principal amount of all Short-Term Indebtedness does not exceed ten per cent (10%) of the Net Revenues of the Stormwater Utility, as shown on the Annual Budget for the current Fiscal Year.

For a more detailed description of the other types of indebtedness that may be issued from time to time on a parity with the Series 2018 Bonds and other Bonds Outstanding under the Bond Resolution, in addition to Additional Bonds and Refunding Bonds, and the tests applicable to the issuance of such other types of indebtedness, see “APPENDIX E - The Resolution” and, in particular, Sections 211 and 212 of the Bond Resolution.

Subordinated Indebtedness

The City may issue obligations under the Bond Resolution that are secured by the Net Revenues without satisfying the conditions for the issuance of Additional Bonds, Refunding Bonds or Alternative Parity Debt so long as such obligations are issued as Subordinated Indebtedness. Subordinated Indebtedness is payable solely from amounts on deposit in the Subordinated Indebtedness Account. Net Revenues may be deposited in the Subordinated Indebtedness Account only after the deposit of amounts required to be made to the accounts securing the Bonds or Alternative Parity Debt, including the Rate Stabilization Account. As a result, the lien on Net Revenues in favor of Subordinated Indebtedness is junior and subordinate to the pledge of and lien on Net Revenues in favor of the Outstanding Bonds, the Series 2018 Bonds and any other Bonds or Alternative Parity Debt issued under the Bond Resolution.

In addition to the Outstanding Bonds, in connection with the implementation of the Capital Improvement Program for the Stormwater Utility, on November 12, 2014 the City entered into a loan agreement to borrow \$7,500,000 in aggregate principal amount of funds from the State of Florida, Department of Environmental Protection Clean Water Revolving Loan Fund (the "SRF"). The City's current total SRF loan repayment obligation (which consist of principal amount, accrued interest and loan service fees) is [\$7,797,500]. The City anticipates that it will apply for additional loans from the SRF to finance future Stormwater Utility capital projects and that the aggregate principal amount of SRF loans for the current capital improvement program for the Stormwater Utility will total approximately \$30 million. See "THE STORMWATER UTILITY - Capital Improvement Program - Planned Improvements" herein. Under the City's current loan agreement with the SRF (the "SRF Loan Agreement"), the City's repayment obligation is treated as Subordinated Indebtedness. The repayment obligations for future loans contemplated to be requested from the SRF to finance Stormwater Utility capital projects are also expected to be treated as Subordinated Indebtedness. However, the SRF Loan Agreement requires, and the loan agreements for future loans from the SRF are expected to require, the consent of the SRF prior to the issuance of any Additional Bonds or Refunding Bonds. The consent of the SRF has been obtained for the issuance of the Series 2018 Bonds.

Modifications or Supplements to Resolution

Except as set forth in the third (3rd) succeeding paragraph below, no supplemental resolution may be adopted by the City Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions of the Bond Resolution or of any resolution supplemental thereto without the consent in writing of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such supplemental resolution shall (i) permit an extension of the maturity of the principal of or the interest on any Bond, (ii) reduce the principal amount of any Bond or the redemption premium or the rate of interest thereon, (iii) create a superior or parity lien upon or a pledge of Revenues other than the lien and pledge created by the Bond Resolution, or a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) reduce the aggregate principal amount of the Bonds required for consent to such supplemental resolution without, in each case, the consent of the Holders of all the Bonds Outstanding.

The consent of the Holders of any Additional Bonds or Refunding Bonds issued under the Bond Resolution shall be deemed given if the underwriters or initial purchasers for resale consent in writing to such supplemental resolution and the nature of the amendment effected by such supplemental resolution is disclosed in the official statement or other offering document pursuant to which such Additional Bonds or Refunding Bonds are offered and sold to the public.

In addition, for purposes of providing the written consent of the Holders of any Series of Bonds to any supplemental resolution modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions of the Bond Resolution or of any resolution supplemental thereto, to the extent any Series of Bonds is secured by a Credit Facility, so long as the issuer of such Credit Facility shall not be in default in its obligations under such Credit Facility, the consent of the Credit Facility Issuer for such Series of Bonds shall constitute the consent of the Holders of such Bonds.

Notwithstanding the foregoing, the City may, from time to time, without the consent of the Holders of any Series of Bonds, amend, change, modify or alter the Bond Resolution for any of the specifically authorized reasons set forth in Sections 1001(a) through (j) of the Bond Resolution. See "APPENDIX E - The Resolution."

THE STORMWATER UTILITY

The following is intended to provide only a summary description of the Stormwater Utility. For a more detailed description of the Stormwater Utility, see the City of Miami Beach, Florida Engineer's Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018 (the "Engineer's Report") prepared by AECOM, as the City's consulting engineer in connection with the issuance of the Series 2018 Bonds (the "Series 2018 Consulting Engineer") and the City of Miami Beach, Florida Financial Feasibility Report for the Issuance of Stormwater Revenue and Revenue Refunding Bonds, Series 2018 (the "Feasibility Report") prepared by Public Resources Management Group, Inc., as the City's feasibility consultant in connection with the issuance of the Series 2018 Bonds (the "Feasibility Consultant"). The Engineer's Report and the Feasibility Report were prepared to address issues and provide information relevant to the Stormwater Utility and the issuance of the Series 2018 Bonds for the Fiscal Years ended September 30, 2013 through September 30, 2017 (the "Historical Period") and for the Fiscal Years ending September 30, 2018 through September 30, 2023 (the "Forecast Period"). The Engineer's Report and the Feasibility Report are included in this Official Statement as Appendix B and Appendix C, respectively.

General

The City is a highly urbanized coastal community located in southeast Florida and a major economic resource to the region. Bounded by the Atlantic Ocean and the environmentally sensitive Biscayne Bay Aquatic Preserve, which is also one of the Outstanding Florida Waters, the Stormwater Utility covers an area of approximately 4,200 acres. See "THE STORMWATER UTILITY - Government Regulations - Florida Department of Environmental Protection" herein. The area has relatively low-lying topography that is intersected by intracoastal waterways. The area has a subtropical climate with high intensity rainfall, significant tidal influence, limited soil storage for infiltration, high amounts of impervious area, and limited available surface storage. Such factors historically have caused, and have the potential in the future to cause, tidal events. Tidal events can produce flooding and erosion.

The City is composed of a group of islands and the City has a perimeter of seawalls around its island system. Topographic elevations range from approximately 10 feet referenced to North American Vertical Datum of 1988 ("feet-NAVD") to 0.0 feet-NAVD. Much of the City's stormwater system infrastructure and roads lie at or below 6 feet-NAVD. Low street gutter elevations range as low as 0.5 feet-NAVD.

On June 18, 1991, through the adoption of Ordinance 91-66, the Board of County Commissioners of Miami-Dade County, Florida established a county-wide stormwater utility. On September 2, 1992, the City Commission adopted Resolution No. 92-20579, which authorized the execution of an Interlocal Agreement with the County (the "Stormwater Interlocal Agreement"). The Stormwater Interlocal Agreement formalized the relationship between the County and the City relating to stormwater management and established responsibilities for the planning, control, operation, construction, maintenance, repair, and enhancement of stormwater systems within the City limits. In March 1996, the City Commission adopted Resolution 96-21923, which notified the County that the City desired to be excluded from the County stormwater utility and, through enactment of Ordinance No. 96-3051, on September 11, 1996, the City established the Stormwater Utility.

Currently, the City owns the Stormwater Utility, which exist within the geographical boundaries of the City and also includes a number of discrete islands located in Biscayne Bay. The City's stormwater management system consists of City maintained outfalls served by swales, inlets, storm drains, culverts, bridges, gravity and pumped recharge wells, exfiltration systems, channels, canals, pump stations, and retention/detention storage systems.

The City exercises exclusive jurisdiction, control and supervision over the Stormwater Utility. The City Commission has the legal authority to fix, charge and collect from its customers, rates, fees, and charges, and to acquire, construct, finance and operate the Stormwater Utility, without supervision or regulation by any other commission, board, bureau, agency or other political subdivision of the County or the State; provided, however, that environmental impacts are regulated by various governmental entities. See "THE STORMWATER UTILITY - Government Regulations" herein.

Public Works Department

The City's Public Works Department (the "Public Works Department") is a large, full service organization providing planning, design, construction, maintenance, repairs and operation services for City infrastructure, including utility systems and City buildings and facilities. The department oversees City cleanliness and manages the Solid Waste Collection and Disposal Program. The department is represented by professional, semi-professional and licensed disciplines working in the following divisions and sections: Administration, Engineering, Transportation Management, Streets and Streetlights, Environmental Resources Management, Property Management, Water Distribution, Sewer Collection, Stormwater Management, and Sanitation. The Public Works Department was designated as an Accredited Public Works Agency by the American Public Works Association in May 2007 and re-accredited in June 2011. The American Public Works Association notes that such accreditation provides formal recognition of acceptance by the Public Works Department of concepts of continuous improvement and official verification of the department's compliance with recommended policies, procedures and practices established in the *Public Works Management Practices Manual*.

The Public Works Department is responsible for the management, planning, design, construction, maintenance, repair and operation of the City's infrastructure. Such responsibilities include operation and maintenance of the City's roadways, greenways and the facilities of the Stormwater Utility. The Public Works Department is also responsible for solid waste and recycling collection in the City. The Public Works Department consists of four (4) divisions: Engineering, Greenspace, Sanitation and Infrastructure.

Eric T. Carpenter, P.E. is the Assistant City Manager in charge of the Public Works Department. Mr Carpenter also serves as the Director of the department. Roy Coley, the Director of the City's Infrastructure Division of the Public Works Department, is responsible for, among other duties, the daily operations of the Stormwater Utility. The Infrastructure Director oversees the Operation and Maintenance Sections within the Public Works Department, warehouse operations for the department and minor construction of the following:

- Sewer collection system,
- Water distribution system,
- Stormwater collection and disposal system,
- Pump stations and
- Water metering.

Other divisions within the Public Works Department are overseen by Jay J. Fink, P.E., the Assistant Public Works Director. Mr. Fink reports directly to the Public Works Director. Bruce A. Mowry, Ph.D., P.E., the City Engineer, is responsible for the daily operations of the divisions overseen by Mr. Fink. Such divisions provide the following services:

- Planning and Engineering of the following:
 - Sewer collection system,

- Water distribution system,
 - Stormwater collection and disposal system,
 - Pump stations and
 - Water metering, and
- Management of the following:
 - Right-of-Way permitting and enforcement,
 - Transportation,
 - Environmental resources,
 - Property,
 - Sanitation and
 - Geographic Information Systems.

The Public Works Department is also supported by other departments within the City and the City Manager's office provides managerial and administrative guidance. The Finance Department performs the utility billing functions. The Procurement Department performs several functions, including, among others, handling all requests for proposals for engineering consultant contracts and requests for payment of invoices received by the Public Works Department, advertising and awarding all construction contracts and facilitating purchases of equipment. The Office of Budget and Performance Improvement approves all spending requests and allocates funding for all water, wastewater and stormwater operations. The Parks Department handles green space restoration. The Fleet Maintenance and Property Management Department performs vehicle fleet maintenance and building maintenance, respectively. The Human Resources Department handles all personnel functions. The Capital Improvement Project Office provides planning, design review, fiscal and construction management services of all City capital projects.

Set forth below is a brief summary of the background, qualifications and experience of those management officials of the City who are responsible for the operation of the Stormwater Utility:

Jimmy L. Morales, Esq., City Manager. Mr. Morales was appointed City Manager for the City in April 2013. Prior to accepting his position as City Manager, Mr. Morales was a shareholder and member of the Board of Directors of the law firm, Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. from 2000-2013. Mr. Morales also served as City Attorney for the City of Doral, Florida from 2009-2013 and as City Attorney for the City of Marathon, Florida from 2005-2009. In addition, Mr. Morales served as a member of the Board of County Commissioners of Miami-Dade County, Florida from 1996-2004. He has received numerous professional awards, honors and recognitions, including the Greater Miami Chamber of Commerce Bill Colson Leadership Award for Outstanding Leadership and Superior Ability in 2000, the SAVE Dade Champion of Equality award in 2006, and induction into the Miami Beach High School Hall of Fame in 2004. He was selected as one of the Top Lawyers in South Florida by the *South Florida Legal Guide* in 2008-2009 and 2011 and as one of the Florida Super Lawyers in 2006-2010. Mr. Morales received his Bachelor of Arts, Magna Cum Laude, from Harvard University and his Juris Doctorate, Magna Cum Laude, from Harvard Law School.

John Woodruff, Chief Financial Officer. Mr. Woodruff was appointed Chief Financial Officer for the City in February 2017. Mr. Woodruff previously served as Interim Chief Financial Officer for the City from September 2015 through January 2016. Mr. Woodruff also served as the Director of the Office of Budget and Performance Improvement for the City from 2013 through March 2016, prior to leaving the City to become the Director of the Office of Management and Budget for the City of San Antonio, Texas. Prior to joining the City, Mr. Woodruff served as co-owner of Panama Realtor Property Management Services from August 2012 to June 2013. He also served in various capacities for Pinellas County, Florida,

including serving as Director of the Pinellas County Office of Management and Budget from April 2007 to July 2012 and as a Manager in such office from April 2002 to April 2007. Prior to employment in Florida, Mr. Woodruff served in various positions for the City of San Antonio, Texas, including serving as a Senior Budget and Management Analyst in the Office of Management and Budget for the City of San Antonio from February 2000 to April 2002 and as a Budget and Management Analyst in such office from January 1998 to February 2000. He also interned with the U.S. Department of Commerce, the International Affairs Department for the City of San Antonio and the Mayor's Office for the City of San Antonio. Mr. Woodruff received a Master of Business Administration, in International Business, from the University of Texas at San Antonio and a Bachelor of Arts in History from the University of Texas at Austin.

Eric T. Carpenter, P.E., Assistant City Manager / Public Works Director. Mr. Carpenter was appointed Assistant City Manager for the City in _____ 201__ and Director of the Public Works for the City of Miami Beach, Florida in May 2013. Prior to his employment with the City, Mr. Carpenter served as the Director of Public Works for the City of Doral, Florida from 2006 to 2013 and as Project Manager for Cherokee Enterprises, Inc. from 2002 to 2006. Additionally, he served as a Project Manager for PMK Group from 1997 to 2002. Mr. Carpenter is the current Vice Chair of the South Florida Branch of the American Public Works Association and was the 2010 Government Engineer of the Year for the Miami-Dade County Chapter of the American Society of Civil Engineers. He received his Bachelor of Science in Civil Engineering, with a minor in Chemical Engineering, from the University of Maryland, College Park and received his license as a Professional Engineer in Florida in 2004.

Roy Coley, Director, Infrastructure Division. Mr. Coley was appointed Director of the Infrastructure Division of the Public Works Department for the City of Miami Beach, Florida in August, 2015. Prior to such appointment, he served as the Director of Operations for the Florida Keys Aqueduct Authority from 2005 to 2015. Mr. Coley received his Bachelor of Arts in Organizational Leadership from St. Thomas University and his Master of Business Administration from Saint Leo University. **[ADDITIONAL INFORMATION MAY BE PROVIDED]**

Jay J. Fink, P.E., Assistant Public Works Director. Mr. Fink was appointed Assistant Director of Public Works for the City of Miami Beach, Florida in April, 2012. Prior to his employment with the City, Mr. Fink served as a Commissioner of Public Works for the City of Lynn, Massachusetts, from 2004 to 2012, as a Commissioner of Public Works for the City of Quincy, Massachusetts, from 2002 to 2004, as the Utilities Director for the City of Newton, Massachusetts, from 1998 to 2002, and as a member of the Massachusetts Water Resources Authority Advisory Board, from 1998 to 2012. Mr. Fink was certified as a Professional Engineer in the Commonwealth of Massachusetts in 1992 and as a Professional Engineer in the State of Florida in 2004. He received his Bachelor of Science in Civil Engineering, Cum Laude, from Northeastern University and his Master of Science in Environmental Engineering from Tufts University.

Bruce A. Mowry, Ph.D., P.E., City Engineer. Mr. Mowry was appointed City Engineer for the City of Miami Beach, Florida in October, 2013. Prior to his employment with the City, Mr. Mowry served as the General Manager of Cachuma Operation and Maintenance Board, from 2010 to 2013, as the Program Manager in Trinidad & Tobago for AECOM, from 2007 to 2010, as the Executive Director of the Water Authority of Volusia, from 2004 to 2007, as the General Manager of the Water Replenishment District of Southern California, from 2001 to 2004, as a Manager for CH2M Hill, Inc., from 1988 to 2001, and as a Manager of Design, Water and Wastewater Systems, for N-Y Associates, from 1981-1988. Mr. Mowry also served as a Professor for the Department of Engineering, University of New Orleans, from 1980 to 1983, and as an Engineer for the Department of Natural Resources, Mississippi State University, from 1977 to 1980. He received his Bachelor of Science in Biological Engineering, and his Master of Science and

Ph.D in Civil Engineering, from Mississippi State University. Mr. Mowry received his license as a Professional Engineer in Florida in 2004.

Infrastructure

In 1903, the United States Army Corps of Engineers dredged the first opening to the Atlantic Ocean in South Florida, cutting through mangrove swamps at the shipping channel known as Government Cut. The dredging project allowed for a safer, more direct access to the Port of Miami. Through the 1900s, Miami Beach was dredged and built. The beach, on the east side, is the highest part of the City. The west side, along West Avenue, is the lowest. The majority of the storm drainage for the City was constructed between the 1930s and 1960s during the City's initial population booms. Generally, the drainage system flows by gravity from east to west, where water drains into Biscayne Bay or one of its tributary waterways. Under present day conditions, when Biscayne Bay is at high tide or groundwater conditions are high, the City experiences flooding. During storm events, flooding occurs due to excess runoff as well as the inundation of the stormwater network by tidal backflow, elevated groundwater and heavy rainfall.

The City installed the current stormwater collection and disposal system beginning in the early 1940s. The infrastructure consist of a network of catch basins, conveyance piping and positive outfalls that discharge stormwater into the surrounding waterways. The installation of the Stormwater Utility paralleled development of the City and was focused initially in the South Beach and Mid-Beach areas. In addition to the City's drainage network, the Florida Department of Transportation has installed several independent drainage systems within the City.

The Stormwater Utility is responsible for protecting the waterways in and around the City from pollution, for flood protection within the City and for the removal of stormwater from the City's roadways. The City meets its flood protection objectives through three (3) methods: (i) filling land and constructing new buildings and improvements at elevations above the anticipated flood elevation; (ii) lowering the water table through the construction of canals; and (iii) constructing storm sewers and other stormwater collection and conveyance systems to remove stormwater from land surfaces and discharge it into the surrounding waterways or into the groundwater.

The filling or elevating of land prior to the improvement of property is accomplished by maintaining building codes that require all new construction to be completed with a finished floor elevation above the 100-year flood stage elevation.

A canal network is also utilized as part of the City's stormwater management program. The canals are constructed along natural drainage features and connect salt water bodies at the same elevation. Continuous concrete bulkheads (seawalls) are used in the construction process to reduce erosion of soil of the adjacent filled lands. Water movement through these canals is accomplished by tidal flushing action only. The Collins Canal connects the southern end of Indian Creek Waterway with Biscayne Bay at Belle Island. Stormwater runoff enters this canal from Dade Boulevard to the north and from the end of various streets to the south. The canals are designed in conjunction with the storm sewer system and are stated to have been sized to handle a 25-year storm having a 24-hour duration.

The third method of stormwater management is through the use of storm sewers and other stormwater collection and conveyance devices. Storm sewers serve to collect and dispose of excess water after a rainfall event through containment and/or rapid disposal by positive gravity-driven outlets. Storm sewers comprise a complex system of collection devices (typically catch basins), pipes, and outfalls that collect, convey and discharge stormwater runoff directly into surface water bodies.

The Stormwater Utility currently operates under the Florida Department of Environmental Protection (the "FDEP") Municipal Separate Storm Sewer System ("MS4") Permit No. FLS000003-003, which adheres to the National Pollutant Discharge Elimination System ("NPDES") requirements of the United States Clean Water Act (the "Clean Water Act"). The Stormwater Utility includes approximately 4,750 stormwater inlets, 7,900 conduits (gravity pipes and force mains), 2,575 manholes, 25 pumping stations and 340 stormwater outfalls. The City also has 3 pump stations under construction and an additional 12 in final design or currently under contract to be constructed. **[NEEDS TO BE UPDATED]** In addition, several private County and State owned pump stations and outfalls exist within the City limits.

Capital Improvement Program

General

The existing facilities of the Stormwater Utility are inadequate in many areas of the City. In most areas of the City, the existing stormwater system is based on the development patterns, groundwater and coastal conditions of the 1930s and 1960s, and has localized improvements to address flooding issues. Those systems, constructed between the 1930s through 1960s, have served their design life. Due to age, development, and updated regulatory requirements, the City's overall stormwater system has been determined to require upgrades to improve stormwater quality and conveyance.

Improvements to the Stormwater Utility are implemented in accordance with the City's adopted stormwater master plan. The City's stormwater master plan is reviewed and evaluated approximately every five (5) years, with portions of the plan updated as determined to be necessary during such review and evaluation. In addition, the City conducts a comprehensive analysis and update of its stormwater master plan approximately every ten (10) to fifteen (15) years to address any remaining deficiencies within the system and any changes that have occurred, or are expected to occur, in permitting and regulatory requirements. The City retained the engineering firm CH2M Hill to provide the 1997 City of Miami Beach Comprehensive Stormwater Management Program Master Plan (the "1997 SWMP") for the Stormwater Utility. The 1997 SWMP identified thirty-four (34) drainage basins as high priority basins. The City's Capital Improvement Program for the Stormwater Utility, as originally presented in the 1997 SWMP, identified proposed projects by stormwater basin number.

In 2000 the City issued its Stormwater Revenue Bonds, Series 2000 in the aggregate principal amount of \$52,170,000 (the "Series 2000 Bonds") to provide financing for implementation of the highest priority projects identified in the 1997 SWMP. The Series 2000 Bonds are no longer Outstanding and were refunded in part by the issuance of the Series 2009 Bonds. The completion of capital improvements from the 1997 SWMP, facilitated by the issuance of the Series 2000 Bonds, has improved the performance and operation of the stormwater system in several areas of the City.

On June 9, 2010, the City authorized the retention of CDM Smith Inc. ("CDM Smith") to conduct a review and update of the 1997 SWMP and evaluate the City's stormwater management practices, infrastructure, funding and policies relating to regulatory requirements. The goal was to develop a guide for improving the facilities, policies, practices and performance of the Stormwater Utility for a twenty (20) year period, with consideration provided for rises in sea levels forecast to be experienced worldwide ("Sea Level Rise") during such time period. The study and analysis conducted by CDM Smith resulted in the preparation of the 2011 City of Miami Beach Citywide Comprehensive Stormwater Master Plan (the "2011 SWMP") for the Stormwater Utility. The 2011 SWMP was adopted by the City Commission on November 14, 2012.

Among other things, the 2011 SWMP redefined the capital improvement program for the Stormwater Utility to provide for projects to be grouped together and reclassified as neighborhood projects or by general community. The improvements recommended in the 2011 SWMP were intended to satisfy the goals articulated and to provide a higher level of service for the Stormwater Utility, as defined by flood protection and control of pollutant loading (sometimes referred to as “Level of Service”).

Subsequent to adoption of the 2011 SWMP, the City implemented policy changes related to flood mitigation and drainage and roadway Level of Service to maintain flood protection and be more responsive to Sea Level Rise, the highest tide events experienced in the City each year (“King Tide”) and forecasts of increased rainfall depth, intensity and distribution. As a result, the drainage designs contained in the 2011 SWMP were determined to be inadequate to serve the City’s current needs. In addition, as a result of the predicted increase in groundwater levels resulting from Sea Level Rise, the City has implemented a working policy to reduce and/or eliminate the use of exfiltration trenches, gravity drainage wells and stormwater injection wells due to concerns over reliability and decreasing capacity. Such reduction and/or elimination will occur over the course of several years, in conjunction with other improvements and upgrades currently planned as part of the City’s multi-year capital improvement program for the Stormwater Utility (the “CIP”). Consequently, the drainage component of the neighborhood improvements contemplated in the 2011 SWMP has been re-evaluated based on Sea Level Rise and higher groundwater conditions.

The vast majority of the areas of the City lie below an elevation of 2.2 feet-NAVD. In addition to the significant flooding problems resulting from King Tide, these areas will be inundated during normal high tide with the adopted 50-Year Sea Level Rise of 1.50 feet. With a projected mean high water level for the City at 1.50 feet-NAVD and a normal high tide cycle of 0.70 feet, the water level in Biscayne Bay would be at 2.20 feet-NAVD. At such elevated Bay and groundwater levels, current gravity drainage systems and conventional best management practices for the Stormwater Utility will not be effective.

Planned Improvements

The CIP projects listed below are a combination of active projects pre-defined by the 1997 SWMP, project-specific Basis of Design Reports, and projects identified as part of the 2011 SWMP. In most instances, efforts have been made to coordinate the stormwater improvements with components of the City’s Neighborhood Right-of-Way projects, which include improvements to other neighborhood utilities such as water, sewer, streetscape and street lighting. Emphasis was given to avoid re-entering a neighborhood which had recently completed neighborhood improvements.

The purpose of these improvements is to provide a higher Level of Service for the Stormwater Utility. In addition to the proceeds of Bonds previously issued, the cost of implementing the improvements is expected to be financed from a portion of the proceeds of the Series 2018 Bonds, Additional Bonds currently contemplated to be issued in Fiscal Year 2020 in the approximate aggregate principal amount of \$100,000,000, funds provided under the current SRF Loan Agreement and future loans from the SRF, Net Revenues available for CIP projects, as reflected in the City’s adopted budgets, other amounts that may become available to fund CIP projects and, as needed, funds available for CIP projects under lines of credit obtained by the City. The improvements consist of one or a combination of the various categories of projects which constitute the Series 2018 Project. See “PURPOSE OF THE ISSUE - Series 2018 Project” herein.

Set forth below is a summary of the neighborhood projects currently included in the CIP and expected to be financed in part from proceeds of Bonds, including the Series 2018 Bonds. The listed projects are expected to provide comprehensive solutions for improving the Stormwater Utility’s

performance for the next fifty (50) years. During development of the CIP, consideration was given to the water quality of the Biscayne Bay and the operation and maintenance of an expanded stormwater system. The capital improvements listed below are expected to allow the Stormwater Utility to meet the increasing performance, permitting and regulatory demands of the system, while modernizing the Stormwater Utility to meet the flood control Level of Service established by the City.

The estimated project cost set forth in the following table totaling \$505,681,306, represents amounts expected to be financed to pay the total costs of the projects currently included in the CIP, including the portion of the proceeds from the Series 2018 Bonds deposited into the Series 2018 Construction Account (see “ESTIMATED SOURCES AND USES OF FUNDS” herein), and amounts that, if not paid from a future financing or future financings, are expected to be paid from other sources of revenue available to the City for such purpose. Of such amounts, a total of \$437,439,006 is currently expected to be paid during the Forecast Period and \$68,242,300 is currently expected to be financed with proceeds or paid from sources of funds to be provided after the Fiscal Year ending September 30, 2023. In addition to the \$505,681,306 currently required to pay costs of the projects in the CIP, \$86,264,152, has been spent or appropriated already by the City to pay the costs of the projects listed in the following table. As a result, amounts expected to be paid from a portion of the proceeds of the Series 2018 Bonds and future financings, or other sources of revenue, together with amounts already spent or appropriated, provide for a total to be spent on the projects in the CIP of \$523,703,158 during the Forecast Period and \$591,945,458 overall, taking into account amounts currently expected to be spent after the Fiscal Year ending September 30, 2023.

For a more detailed discussion of the projects comprising the CIP, the funding expected to be required for such projects and the sources of such funding, as currently contemplated, see “APPENDIX B - City of Miami Beach, Florida Engineer’s Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018,” including, in particular, “Capital Improvements” in the Engineer’s Report.

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City of Miami Beach, Florida
Stormwater Utility Capital Improvement Program⁽¹⁾

<u>Location</u>	<u>Estimated Total Project Costs</u>	<u>Funds Spent or Appropriated</u>	<u>Estimated Funds Needed for Project Costs ⁽²⁾</u>	<u>Estimated Funds to be Provided After Forecast Period</u>
Allison Island North	\$ 5,526,900	\$ - 0 -	\$ 5,526,900	\$ - 0 -
Belle Island	3,923,200	- 0 -	3,923,200	- 0 -
Biscayne Point	19,818,000	- 0 -	19,818,000	- 0 -
Biscayne Point West	12,638,900	- 0 -	12,638,900	12,638,900
Central Bayshore	4,231,700	250,000	3,981,700	- 0 -
Central Bayshore South	11,439,456	11,439,456	- 0 -	- 0 -
City Center	35,900,000	2,300,000	33,600,000	- 0 -
Middle North Bay	12,600,000	- 0 -	12,600,000	- 0 -
Nautilus	28,609,000	- 0 -	28,609,000	- 0 -
Flamingo Park	117,953,400	7,500,000	110,453,400	- 0 -
Indian Creek Parkway	14,089,700	5,500,000	8,589,700	8,589,700
La Gorce (Upper North Bay)	40,000,000	- 0 -	40,000,000	- 0 -
La Gorce Island	8,477,500	- 0 -	8,477,500	- 0 -
Orchard Park	13,061,000	- 0 -	13,061,000	13,061,000
Normandy Isle South	41,382,300	- 0 -	41,382,300	- 0 -
Normandy Shores	28,519,606	- 0 -	28,519,606	- 0 -
North Shore	40,000,000	- 0 -	40,000,000	- 0 -
Ocean Front	28,583,500	- 0 -	28,583,500	28,583,500
Park View Island	4,131,700	- 0 -	4,131,700	4,131,700
South Pointe (1 st & 5 th Street)	24,621,700	473,200	24,148,500	- 0 -
Star Island	5,405,200	- 0 -	5,405,200	- 0 -
Sunset Harbour	16,783,824	16,783,824	- 0 -	- 0 -
Sunset Islands No. 1	4,692,000	- 0 -	4,692,000	- 0 -
Sunset Islands No. 2	6,818,700	- 0 -	6,818,700	- 0 -
Town Center	19,483,000	- 0 -	19,483,000	- 0 -
West Avenue and Bay Road	42,017,672	42,017,672	- 0 -	- 0 -
SCADA and PLC ⁽³⁾	<u>1,237,500</u>	<u>- 0 -</u>	<u>1,237,500</u>	<u>1,237,500</u>
Total	<u>\$591,945,458</u>	<u>\$86,264,152</u>	<u>\$505,681,306</u>	<u>\$68,242,300</u>

Source: The Engineer's Report. See "APPENDIX B - City of Miami Beach, Florida Engineer's Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018," including, in particular, Figure 5 of the Engineer's Report.

Footnotes for the immediately preceding table are provided on the next page.

- (1) Each of the projects listed are categorized as neighborhood improvements and include one or a combination of the category of improvements described for the Series 2018 Project. See “PURPOSE OF THE ISSUE - Series 2018 Project” herein. The Series 2018 Project constitutes a portion of the improvements described herein. The final list of projects which shall constitute the Series 2018 Project shall be determined by the Public Works Department in accordance with applicable laws, the Resolution and the requirements of the Code.
- (2) The proceeds from the Series 2018 Bonds deposited into the Series 2018 Construction Account will be used to pay a portion of such costs. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. Amounts listed also will be paid by the City from future financings or other sources of revenue made available for such purpose.
- (3) Project provides for the installation of Supervisory Control And Data Acquisition (SCADA) systems and Programmable Logic Control (PLC) systems.

**City of Miami Beach, Florida
Stormwater Utility Capital Improvement Program
Estimated Sources of Funding**

<u>Funding Source</u>	<u>Estimated Project Costs during Forecast Period</u>	<u>Total Estimated Project Costs</u>
Stormwater Revenue Bonds, Series 2015	\$100,000,000	\$100,000,000
Series 2018 Bonds	100,000,000	100,000,000
Stormwater Revenue Bonds, Series 2020	100,000,000	100,000,000
SRF Loans ⁽¹⁾	30,000,000	30,000,000
Stormwater Utility Lines of Credit ⁽¹⁾⁽²⁾	60,000,000	60,000,000
Current Revenues ⁽¹⁾⁽³⁾	<u>133,703,158</u>	<u>201,945,458</u>
Total	<u>\$523,703,158</u>	<u>\$591,945,458</u>

Source: City of Miami Beach, Florida Finance Department.

- (1) Constitutes amount expected to be available to pay for projects included in the CIP. Such amount, however, is also expected to change depending upon availability of other sources of funds which may become available to finance such projects.
- (2) Represents two (2) lines of credit, with a principal amount available to be borrowed, collectively, not to exceed \$60,000,000. The principal of any amount borrowed, plus interest accrued on such amount, shall be payable solely from legally available non-ad valorem revenues of the City.
- (3) Funds are currently available or have been spent in the amount of \$86,264,152 to pay a portion of the costs of CIP projects.

Government Regulations

The Stormwater Utility is subject to federal, State and local rules and regulations.

Federal

U.S. Environmental Protection Agency. The United States Environmental Protection Agency (the “USEPA”) was mandated by the U.S. Congress through Section 405 of the Water Quality Act of 1987 to promulgate a NPDES permitting program for municipal stormwater discharge. Pursuant to the Stormwater Interlocal Agreement, the City is a co-permittee with the County and coordinates with the County for

compliance purposes. As it has done with environmental protection agencies and departments in many states, the USEPA has delegated the NPDES permitting authority to the FDEP.

During development of the 2011 SWMP, the USEPA was in the process of updating the MS4 permit program. The new rule developed as a result of such updating contained additional requirements for the best management practices to be followed by permittees and the documentation of their performance. The recommendations provided in the 2011 SWMP accounted for the requirements of the proposed new rule, including the requirements of the new numeric nutrient criteria (“NNC”) for all discharges. Since its initial proposal of new rules for the MS4 permit program, the FDEP has provided additional updates and has implemented the new rules to be followed and the new requirements to be met as each MS4 permit is updated. See “THE STORMWATER UTILITY - Government Regulations - State - Florida Department of Environmental Protection” herein. For a detailed discussion of the new NNC requirements and the consent decrees and settlement agreements (which are not specific to the City) related to such requirements, see “APPENDIX B - City of Miami Beach, Florida Engineer’s Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018” and, in particular, Section 3.2.4.2, “US EPA Numeric Nutrient Criteria,” in the Engineer’s Report.

Federal Emergency Management Agency. The mission of the Federal Emergency Management Agency (“FEMA”) is to support citizens and first responders to natural disasters to ensure that the United States, as a nation, works together to build, sustain and improve its capability to prepare for, protect against, respond to, recover from and mitigate all hazards. The Robert T. Stafford Disaster Relief and Emergency Assistance Act, PL 100-707, signed into law November 23, 1988, amended the Disaster Relief Act of 1974, PL 93-288. This act constitutes the statutory authority for most federal disaster response activities.

FEMA regulates riverine (stormwater) and coastal (tidal) floodplains and floodways under the National Flood Insurance Program. When preparing the 2011 SWMP, CDM Smith used tools developed by FEMA to identify and quantify flood risks, including Flood Insurance Studies, Flood Insurance Rate Maps, and the HAZUS Program (a nationally applicable standardized methodology that contains models for estimating potential losses from earthquakes, floods and hurricanes), coupled with the models of the City’s Primary Stormwater Management System, to estimate structural and economic damage costs from the 2- through 100-year design storm events. Coordination with FEMA allows for its support of flood map revisions and communication of economic impacts in a manner recognized by the federal government for cost-benefit comparisons. The improvements identified in the CIP and timing for their implementation are in accordance with (or are more comprehensive or aggressive than) what is currently required, or expected to be required under FEMA regulations.

United States Army Corps of Engineers. The United States Army Corps of Engineers (“USACE”) is the primary federal agency that develops guidance parameters for civil infrastructure design consideration for projects impacting environmentally sensitive water and Outstanding Florida Waters, like Biscayne Bay. See “THE STORMWATER UTILITY - Government Regulations - Florida Department of Environmental Protection” herein.

A nationwide permit from the USACE is required when up to one-half acre of waters of the United States (e.g. Biscayne Bay or its tributary canals) are impacted, with the understanding that original grades will be restored to the site after completion of construction. Under the USACE’s nationwide permit program a pre-construction notification submittal is required. The Regional Conditions and General Condition for the nationwide permit program require that the pre-construction notification include the following information:

- A map of the entire corridor, including a delineation of all wetlands and waters of the United States within the corridor;
- An alternative analysis which addresses the selection of an alternative which avoids and minimizes wetland impacts to the maximum extent practicable;
- For all submerged utility lines across navigable waters of the United States, a location map and cross-sectional view showing the utility line crossing from bank to bank is required. In addition, the location and depth of the Federal Project Channel must be shown in relation to the proposed utility line. In general, all utility lines shall be buried at least six (6) feet below the authorized bottom depth of the federal project channel and at least three (3) feet below the bottom depth in all subaqueous areas; and
- A delineation of affected special aquatic sites, including wetlands, vegetated shallows (e.g., submerged aquatic vegetation and seagrass beds). This work must be conducted between April 1 through September 30 due to the growth season of aquatic vegetation.

In general, permitting coordination with the USACE is required when modifications to stormwater outfalls or seawalls result in impacts to Outstanding Florida Waters. See “THE STORMWATER UTILITY - Government Regulations - Florida Department of Environmental Protection” herein. More localized impacts are permitted at the State and local level. These permits are typically obtained during the detailed design process for each project.

State

The following is a summary of the State agencies with which coordination is required to develop and implement an effective stormwater management program.

Florida Department of Environmental Protection. The Florida Department of Environmental Protection (“FDEP”) regulates environmental programs in the State and has been delegated NPDES MS4 permit authority. As a result, the FDEP is responsible for implementing the stormwater element of the federal municipal NPDES program as part of the FDEP’s Wastewater Facility and Activities Permitting program. The stormwater element of the NPDES program is mandated by the Clean Water Act. Authorized by Section 403.0885, Florida Statutes, as amended, the FDEP’s federally approved NPDES stormwater program is included in various provisions within Chapters 62-4, 62-620, 62-621 and 62-624 of the Florida Administrative Code. Chapter 62-624, of the Florida Administrative Code specifically addresses MS4’s permit requirements.

The City is one of the thirty-three (33) entities authorized for stormwater discharge under the comprehensive Miami-Dade County NPDES MS4 permit (Permit Number FLS000003-003). The City is authorized to discharge to waters of the State per the approved stormwater management program, effluent limitations, monitoring requirements, and other provisions set forth in the comprehensive County MS4 permit. The City has actively fulfilled the requirements of the permit related to its existing outfalls. The measures utilized by the City to fulfill such requirements are documented in annual reports submitted by the City to the FDEP. The City is currently in compliance with requirements imposed under the NPDES MS4 permit relating to the Stormwater Utility.

The NPDES permit under which the City is a co-permittee was scheduled to expire on June 20, 2016. An application to renew the permit was timely filed and the current permit remains in effect until the new permit is issued.

The FDEP also regulates underground injection control permits for wells (gravity recharge wells and pumped injection wells). In addition, the FDEP designates Outstanding Florida Waters pursuant to Section 403.061(27), Florida Statutes, as amended, and Rule 62-302.700(9) of the Florida Administrative Code. Outstanding Florida Waters are bodies of water within the State designated by the FDEP as worthy of special protection because of their natural attributes. The special protection afforded Outstanding Florida Waters generally prohibits direct discharges into such waters and imposes stringent limitations on activities that may cause an indirect discharge into any Outstanding Florida Waters.

South Florida Water Management District. The South Florida Water Management District (the “SFWMD”) has responsibilities for stormwater management under Florida Administrative Code Chapters 40E-4, 40E-40 and 40E-400 through the issuance of an Environmental Resource Permit (“ERP”). In 2013, the Statewide ERP Rule (Chapter 62-330, Florida Administrative Code) was adopted, unifying the ERP rules for the State. The SFWMD also regulates surface water management under Florida Administrative Code Chapters 40E-40 and 40E-41. In addition, its responsibilities include regulation of dredge and fill activities. Since the SFWMD has jurisdiction, its criteria and standards will be used as guidelines for conceptual planning of both water quality and quantity improvements. These guidelines are provided in the South Florida Water Management District Environmental Resource Permit Information Manual 2014.

Local

The Miami-Dade County Department of Regulatory and Economic Resources (“DRER”) oversees various environmental permitting requirements for the construction or modification of stormwater-related infrastructure in the County. Specifically for stormwater management, DRER requires a Class II permit for related stormwater improvement projects and outfalls. The City obtained the required permits for the CIP projects that are under construction or already completed and expects the timely acquisition of additional permits required for the Series 2018 Project.

[All required stormwater permits have been secured for projects representing approximately forty percent (40%) of the Series 2018 Project value. Projects with stormwater permits in the process of being secured represent approximately ten percent (10%) of Series 2018 Project value, for a combined total of fifty percent (50%) of Series 2018 Project value having secured, or being in the process of securing, the permits required to implement the contemplated improvements. The balance of the Series 2018 Projects are primarily in the design phase and, upon completion of design, applications for stormwater permits will be submitted. Such permits are expected to be received in the ordinary course of business.]

Pending Federal and State Regulations

The Stormwater Utility is currently in compliance with federal, State and local regulatory requirements. During the past few years, several significant regulations related to water quality and stormwater management have been adopted or proposed for adoption by various federal, State and local regulatory agencies. Such regulations, when finalized and fully implemented, are expected to impact the City, its operation of the Stormwater Utility generally and its completion of projects in the CIP. However, the 2011 SWMP and the projects currently included in the CIP include conditions, requirements and Levels of Service to comply with the newly adopted and proposed regulatory requirements of federal, State and local government agencies.

For a detailed discussion of the proposed changes to regulatory requirements and the various challenges to the imposition of such requirements, see Section 3.2, “Permitting Requirements” in “APPENDIX B - City of Miami Beach, Florida Engineer’s Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018.”

Rates, Fees and Charges

General

Pursuant to Ordinance No. 2016-____ enacted by the City Commission on September 27, 2016 (the "Rate Ordinance"), the City approved an increase in the service charge for the Stormwater Utility from \$16.67 per month per Equivalent Residential Unit ("ERU") to \$22.67 per ERU. The ERU is the estimated average horizontal impervious area of residential developed property per dwelling unit. This estimated average is calculated by dividing the total estimated impervious area of four (4) residential categories (single family, mobile home, multi-family and condominium) by the estimated total number of dwelling units. For the City, one ERU is equal to 791 square feet. For the purpose of the Stormwater Utility, the minimum number of ERUs per dwelling unit is one. The service charge for the Stormwater Utility is structured as a flat rate for all residential customers. The new rate per ERU approved by the City pursuant to the Rate Ordinance became effective on October 1, 2016.

The City had maintained a steady ERU rate from 2003 to 2008 of \$5.80 per month. In recent years the City has faced significant increases in expenditures for construction of projects, as well as operation and maintenance of the current infrastructure. As a result, in 2008 the Consulting Engineers provided recommendations to support proper funding and debt service to expand, operate and maintain the Stormwater Utility through a series of utility rate adjustments, which resulted in an ERU rate increase to \$9.06 per month, effective October 1, 2009.

To accommodate the cost of implementing the CIP, including issuance of the Series 2015 Bonds, an ERU rate increase to \$16.67 per month was implemented on October 1, 2014. Such increase represented an eighty-four percent (84%) increase in the service charge for the Stormwater Utility. The 2014 rate increase was in response to the findings in the 2011 SWMP and the recommendations of the Mayor's Blue Ribbon Panel on Flooding and Sea Rise and of the City's Flooding Mitigation Committee to upgrade the existing storm drainage system in the City and implement enhancements to the Stormwater Utility within three (3) to five (5) years. The cost of such upgrades and enhancements was estimated to be \$300 million, with three (3) series of \$100,000,000 stormwater revenue bonds proposed to finance such cost. In accordance with the CIP, the 2011 SWMP and the Blue Ribbon Panel recommendations, an additional rate increase of \$22.67 per month, was implemented on October 1, 2016 to accommodate issuance of the Series 2018 Bonds. Such increase represented a thirty-six percent (36%) increase in the service charge for the Stormwater Utility. A further rate increase of approximately nineteen percent (19%) in Fiscal Year 2020 is currently forecasted to be required to accommodate issuance of the third series of stormwater revenue bonds to finance the CIP. No action has been taken by the City Commission, however, and no current determination has been made concerning such future rate increase.

Based on current estimates of Revenues and the cost of improvements currently contemplated in the CIP, if the rate increase currently expected to be necessary to finance such improvements is not approved by the City Commission, the City would have to delay or forego certain improvements or find alternative sources of funding to implement such improvements. The City has explored alternative sources of funding to support financing the cost of CIP and may continue to explore alternative sources of funding to finance the improvements contemplated during and after Fiscal Year 2020. In addition, alternative rate structures for the services provided by the Stormwater Utility that would increase Revenues without the percentage increase in rates currently forecast for Fiscal Year 2020 have been, and may continue to be, considered by the City. No assurance can be given, however, that either alternative sources of funding for future projects will become available or that a new rate methodology for the Stormwater Utility will ever be presented to the City Commission or, if presented, will ever be adopted.

The City has a policy of operating the Rate Stabilization Account to transfer into operations annually sufficient amounts to generate debt service coverage of at least one hundred twenty percent (120%), and to subsequently transfer out from operations to such account any excess amounts not required to meet annual cash needs.

Comparative Rates

Based on monthly stormwater utility fees for Florida local governments, as compiled in 2017 by the Florida Stormwater Association, the current and projected fees for services of the Stormwater Utility are higher than the fees charged for such services by other cities and counties in Florida. The average ERU rate for Florida cities and counties in the 2017 Florida Stormwater Association Report is [\$5.68]. Not including the City's current ERU rate of \$22.67, the Florida Stormwater Association Report provides a range in monthly rates per ERU from [\$0.75 to \$13.77].

[For a list of the Florida local governments included in the 2017 Florida Stormwater Association Report and the stormwater utility fees charged by each governmental entity, see "APPENDIX B - City of Miami Beach, Florida Engineer's Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018" and, in particular, Table 5.8 of the Engineer's Report.]

Billing and Collection

A Stormwater Utility fee is assessed against each property in the City based on existing City utility accounts, application for service and County Tax Appraiser property information or other ownership records. Each account is assigned a number of ERUs that are used to determine the Stormwater Utility fee.

To receive water, sewer and stormwater services from the City, property owners fill out an Application for Water Service at the City's Finance Department and pay a deposit according to an established schedule. The Finance Department is responsible for preparing and issuing one itemized bill for water, sewer, stormwater and garbage disposal (except for commercial accounts) services provided by the City. All of such services are billed on a monthly basis. The prioritization of applying payments is first to stormwater, second to sanitation, third to sewer, and last to water.

Bills are due within fifteen (15) days from the date of the bill. A ten percent (10%) penalty is added to all current charges on the bills if not paid within the fifteen (15) days. Customers for whom a check has been returned by the bank are notified to replace their check with either cash, cashier's check or money order within five (5) days. The customer's account will be charged a minimum of \$20.00 or five percent (5%) of the amount of the check, whichever is greater.

Stormwater Utility fees for properties within the City that meet one of the following criteria may be reduced by fifty percent (50%):

1. The property is subject to a valid NPDES permit.
2. The property is served by a private disposal system meeting State, County, and City criteria.
3. A portion of the property is served by a private disposal system meeting State, County, and City criteria. The fee reduction only applies to that portion of the property.

To date, no Stormwater Utility customer has requested or been granted the fifty percent (50%) reduction.

The fees collected by the City with respect to the Stormwater Utility, including investment earnings, are deposited in the Enterprise Fund and used for planning, constructing, financing, operating and maintaining the Stormwater Utility and the infrastructure of the stormwater management system. The Enterprise Fund tracks the operations, capital expenditures, and revenues of the Stormwater Utility.

The City has streamlined and improved the system that was in place to capture ERU changes in the review and approval of construction plans. The resulting method enhances communication and coordination of the several departments included in the process, such as the Public Works Department, the City's Office of Budget and Performance Improvement and the City's Finance Department.

Pursuant to the City Code, the charges for utilities services constitute a lien against the premises where the services are provided and become effective and binding as such from the date the account becomes due, unpaid and in arrears. The liens established by City Code are of the same dignity as liens acquired by virtue of the City Charter; an interest rate of ten percent (10%) accrues to such delinquent accounts. Based on recent historical performance, utility collections are approximately ninety-eight percent (98%) of billings.

[For detailed information relating to the customers of the Stormwater Utility, current and projected billings, see "APPENDIX B - City of Miami Beach, Florida Engineer's Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018" and, in particular, Section 3.4 and Table 5.1 of the Engineer's Report.]

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DEBT SERVICE SCHEDULE

Set forth below are the debt service requirements of the Series 2018 Bonds, all other Bonds Outstanding upon issuance of the Series 2018 Bonds and the total combined debt service on all Bonds Outstanding immediately following issuance of the Series 2018 Bonds.

Fiscal Year Ending <u>September 30</u>	<u>Series 2018 Bonds</u>			<u>Outstanding Bonds</u>	<u>Total Series 2018 Bonds and Outstanding Bonds</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2018	\$	\$	\$	\$	\$
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
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2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

**HISTORICAL AND FORECASTED SCHEDULE OF NET REVENUES,
DEBT SERVICE AND DEBT SERVICE COVERAGE**

The following table sets forth the historical Revenues, Current Expenses and coverage of Principal and Interest Requirements for the Stormwater Utility for the past five (5) Fiscal Years, the budgeted amounts for Fiscal Year 2018 and the amounts projected for Fiscal Years 2019 through 2023. The following tables should be read in conjunction with the Engineer's Report. See "APPENDIX B - City of Miami Beach, Florida Engineer's Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018."

	<u>For the Fiscal Year Ended September 30,</u>					<u>Budgeted</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues						
Operating	\$11,671,714	\$11,715,299				
Investment Earnings ⁽¹⁾	106,865	142,033				
Rate Stabilization	- 0 -	1,847,255				
Less 5% Allowance ⁽²⁾	<u>- 0 -</u>	<u>- 0 -</u>				
Total Revenues	<u>11,778,579</u>	<u>13,704,587</u>				
Expenses						
Operating Expenses ⁽³⁾	3,011,708	4,000,558				
5% Contingency Allowance ⁽⁴⁾	<u>- 0 -</u>	<u>- 0 -</u>				
Total Expenses	<u>3,011,708</u>	<u>4,000,558</u>				
Net Revenues	8,766,871	9,704,029				
Principal and Interest Requirements ⁽⁵⁾	<u>5,847,595</u>	<u>5,848,873</u>				
Debt Service Coverage	1.50x	1.66x				
Funds Available for Subordinated Indebtedness/Administrative Fees/Transfers	2,919,276	3,855,157				
Administration Fees	433,000	435,000				
Depreciation Reserve and Renewal and Replacement ⁽⁶⁾	585,450	2,115,910				
Capital ⁽⁶⁾	<u>- 0 -</u>	<u>148,000</u>				
Funds Available After Payments and Transfers	<u>\$ 1,900,826</u>	<u>\$ 1,156,247</u>				

Source: City of Miami Beach, Florida Finance Department.

- (1) Includes only interest allowed to be considered within the definition of Revenues for debt service coverage purposes. See "SECURITY AND SOURCES OF PAYMENT - General" herein.
- (2) Allowance for uncollectible revenues of the Stormwater Utility.
- (3) Excludes amortization, depreciation and administration fees.
- (4) Allowance for potential future cost increases beyond inflation factor increases.
- (5) Represents Principal and Interest Requirements on senior lien Bonds Outstanding under the Bond Resolution.
- (6) Represents amount needed to fund certain capital improvements of the Stormwater Utility on a pay-as-you-go basis.

**Projections of Revenues, Current Expenses,
Debt Service and Debt Service Coverage**

	For the Fiscal Year Ending September 30,				
	2019	2020	2021	2022	2023
Revenues					
Operating ⁽¹⁾					
Investment Earnings ⁽²⁾					
Rate Stabilization					
Less 5% Allowance ⁽³⁾					
Total Revenues					
Expenses					
Operating Expenses ⁽⁴⁾					
5% Contingency Allowance ⁽⁵⁾					
Total Expenses					
Net Revenues					
Principal and Interest Requirements ⁽⁶⁾					
Debt Service Coverage					
Funds Available for Subordinated Indebtedness/Administrative Fees/Transfers					
Administration Fees					
Depreciation Reserve and Renewal and Replacement ⁽⁷⁾⁽⁸⁾					
Capital ⁽⁸⁾					
Funds Available After Payments and Transfers					

Source: The Engineer's Report.

- (1) Amounts projected for Fiscal Years 2020 through 2023 assume an increase of nineteen percent (19%) in Fiscal Year 2020. Such increase has been recommended to pay the Principal and Interest Requirements for Bonds proposed to be issued during Fiscal Year 2020. However, such increase has not been approved by the City Commission. See "THE STORMWATER UTILITY - Rates, Fees and Charges" herein.
- (2) Includes only interest allowed to be considered within the definition of Revenues for debt service coverage purposes. See "SECURITY AND SOURCES OF PAYMENT - General" herein.
- (3) Allowance for uncollectible revenues of the Stormwater Utility.
- (4) Excludes amortization, depreciation and administration fees.
- (5) Allowance for potential future cost increases beyond inflation factor increases.
- (6) Assumes issuance of the Series 2018 Bonds and the Series 2020 Bonds in their respective Fiscal Years, each (i) in a principal amount which will, in addition to any other purpose, provide \$100,000,000 of proceeds to finance projects of the Stormwater Utility, (ii) maturing approximately thirty (30) years from their date of issuance, and (iii) amortizing annually. Also assumes a true interest cost of _____% for the Series 2018 Bonds, based on interest rates as of _____, 2018, plus 0.25%, and an interest rate of _____% per annum for the Series 2020 Bonds.
- (7) Depreciation projected to grow at an approximate rate of three percent (3%) per annum.
- (8) Represents amount needed to fund certain capital improvements of the Stormwater Utility on a pay-as-you-go basis.

The following table shows the debt service coverage of the Stormwater Utility, based on the results for the twelve (12) month period ended _____, 201____, and the Maximum Principal and Interest Requirements for all Bonds Outstanding upon issuance of the Series 2018 Bonds, each calculated in accordance with the requirements of the Bond Resolution for the issuance of Additional Bonds.

**Revenues, Expenses, Debt Service,
and Debt Service Coverage**

Twelve Month Period
Ended _____, 201____
(Unaudited)

Total Operating Revenues	
Total Operating Expenses	
Net Revenues	
Adjustment to Revenues	
Adjusted Net Revenues	
Maximum Principal and Interest Requirements ⁽¹⁾	
Adjusted Net Revenues Coverage of Maximum Principal and Interest Requirements (Additional Bonds Test) ⁽²⁾	

Source: City of Miami Beach, Florida Finance Department.

- (1) Represents Maximum Principal and Interest Requirements for the Series 2009 Bonds, the Series 2011 Bonds which will remain Outstanding upon issuance of the Series 2018 Bonds, and the Series 2018 Bonds. The Maximum Principal and Interest Requirement for such Bonds will occur in Fiscal Year 20____. For assumptions made in the computation of debt service for the Series 2018 Bonds, see "APPENDIX B - City of Miami Beach, Florida Engineer's Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018" and, in particular, Table ____ of the Engineer's Report.
- (2) The debt service coverage requirement in the Bond Resolution for purposes of determining whether Additional Bonds may be issued is one hundred ten percent (110%) of the Maximum Principal and Interest Requirements. See "SECURITY AND SOURCES OF PAYMENT - Additional Bonds" herein.

**FINDINGS AND CONCLUSIONS OF THE
ENGINEERING REPORT AND THE FEASIBILITY REPORT**

AECOM has been engaged by the City to serve as the Series 2018 Consulting Engineer and Public Resources Management Group, Inc. has been engaged by the City to serve as the Feasibility Consultant, each in connection with the issuance of the Series 2018 Bonds. In such capacity, the Series 2018 Consulting Engineer and the Feasibility Consultant have prepared the Engineer's Report and the Feasibility Report, respectively, to provide a summary of the overall physical condition and financial status of the Stormwater Utility to support the issuance of the Series 2018 Bonds. The information contained in the Engineer's Report and the Feasibility Report includes, among other things, a presentation of facts and data obtained by the Series 2018 Consulting Engineer and the Feasibility Consultant from its recent investigations and discussions with management and operations personnel of the Stormwater Utility and includes a review of, among other sources, the CIP, the 1997 SWMP, the 2011 SWMP, the comprehensive

annual financial reports of the City for the Fiscal Years ended September 30, 2013 through 2016, the City's annual operating budgets for the Fiscal Years ended September 30, 2017 and ending September 30, 2018, the MS4 permit issued by the FDEP relating to the Stormwater Utility, the financial, billing and operating data of the City relating to the Stormwater Utility, the Rate Ordinance, any notices of regulatory authorities relating to the Stormwater Utility issued or in effect during the Historical Period, and other files of the City and of the Stormwater Utility maintained by or provided to the Series 2018 Consulting Engineer and the Feasibility Consultant.

Set forth below is a summary of certain findings and conclusions reached by the Series 2018 Consulting Engineer in the Engineer's Report or by the Feasibility Consultant in the Feasibility Report. Reference is made to the complete copy of the Engineer's Report and the Feasibility Report for a more detailed description of the information relied upon by the Series 2018 Consulting Engineer or by the Feasibility Consultant to make the following findings or reach the following conclusions and the assumptions upon which such findings and conclusions are based. See "APPENDIX B - City of Miami Beach, Florida Engineer's Report for the Stormwater Revenue and Revenue Refunding Bonds, Series 2018" and "APPENDIX C - City of Miami Beach, Florida Financial Feasibility Report for the Issuance of Stormwater Revenue and Revenue Refunding Bonds, Series 2018." The Engineer's Report and the Feasibility Report should be read in their entirety in conjunction with the following findings and conclusions. In the opinion of the Series 2018 Consulting Engineer and of the Feasibility Consultant, the assumptions upon which the following findings and conclusions are based, as described in the Engineer's Report and the Feasibility Report, respectively, are reasonable.

Opinions of the Series 2018 Consulting Engineer

Based on the principal considerations, assumptions and results of the studies and analyses of the Series 2018 Consulting Engineer summarized in the Engineer's Report, information prepared and provided by the City, discussions with staff and consultants of the City, and other industry sources, the Series 2018 Consulting Engineer is of the opinion that:

1. The Stormwater Utility is well maintained, well managed and in good operating condition. Effective planning policies provide for the necessary inspection, repair, improvement and replacement of the facilities of the Stormwater Utility and have enabled the City to comply with applicable federal, State and County rules and regulations.
2. The Stormwater Utility has the physical capacity to meet existing demands. Implementation of the projects included in the CIP will enable the Stormwater Utility, in the areas served by those projects, to meet projected demands and comply with applicable federal, State and County rules and regulations expected to be in effect during the study period of the Engineer's Report (Fiscal Years 2018 through 2023) (the "Study Period").
3. Key staff of the City in charge of the operations and maintenance of the the Stormwater Utility and implementation of the CIP are well qualified and capable of effectively managing the responsibilities of such operations, maintenance and implementation.
4. The CIP is necessary to improve the flood protection Level of Service and water quality of the Stormwater Utility.
5. The methodology used to develop the CIP, the timing of the implementation of the program and the cost of its improvements was an appropriate methodology for such purposes.

6. Improvements to be made to the Stormwater Utility as part of the CIP have been or are expected to be designed in accordance with usual and customary engineering practices and involve proven technology and proven configurations of that technology.

7. The projected cost and time periods for implementing the improvements to the Stormwater Utility to be financed with proceeds of the Series 2018 Bonds are reasonable.

8. Continuation of the CIP will require significant additional funding, as described in the Engineer's Report. The financial plan described in the Engineer's Report for the CIP includes adequate funding for the improvements to be constructed and installed in the manner and time periods currently contemplated.

9. In the event the City elects to issue additional Stormwater Revenue Bonds in Fiscal Year 2020 in the amount currently contemplated, as described in the Engineer's Report, rate increases applicable to the customers of the Stormwater Utility are projected to be necessary prior to the issuance of such Bonds.

10. Subject to the rate increases recommended in the Engineer's Report if Stormwater Revenue Bonds are issued in the principal amount and time period currently projected, Revenues of the Stormwater Utility will be sufficient to (i) meet all operating and other expenses of the Stormwater Utility during the Study Period and (ii) satisfy all of the requirements of the rate covenant set forth in the Bond Resolution. Such Revenues will also provide sufficient funds for planned capital improvement expenditures of the Stormwater Utility that are expected to be funded from current Revenues.

11. The amounts projected in the Engineer's Report for Revenues and Current Expenses of the the Stormwater Utility and the sources of funds projected to be available to fund scheduled or anticipated improvements throughout the Study Period are reasonable.

12. In the opinion of the Series 2018 Consulting Engineer, the City's issuance of the Series 2018 Bonds in the aggregate principal amount set forth in this Official Statement, at the time and for the purposes described herein, is an advisable undertaking.

Opinions of the Series 2018 Consulting Engineer

[To Be Provided]

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2018 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"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the Series 2018 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2018 Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2018 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's representations and certifications or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2018 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Series 2018 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2018 Bonds. The City has covenanted to take the actions required of it for the interest on the Series 2018 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2018 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2018 Bonds or the market value of the Series 2018 Bonds.

A portion of the interest on the Series 2018 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Series 2018 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2018 Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2018 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2018 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2018 Bonds ends with the issuance of the Series 2018 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Series 2018 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the

interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2018 Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Series 2018 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2018 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2018 Bonds.

Prospective purchasers of the Series 2018 Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover page of this Official Statement, and prospective purchasers of the Series 2018 Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future 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 State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2018 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2018 Bonds will not have an adverse effect on the tax status of interest on the Series 2018 Bonds or the market value or marketability of the Series 2018 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 2018 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Series 2018 Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2018 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2018 Bonds may be adversely affected and the ability of holders to sell their Series 2018 Bonds in the secondary market may be reduced. The Series 2018 Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2018 Bonds are not subject to adjustment in the event of any such change in the tax treatment of interest on the Series 2018 Bonds.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2018 Bonds (“Discount Bonds”) as indicated on the inside cover page of this Official Statement were offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity

based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2018 Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2018 Bonds ("Premium Bonds") as indicated on the inside cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover page of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

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

PENSION AND OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Plans

The City provides separate defined benefit pension plans for general employees of the City and for the City's police and fire department personnel.

Employees' Retirement Plan

Plan Description. All full-time employees of the City who work more than thirty (30) hours per week and hold classified and unclassified positions, except for policemen and firemen and persons who elected to join the defined contribution retirement plan sponsored by the City, are covered by the Miami Beach Employees' Retirement Plan (the "Employee Plan"). A classified employee and/or an unclassified employee is any person employed by the City on a regular basis who receives compensation from the City

for personal services and who is within a group or classification of employees designated by the Board of Trustees of the Employee Plan as eligible for membership in the Employee Plan. The Employee Plan is a single employer defined benefit pension plan that was established by the City Commission under Ordinance number 2006-3504. Effective on March 18, 2006, the Employee Plan was created under and by the authority of Chapter 18691, Laws of Florida, Act of 1937, as amended, by merging the Retirement System for General Employees of the City of Miami Beach, created by the City Commission pursuant to Ordinance number 1901, with the Retirement System for Unclassified Employees and Elected Officials of the City of Miami Beach, created by the City Commission pursuant to Ordinance number 88-2603, as amended.

All full-time classified and unclassified employees of the City, except those who joined the City's defined contribution plan, must participate in the Employee Plan. See "PENSION AND OTHER POST EMPLOYMENT BENEFITS - Other Retirement and Compensation Plans" herein. Membership in the Employee Plan consisted of the following as of October 1, 2013, the date of the latest accrual valuation:

Employee Plan Membership

Inactive plan members and beneficiaries currently receiving benefits	1,055
Inactive plan members entitled to benefits but not yet receiving them	125*
Active plan members	<u>1,014</u>
Total members	<u>2,194</u>

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

* Includes members of the Employee Plan who are enrolled in DROP (as hereinafter defined).

Plan Benefits. The Employee Plan provides retirement benefits as well as death and disability benefits at three (3) different tiers, depending on (i) whether an employee is a member of one of the unions representing employees of the City, (ii) which union the employee is a member of and (iii) when the employee entered the Employee Plan. The first tier membership of the Employee Plan (the "Employee Plan First Tier") includes any employee who became a member of the Employee Plan prior to the dates which constitute the Employee Plan Second Tier. The second tier membership of the Employee Plan (the "Employee Plan Second Tier") includes any employee who became a member of the Employee Plan on or after (i) April 30, 1993 (but prior to September 30, 2010) for members of the American Federation of State, County and Municipal Employees ("AFSCME") bargaining unit; (ii) August 1, 1993 (but prior to September 30, 2010) for members of the Government Supervisors Association of Florida ("GSAF") bargaining unit and members of the Employee Plan who are not included in any collective bargaining unit; and (iii) February 21, 1994 (but prior to October 27, 2010) for members of the Communications Workers of America ("CWA") bargaining unit. The third tier membership of the Employee Plan (the "Employee Plan Third Tier") includes any employee who became a member of the Employee Plan on or after (i) September 30, 2010 for members of AFSCME, GSAF and members of the Employee Plan who are not included in any collective bargaining unit; and (ii) October 27, 2010 for members of CWA.

Classified members under the Employee Plan First Tier are eligible for normal retirement at age fifty (50) and five (5) years of creditable service and are entitled to benefits of three percent (3%) of their final average monthly earnings, multiplied by the first fifteen (15) years of creditable service, plus four percent (4%) of their final average monthly earnings, multiplied by the years of creditable service in excess

of fifteen (15) years, with the total not to exceed ninety percent (90%) of the employee's final average monthly earnings. Employee Plan First Tier unclassified members accrued four percent (4%) of their final average monthly earnings for creditable service before October 18, 1992 and three percent (3%) per year of creditable service after October 18, 1992, with the total not to exceed eighty percent (80%) of their final average monthly earnings.

Classified and unclassified members under the Employee Plan Second Tier are eligible for normal retirement at age fifty-five (55) and five (5) years of creditable service and are entitled to benefits of three percent (3%) of their final average monthly earnings multiplied by the employee's number of years of creditable service, subject to a maximum of eighty percent (80%) of such employee's final average monthly earnings.

Classified and unclassified members under the Employee Plan Third Tier are eligible for normal retirement at age fifty-five (55) and at least thirty (30) years of creditable service, or age sixty-two (62) and at least five (5) years of creditable service and are entitled to benefits of two and one-half percent (2.5%) of their final average monthly earnings multiplied by the employee's number of years of creditable service, subject to a maximum of eighty percent (80%) of such employee's final average monthly earnings. For elected officials of the City, the City Manager or the City Attorney, the benefit is four percent (4%) of their final average monthly earnings for each year of creditable service as an elected official, city manager or city attorney, plus the retirement benefit as defined above for any other period of City employment, subject to a maximum eighty percent (80%) of such employee's final average monthly earnings.

Any Employee Plan First Tier member who terminates employment may either request a refund of their own contributions, plus interest, or receive their accrued benefit beginning at age fifty (50), if at least five (5) years of creditable service have been completed. Any Employee Plan Second Tier member who terminates employment after five (5) years of creditable service may either request a refund of their own contributions, plus interest, or receive their accrued benefit beginning at age fifty-five (55). Any Employee Plan Third Tier member who terminates employment after five (5) years of creditable service but prior to the normal or early retirement date shall be eligible to receive a normal retirement benefit at age sixty-two (62).

A Deferred Retirement Option Plan ("DROP") for the Employee Plan was enacted by the City Commission on January 28, 2009 pursuant to Ordinance 2009-3626. Under the DROP, first and second tier members of the Employee Plan who have attained eligibility for normal retirement may continue working with the City for up to three (3) years, while receiving a retirement benefit that is deposited into a DROP account. Employee Plan Third Tier members may participate in a DROP account for up to five (5) years. However, effective July 17, 2013, Employee Plan members of CWA who were hired prior to October 27, 2010, and members of the Employee Plan not included in any bargaining unit who were hired prior to September 10, 2010, may elect to retire for the purposes of DROP but continue employment with the City for up to sixty (60) months and have their monthly retirement benefit paid into a DROP account during the DROP period. Effective October 1, 2013, such benefit was also extended to Employee Plan members of GSAF and, effective April 23, 2014, was extended to Employee Plan members of AFSCME who were hired prior to September 30, 2010. The amount of the benefit is calculated as if the participant had retired on the date of DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant and a member's creditable service, accrued benefit and compensation calculation shall be frozen.

Employee Plan First Tier members and Employee Plan Second Tier members receive an annual cost-of-living adjustment of two and one-half percent (2.5%). The cost-of-living adjustment is not payable while members are in the DROP. For Employee Plan Third Tier members, the annual cost-of-living

adjustment is one and one-half percent (1.5%). As of September 30, 2014, there were ninety-four (94) members of the Employee Plan in the DROP and the value of the DROP investment was \$7,434,014, which is included in the Plan's net position. The DROP also allows for member loans. Approximately \$165,000 of DROP loans for the Employee Plan were outstanding as of September 30, 2014.

Contributions to the Employee Plan. The City's policy is to contribute such amounts as are necessary to maintain the actuarial soundness of the Employee Plan and to provide assets sufficient to meet the benefits to be paid to the members of the Employee Plan. All first tier members are required to contribute twelve percent (12%) of their covered salary to the Employee Plan. All second and third tier members are required to contribute ten percent (10%) of their covered salary to the Employee Plan.

For the Fiscal Year ended September 30, 2014, the City was required to make contributions of \$25,602,030 or 40.3% of covered payroll to the Employee Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2013. For the Fiscal Year ended September 30, 2014, the employees contributed \$7,373,407 and buybacks were \$1,143,866.

Net Pension Liability. The components of the City's net pension liability for the Employee Plan as of September 30, 2014 were as follows:

Employee Plan Net Pension Liability

Total Employee Plan liability	\$679,514,531
Employee Plan's fiduciary net position	(516,387,785)
City net Employee Plan liability	<u>\$163,126,744</u>

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

Set forth below is the progress made by the City accumulating sufficient assets to pay benefits of the Employee Plan, when due.

Employee Plan Schedule of Employer Contributions

Fiscal Year Ended <u>September 30</u>	Annual Required <u>Contribution</u>	Annual <u>Pension Cost</u>	Percentage of Annual Pension Cost <u>Contributed</u>
2012	\$16,243,133	\$16,312,068	100%
2013	21,222,051	21,222,051	100
2014	25,602,030	25,602,030	100

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

The funding status for the Employee Plan, as of the three (3) most recent valuation dates, is as follows:

Employee Plan Funding Status

<u>Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
10/1/11	\$425,781,050	\$602,577,503	\$176,796,453	70.7%	\$66,346,904	266.5%
10/1/12	421,376,041	637,363,774	215,987,733	66.1	65,053,945	332.0
10/1/13	440,912,751	649,797,221	208,884,470	67.9	63,526,903	328.8

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014, City of Miami Beach Employees' Retirement Plan Actuarial Valuation Report as of October 1, 2013 and City of Miami Beach Employees' Retirement Plan Actuarial Valuation Report as of October 1, 2012.
Police and Firefighters' Retirement Plan

Plan Description. The pension fund for police officers and fire fighters employed by the City (the "Police and Firefighters' Plan") is officially named the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach. The Police and Firefighters' Plan is a defined benefit pension plan covering substantially all police officers and firefighters of the City, as established by Chapter 23414, Laws of Florida, Special Acts of 1945, as amended. Members of the Police and Firefighters' Plan are divided into three (3) tiers, based on whether they were hired prior to July 14, 2010 ("Police and Firefighters' Plan Tier One"), on or after July 14, 2010 but prior to September 30, 2013 ("Police and Firefighters' Plan Tier Two") or on or after September 30, 2013 ("Police and Firefighters' Plan Tier Three").

Membership in the Police and Firefighters' Plan consisted of the following as of October 1, 2013, the date of the latest accrual valuation:

Police and Firefighters' Plan Membership

Active members		458
Deferred vested members		15
Retired members		
a. Service	540*	
b. Disabled	58	
c. Beneficiaries	<u>98</u>	
	696	<u>696</u>
Total members		<u>1,169</u>

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

* Includes members of the Police and Firefighters' Plan who are enrolled in DROP.

Plan Benefits. Police and Firefighters' Plan Tier One members who were eligible to retire prior to September 30, 2013 may retire on a service retirement pension upon the attainment of age fifty (50) or,

if earlier, the date when age and length of creditable service equals to at least seventy (70) years. Police and Firefighters' Plan Tier One members eligible to retire on or after September 30, 2013 may retire on a service retirement pension upon the attainment of age fifty (50) or, if earlier, the date when the member attains the age of forty-seven (47) and the length of creditable service equals to at least seventy (70) years.

Upon retirement, Police and Firefighters' Plan Tier One members who were eligible to retire prior to September 30, 2013 will receive a monthly pension, payable for life, equal to three percent (3%) of the member's average monthly salary, as defined in the Police and Firefighters' Plan ordinance, for each of the first fifteen (15) years of creditable service and four percent (4%) of the member's average monthly salary for each year of creditable service in excess of fifteen (15) years; provided, however, that the pension benefit shall not exceed ninety percent (90%) of the member's average monthly salary. Police and Firefighters' Plan Tier One members eligible to retire on or after September 30, 2013 will receive a monthly pension, payable for life, equal to three percent (3%) of the member's average monthly salary, as defined in the Police and Firefighters' Plan ordinance, for each of the first twenty (20) years of creditable service and four percent (4%) of the member's average monthly salary for each year of creditable service in excess of twenty (20) years; provided, however, that the pension benefit does not exceed eighty-five percent (85%) of the member's average monthly salary. All Police and Firefighters' Plan members and beneficiaries receiving a monthly pension as of September 30, 2010 will receive a 2.5% increase in benefits on October 1 of each year. Members that retire on or after September 30, 2010 will receive a 2.5% increase in benefits annually on the anniversary date of the member's retirement.

Any Police and Firefighters' Plan Tier Two member may retire on a service retirement pension upon the attainment of age fifty (50) or, if earlier, the date when the member attains age forty-eight (48) and the length of creditable service equals to at least seventy (70) years. Upon retirement, a Police and Firefighters' Plan Tier Two member will receive a monthly pension, payable for life, equal to three percent (3%) of the member's average monthly salary, as defined in the Police and Firefighters' Plan ordinance, for each of the first twenty (20) years of creditable service and four percent (4%) of the member's average monthly salary for each year of creditable service in excess of twenty (20) years; provided, however, that the pension benefit shall not exceed eighty-five percent (85%) of the member's average monthly salary. The average monthly salary of a Police and Firefighters' Plan Tier Two member is computed based on such member's salary for the three (3) highest paid years prior to the date of retirement or the average of the last three (3) paid years to such member prior to the date of retirement, whichever produces the greater benefit after consideration of overtime limitations. All Police and Firefighters' Plan Tier Two retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

The benefits for Police and Firefighters' Plan Tier Three members are the same as the ones described in the immediately preceding paragraph for Police and Firefighters' Plan Tier Two members, except the average monthly salary of a Police and Firefighters' Plan Tier Three member is computed based on such member's salary for the five (5) highest paid years prior to the date of retirement or the average of the last three (3) paid years to such member prior to the date of retirement, whichever produces the greater benefit after consideration of overtime limitations.

Any member of the Police and Firefighters' Plan who becomes totally and permanently disabled at any time as a result of illness or injury suffered in the line of duty may be retired on an accidental disability pension. For a service connected disability, the minimum pension payable is eighty-five percent (85%) of the member's monthly salary at the time of disability retirement, less any offset for worker's compensation. Any Police and Firefighters' Plan member who becomes totally or permanently disabled after five (5) years of creditable service as a result of illness or injury not suffered in the line of duty may be retired on an ordinary disability retirement pension. Upon disability retirement, a Police and

Firefighters' Plan member receives a monthly pension equal to such member's service retirement benefits. For a non-service connected disability, the pension benefit is the accrued benefit after five (5) years of the member's creditable service. The Police and Firefighters' Plan also provides death benefits for beneficiaries or members for service connected and non-service connected death.

If a Police and Firefighters' Plan member resigns or is lawfully discharged before retirement, such member's contributions, with three percent (3%) interest per annum, are returned to that member. The Police and Firefighters' Plan also provides a special provision for vested benefits for members who terminate their employment after five (5) years of service. In the alternative and in lieu of the normal form of benefit, the Police and Firefighters' Plan member may, at any time prior to retirement, elect to receive a lifetime retirement benefit with one hundred twenty (120) monthly payments guaranteed. If the Police and Firefighters' Plan member should die before one hundred twenty (120) monthly payments are made, benefits will continue to be paid to the member's designated beneficiary for the balance of the one hundred twenty (120) month period. If the retired Police and Firefighters' Plan member is living after one hundred twenty (120) monthly payments are made, the payments shall be continued for the member's remaining lifetime. In case of termination of the Police and Firefighters' Plan, benefits accrued to members of the Police and Firefighters' Plan are not subject to forfeit.

An active Police and Firefighters' Plan Tier One member may enter into a DROP on the first day of any month after becoming eligible to retire. Upon becoming eligible to participate in the DROP, a Police and Firefighters' Plan Tier One member may elect to enter that program for a period not to exceed thirty-six (36) months. Police and Firefighters' Plan Tier One members who enter the DROP on or after September 1, 2012 shall be eligible to participate for a period not to exceed sixty (60) months. All Police and Firefighters' Plan Tier One members shall receive a 2.5% cost of living adjustment increase in benefits annually on the anniversary date of the member's retirement. The exception is for Police and Firefighters' Plan Tier One members who entered the DROP on or after September 1, 2012 and before September 30, 2013. Those members shall receive a zero percent (0%) cost of living adjustment for the third and fourth annual adjustment dates, regardless of whether the member remains in the DROP for the maximum sixty (60) month period. Further, any member who exits the DROP within six (6) months following the date of DROP entry shall be eligible to receive the 2.5% cost of living adjustment.

An active Police and Firefighters' Plan Tier Two member or Police and Firefighters' Plan Tier Three member may enter into the DROP on the first day of any month after attainment of age fifty (50) or, if earlier, the date when the member attains age forty-eight (48) and the age and length of creditable service equals to at least seventy (70) years. Upon becoming eligible to participate in the DROP, a Police and Firefighters' Plan Tier Two member or Police and Firefighters' Plan Tier Three member may elect to enter that program for a period not to exceed sixty (60) months. All of such members shall receive a 1.5% cost of living adjustment increase in benefits annually on the anniversary date of the member's retirement.

At September 30, 2014, \$15,135,801, the total amount of the DROP payable, represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

Contributions to the Police and Firefighters' Plan. The City is required to contribute an actuarially determined amount to the Police and Firefighters' Plan that, when combined with members' contributions, will fully provide for all benefits as they become payable. All Police and Firefighters' Plan Tier One members and Police and Firefighters' Plan Tier Two members are required to contribute ten percent (10%) of their salary to the Police and Firefighters' Plan, while all Police and Firefighters' Plan Tier Three members are required to contribute ten and one-half percent (10.5%) of their salary to the Police and Firefighters' Plan. The actual contribution from the City and from the State of Florida for active employees for the Fiscal Year ended September 30, 2014, was \$35,960,326 and covered payroll, excluding DROP

members, was approximately \$50,750,000. The contribution required from the City and the State of Florida for the Fiscal Year ended September 30, 2014 was actuarially determined by the October 1, 2012 valuation to be \$35,960,326. The actuarially computed annual covered payroll used in the October 1, 2012 valuation was \$46,313,650. The annual pension cost was \$35,960,326 for the Fiscal Year ended September 30, 2014.

Police and Firefighters' Plan Net Pension Liability

Total Police and Firefighters' Plan liability	\$991,506,019
Police and Firefighters' Plan's fiduciary net position	(769,298,572)
City net Police and Firefighters' Plan liability	<u>\$222,207,447</u>

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

Set forth below is the progress made by the City accumulating sufficient assets to pay benefits of the Police and Firefighters' Plan, when due.

Police and Firefighters' Plan Schedule of Employer Contributions

<u>Fiscal Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>
2012	\$36,297,459	\$36,297,459	100%
2013	39,492,050	39,492,050	100
2014	35,960,326	35,960,326	100

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

The funding status for the Police and Firefighters' Plan, as of the three (3) most recent valuation dates, is as follows:

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Police and Firefighters' Plan Funding Status

<u>Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
10/1/11	\$531,821,181	\$871,118,629	\$339,297,448	61.1%	\$49,186,724	689.8%
10/1/12	545,067,653	902,778,465	357,710,812	60.4	46,313,650	772.4
10/1/13	663,233,454	955,238,606	292,005,152	69.4	47,164,032	619.1

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014, September 30, 2013 and September 30, 2012.

Other Retirement and Compensation Plans

Firemen's and Police Relief and Pension Funds

The City's firefighters and police officers are members of two (2) separate non-contributory money purchase benefit plans established under the provisions of Florida Statutes, Chapters 175 and 185, respectively. These plans are funded solely from proceeds of certain excise taxes levied by the City and imposed upon property and casualty insurance coverage within City limits. The excise taxes, which are collected from insurers by the State of Florida, are remitted to the Plans' Boards of Trustees. The City is under no obligation to make any further contributions to the plans.

The excise taxes received from the State of Florida and remitted to the plans for the year ended September 30, 2014 was \$1,704,136 for firefighters and \$759,678 for police officers. These payments were recorded on the City's books as revenues and expenditures during the fiscal year. Plan benefits are allocated to participants based upon their service during the year and the level of funding received during the year. Participants are fully vested after ten (10) years of service with no benefits vested prior to ten (10) years of service, except those prior to June 1983. All benefits are paid in a lump sum format, except for the Police Relief Funds, where participants may also elect not to withdraw, or to partially withdraw, his or her retirement funds.

Defined Contribution Retirement Plan - 401(a)

The City has a defined contribution retirement plan (the "Defined Contribution Plan") that was created in accordance with Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The Defined Contribution Plan provides retirement and other related benefits for eligible employees as an option to the other retirement systems sponsored by the City. However, effective March 19, 2006, the Defined Contribution Plan was no longer offered to new employees of the City. Current employees are still participating in the Defined Contribution Plan.

The Defined Contribution Plan is administrated by a Board of Trustees, which has the general responsibility for the Plan's proper operation and management. The Defined Contribution Plan complies with the provisions of section 401(a) of the Code and may be amended by the City Commission. The City has no fiduciary responsibility for the Defined Contribution Plan. Consequently, amounts accrued for benefits are not recorded in the fiduciary fund.

Employees in the Defined Contribution Plan hired prior to February 21, 1994 are required to contribute ten percent (10%) of their salary while employees hired after February 21, 1994 are required to contribute eight percent (8%) of their salary. The City matches the employee's contribution one hundred percent (100%). The Defined Contribution Plan of each employee is the immediate property of the employee. Employees have a choice of plan administrators and are responsible for the investment of their funds amongst choices of investment vehicles offered by their selected plan administrator.

Defined Contribution Plan information, as of and for the Fiscal Year ended September 30, 2014, is as follows:

Defined Contribution Plan Information

Members in Defined Contribution Plan		32
City's contribution	\$149,422	
Percentage of covered payroll		8.20%
Employees' contribution	149,109	
Percentage of covered payroll		8.18

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report
for Fiscal Year Ended September 30, 2014.

Other Post Employment Benefits

Plan Description

In accordance with Section 112.0801, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. Although not required by law, the City pays a portion of such cost of participation for its retirees. The City also provides life insurance to the retirees. As with all governmental entities providing similar plans, the City is required to comply with the Governmental Accounting Standard's Board Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions ("GASB 45"). GASB 45 applies accounting methodology similar to that used for pension liabilities to other post employment benefits ("OPEB") and attempts to more fully reveal the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded. The City's single employer OPEB Plan (the "OPEB Plan") currently provides the following post employment benefits:

- (a) Health and Dental Insurance - Employees of the City hired prior to March 18, 2006 are eligible to receive a fifty percent (50%) health insurance contribution of the total premium cost. At age sixty-five (65), if the retiree is eligible for Medicare Part B, the City contributes fifty percent (50%) of the Medicare Part B payment. Employees hired after March 18, 2006, after vesting in City's retirement plans, are eligible to receive an offset to the retiree premium equal to \$10 per year of credible service, up to a maximum of \$250 per month until age sixty-five (65) and \$5 per year of credible service up to a maximum of \$125, thereafter.

(b) Life Insurance - Employees of the City are eligible to receive a life insurance benefit of \$1,000 towards the cost of such insurance.

As of September 30, 2008, the City established an OPEB Trust (the "OPEB Trust") and began funding its OPEB obligation. Stand alone financial statements for the OPEB Trust are not prepared. As of October 1, 2012, the date of the most recent actuarial valuation, OPEB Plan participation consisted of the following:

OPEB Plan Participation

OPEB Plan Participants	1,941
Retirees receiving benefits	1,175
<hr/>	

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

Funding of OPEB Plan

The City has the authority to establish and amend the funding policy of the OPEB Plan. For the Fiscal Year ended September 30, 2014, the City paid \$7.9 million in OPEB benefits on a pay-as-go basis and \$915,000 to the OPEB Trust. The City's net OPEB obligation as of September 30, 2014 was \$47.2 million. The City intends to base future OPEB Trust contributions on the annual required contribution in subsequent annual actuarial reports. However, no OPEB Trust contributions are legally or contractually required.

The annual cost (expense) of the OPEB Plan is calculated based on the annual required contribution, an amount actuarially determined in accordance with the parameters of GASB 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty (30) years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed and the change in the net OPEB obligation.

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**OPEB Annual Costs and
Net Obligation for Fiscal Year 2014**

Annual Required Contribution	\$16,490,000
Interest on Net OPEB Obligation	3,099,000
Adjustment to Annual Required Contribution	<u>(2,238,000)</u>
Annual OPEB Cost (expense)	17,351,000
Contributions Made	<u>8,882,000</u>
Net OPEB Obligation	8,469,000
Net OPEB Obligation - Beginning of Year	<u>38,733,000</u>
Net OPEB Obligation - End of Year	<u>\$47,202,000</u>

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

Set forth below is a description of the progress made by the City in accumulating sufficient assets to pay OPEB benefits, when due.

OPEB Annual Costs and Contributions

<u>Fiscal Year Ended September 30</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$19,064,000	\$11,104,000	58%	\$30,835,000
2013	16,212,000	8,314,000	51	38,733,000
2014	17,351,000	8,882,000	51	47,202,000

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014.

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OPEB Funding Status

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Participants Covered Payroll	UAAL as a Percent of Participants Covered Payroll
10/1/11	\$14,136,000	\$208,959,000	\$194,823,000	6.8%	\$107,418,169	55.1%
10/1/12	19,015,000	191,353,000	172,338,000	9.9	108,263,028	159.2
10/1/13	22,167,000	203,809,000	181,642,000	10.9	107,951,095	168.3

Source: City of Miami Beach, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2014, September 30, 2013 and September 30, 2012.

FINANCIAL STATEMENTS

Excerpts from the Comprehensive Annual Financial Report of the City of Miami Beach, Florida for the Fiscal Year ended September 30, 2016 and the report of Crowe Horwath LLP, independent certified public accountants, in connection therewith, dated April 28, 2017, are included in APPENDIX D to this Official Statement as part of the public records of the City. Such financial statements and report contain information relating to the City and the Stormwater Utility. No separate financial statements for the Stormwater Utility have been prepared.

The consent of Crowe Horwath LLP was not requested for the reproduction of its audit report in this Official Statement. The auditor has performed no services in connection with the preparation of this Official Statement and is not associated with the offering of the Series 2018 Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the holders of the Series 2018 Bonds to provide certain financial information and operating data relating to the Stormwater Utility not later than two hundred forty (240) days following the end of each Fiscal Year, commencing with the Fiscal Year ended September 30, 2017 (the "Annual Report"), and to provide, or cause to be provided, notices of the occurrence of certain enumerated events. The Annual Report and notices of events will be filed with the Municipal Securities Rulemaking Board (the "MSRB"). Digital Assurance Certification, L.L.C. ("DAC") will act as the initial disclosure dissemination agent for the City. The specific nature of the information to be contained in the Annual Report and the notices of events is contained in "APPENDIX H - Form of Disclosure Dissemination Agent Agreement." These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "SEC").

On July 28, 2014 Standard & Poor's Ratings Services ("Standard & Poor's") announced that it had raised its rating on the City's general obligation debt two (2) notches to "AA+" from "AA-." The disclosure agreements entered into by the City in connection with the issuance of various series of bonds (the "Disclosure Agreements") require the City to provide, among other things, notice of rating changes affecting such series of bonds. Notice of the ratings increase announced by Standard & Poor's on July 28, 2014 was not provided by the City within the time periods established in the Disclosure Agreements. Such notice was filed by DAC, on behalf of the City, with the MSRB on April 29, 2015.

In addition to Disclosure Agreements relating to bonds issued by the City, the City has entered into Disclosure Agreements for bonds issued by the Miami Beach Redevelopment Agency (the "Agency"). Such Disclosure Agreements require the City to file its audited financial statements and certain financial information and operating data (collectively, the "City Annual Information") each year with nationally recognized municipal securities information repositories, as designated by the SEC. On July 1, 2009 the SEC designated the Electronic Municipal Market Access System ("EMMA") of the MSRB as the repository for filing information in satisfaction of continuing disclosure requirements. Following such designation, the City has submitted the City Annual Information for filing electronically with EMMA each year.

For Fiscal Years 2010 through 2014 the City Annual Information submitted for filing with EMMA was not linked to the CUSIP number for the Agency's Tax Increment Revenue Bonds, Taxable Series 1998A (City Center/Historic Convention Village) (the "Series 1998A Bonds") when such information was posted on EMMA. Access to such information was updated in October 2015 so that the CUSIP number for the Series 1998A Bonds was included among the CUSIP numbers linked to the City Annual Information for Fiscal Years 2010 through 2014. All of the Series 1998A Bonds were advance refunded and defeased upon issuance by the Agency of its Tax Increment Revenue Refunding Bonds, Taxable Series 2015B (City Center/Historic Convention Village) on December 15, 2015.

Documents required to be filed pursuant to the Disclosure Agreements are currently on file and available electronically from the MSRB at <http://emma.msrb.org/>. Information regarding the Series 2018 Bonds and other outstanding bonds of the City may be found at the DAC internet site, "<http://www.dacbond.com>."

LITIGATION

There is no litigation or controversy of any nature now pending for which the City has received service of process or, to the actual knowledge of the City Attorney, threatened against the City that seeks to restrain or enjoin the issuance or delivery of the Series 2018 Bonds or contesting the proceedings or authority under which they are to be issued or the creation, organization or existence of the City or, if determined adversely to the City, would have a material adverse impact on the ability of the Stormwater Utility to generate sufficient Net Revenues to pay debt service on the Series 2018 Bonds.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2018 Bonds and with regard to the tax-exempt status of the interest on the Series 2018 Bonds (see "TAX MATTERS" herein) are subject to the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the City. The signed legal opinion of Bond Counsel, substantially in the form attached hereto as APPENDIX F, dated and premised on law in effect as of the date of issuance of the Series 2018 Bonds, will be delivered on the date of issuance of the Series 2018 Bonds. The actual legal opinion to be delivered may vary from the form attached hereto to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date of issuance.

While Bond Counsel has participated in the preparation of certain portions of this Official Statement, it has not been engaged by the City to confirm or verify such information. Except as may be set forth in an opinion of Bond Counsel delivered to the Underwriters, Bond Counsel expresses and will express no opinion as to the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information

pertaining to the City or the Series 2018 Bonds that may be prepared or made available by the City, the Underwriters or others to the Holders of the Series 2018 Bonds or other parties.

Certain legal matters incident to the issuance of the Series 2018 Bonds relating to disclosure will be passed on for the City by the Law Offices of Steve E. Bullock, P.A., Miami, Florida, whose legal services as Disclosure Counsel have been retained by the City. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2018 Bonds, will be delivered to the City by Disclosure Counsel at the time of original delivery of the Series 2018 Bonds.

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

Certain legal matters will be passed on for the City by Raul J. Aguila, Esquire, Miami Beach, Florida, City Attorney. Bryant Miller Olive P.A., Miami, Florida, is serving as counsel to the Underwriters.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Series 2018 Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2018 Bonds upon the occurrence of a default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Resolution and the Series 2018 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2018 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery and to general principles of equity (whether sought in a court of law or equity).

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned to the Series 2018 Bonds a rating of "____," with a "_____ outlook," and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "____," with a "_____ outlook." Such ratings and outlooks reflect the view of such organizations. An explanation of the significance of such ratings and outlooks may be obtained only from Moody's and S&P, respectively. An explanation of the rating and outlook assigned by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0300. An explanation of the rating and outlook assigned by S&P may be obtained from S&P at 55 Water Street, 38th Floor, New York, New York 10041, (212) 438-2124.

Generally, a rating agency bases its rating and outlook on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating and outlook is not a recommendation to buy, sell or hold securities. There is no assurance that the rating and outlook provided by Moody's or the rating and outlook provided by S&P will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of any such ratings or outlooks may have an adverse effect on the market price of the Series 2018 Bonds.

UNDERWRITING

The Series 2018 Bonds are being purchased by Citigroup Global Markets Inc., Wells Fargo Bank, National Association, and Estrada Hinojosa & Company, Inc. (collectively, the "Underwriters"), subject to certain terms and conditions set forth in the purchase contract between the City and the Underwriters, including the delivery of opinions on certain legal matters relating to the issuance of the Series 2018 Bonds by Bond Counsel and the existence of no material adverse change in the condition of the City or the Stormwater Utility from that set forth in the Official Statement.

The Series 2018 Bonds are being purchased at a purchase price of \$_____ (which represents the \$_____ principal amount of the Series 2018 Bonds, [plus / minus a net original issue premium / discount of \$_____,] minus an Underwriters' discount of \$_____). The Series 2018 Bonds are offered for sale to the public at the prices and yields set forth on the inside cover page of this Official Statement. The Series 2018 Bonds may be offered and sold to certain dealers at prices lower than or yields higher than such offering prices and yields. After the initial public offering, such public offering prices and yields may be changed, from time to time, by the Underwriters.

Citigroup Global Markets Inc., the senior managing underwriter of the Series 2018 Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for its selling efforts with respect to the Series 2018 Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2018 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2018 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate, Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2018 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Certain subsidiaries of Wells Fargo & Company (parent company of Wells Fargo Bank, National Association), have provided, from time to time, investment banking services, commercial banking services or advisory services to the City, for which they have received customary compensation. Wells Fargo & Company or its subsidiaries may, from time to time, engage in transactions with and perform services for the City in the ordinary course of their respective businesses.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor relating to the computation of forecasted receipts of principal and interest on the Government Obligations and uninvested cash to pay and redeem the Refunded Bonds was verified by Integrity Public Finance Consulting LLC, as the Verification Agent. Such computations were based solely upon assumptions and information supplied by the Financial Advisor.

The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor. The Verification Agent has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted results.

EXPERTS

The references in this Official Statement to AECOM, as the Series 2018 Consulting Engineer, and Public Resources Management Group, Inc., as the Feasibility Consultant, in connection with the issuance of the Series 2018 Bonds have been approved by such firms. The Engineering Report prepared by the Consultant Engineer and the Feasibility Report prepared by the Feasibility Consultant have been included as Appendix B and Appendix C, respectively, to this Official Statement and referred to herein in reliance upon such reports and upon such firms as experts in engineering, planning and financial analysis, as applicable. References in this Official Statement to, and excerpts from, the Engineering Report and the Feasibility Report do not purport to be adequate summaries of such reports or complete in all respects. References to the Engineering Report and the Feasibility Report in this Official Statement are an integral part of this Official Statement. The Engineer Report and the Feasibility Report should be read in their entirety, respectively, for complete information with respect to the subjects discussed therein.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, St. Petersburg, Florida, is serving as Financial Advisor to the City and has acted in such capacity with respect to the sale and issuance of the Series 2018 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information in this Official Statement. RBC Capital Markets, LLC did not engage in any underwriting activities with regard to the issuance and sale of the Series 2018 Bonds.

CONTINGENT FEES

The City has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2018 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (including the fees of Underwriters' Counsel) are each contingent upon the issuance of the Series 2018 Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAWS

Section 517.051, Florida Statutes, as amended, and Rule 3E400.003, Florida Administrative Code, requires the City to disclose each and every default as to payment of principal and interest after December 31, 1975 with respect to obligations issued or guaranteed by the City. Rule 3E400.003 further provides, however, that if the City in good faith believes that such disclosure would not be considered material by

reasonable investors, such disclosure may be omitted. The City has not defaulted on the payment of principal or interest with respect to obligations issued or guaranteed by the City after December 31, 1975 that would be considered material by a reasonable investor.

AUTHORIZATION CONCERNING OFFICIAL STATEMENT

The delivery of this Official Statement has been duly authorized by the City Commission. At the time of the delivery of the Series 2018 Bonds, the Mayor and the City Manager of the City will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that this Official Statement, as of its date and as of the date of delivery of the Series 2018 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which this Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

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

MISCELLANEOUS

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

This Official Statement has been duly executed and delivered by the Mayor and the City Manager of the City of Miami Beach, Florida.

CITY OF MIAMI BEACH, FLORIDA

PHILIP LEVINE, Mayor

JIMMY L. MORALES, City Manager

APPENDIX A

General Information and Economic Data

Regarding the City of Miami Beach, Florida

and Miami-Dade County, Florida

**GENERAL INFORMATION REGARDING
THE CITY OF MIAMI BEACH
AND MIAMI-DADE COUNTY, FLORIDA**

The following information pertaining to the City of Miami Beach, Florida (the “City”) and Miami-Dade County, Florida (the “County”) is set forth for purposes of providing background information only. The Series 2018 Bonds are payable only from the Net Revenues of the City’s Stormwater Utility, and other amounts constituting Pledged Revenues, as defined in this Official Statement. The Series 2018 Bonds do not constitute a debt, liability or obligation or a pledge of the faith, credit or taxing power of the City, the County, the State of Florida, or any political subdivision thereof.

INTRODUCTION

The City

The City is located on a barrier island surrounded by the Atlantic Ocean to the east and Biscayne Bay to the west. The City comprises seven (7) square miles of land area and ten (10) square miles of Biscayne Bay. The City is connected to the mainland by four (4) causeways.

The climate of the City is tropical, with an average annual temperature of 75 degrees Fahrenheit, 24 degrees Celsius. The City is the home of the Art Deco Historic District, consisting of one of the greatest concentrations of Art Deco architecture in the United States. Within the Art Deco Historic District is the world famous Ocean Drive, which has been called the “Riviera” of Florida. The economy of the area is based on tourism. For Fiscal Year 2014, hotel, food and beverage sales accounted for an estimated \$2.2 billion in sales within the City.

The demographics of the City have drastically changed over the last thirty-five (35) years. In the 1980 Census, the average age of the City’s population was 65.3 years old. That average declined to 43.7 years of age by the 2000 Census and to 40.3 years of age by the 2010 Census. After the significant changes between 1980 and 2010, the City’s demographics are beginning to stabilize with a younger, more affluent population. Based on information provided by the U.S. Census Bureau for 2013 (the most recent year for which City estimates are currently available from the U.S. Census Bureau), the median age in the City was estimated to be 39.3 years of age and the median family income was estimated to be \$52,576.

The County

The County is the largest county in the southeastern United States in terms of population and one of the largest in terms of land area. The County consists of 2,209 square miles of land area. The population of the County is clustered mainly along the coastal, eastern areas, with the western area of the County comprising a part of the Florida Everglades. The County was created on January 18, 1836 under the Territorial Act of the United States. It included the land area now forming Palm Beach and Broward Counties, together with the land area of the present Miami-Dade County. In 1909, Palm Beach County was established from the northern portion of what was then Dade County. In 1915, Palm Beach County and then Dade County contributed nearly equal portions of land to create what is now Broward County. There have been no significant boundary changes to the County since 1915. There are thirty-five (35) incorporated municipalities in the County and the County serves as a municipal government for its unincorporated areas. In addition to the City, the municipalities in the County include the cities of Miami, Hialeah and Coral Gables.

POPULATION

The U.S. Census Bureau estimated the population of the City and of the County to be 91,721 and 2,662,874, respectively, in 2014. Projections by the Nielsen Company, a leading provider of demographic and economic data, provide for the City's population to grow to 96,484 by the year 2020. Set forth below are general population statistics for the City and the County and age data relating to the City's population growth.

Population, City of Miami Beach and Miami-Dade County 1980 - 2014

Calendar Year	City of Miami Beach	Percent Change	Miami-Dade County	Percent Change
1980	96,298	10.6%	1,625,598	28.2%
1990	92,639	(3.8)	1,937,094	19.2
2000*	87,933	(5.3)	2,260,000	16.7
2010	87,779	(0.1)	2,496,435	10.5
2013*	91,019	0.4	2,617,176	4.6
2014	91,721	0.8	2,662,874	1.7

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

* Amounts for 2000 and 2013 for the County and for 2013 for the City are revised from estimates previously provided for such years, reflecting more recent estimates provided by the U.S. Department of Commerce, Bureau of Census.

Population Breakdown City of Miami Beach, 1990 - 2013

Age Group	1990	2000	2010	2013*
Under 18	14.2%	13.4%	12.8%	15.6%
18 and over	85.8	86.6	87.2	84.4
21 and over	83.1	84.1	84.9	82.1
65 and over	23.4	19.2	16.2	16.0
Median Age:	44.5	39.0	40.3	39.3

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

* 2013 is the most recent year for which information is available.

GOVERNMENT

The City was incorporated as a municipal corporation on March 26, 1915. The City operates under a Commission/City Manager form of government. The City Commission consists of the Mayor and six (6) Commissioners who serve as the policy-making body of the City. Authority is vested in the City Commission to enact ordinances, hold public hearings, approve contracts, establish the City's budget and tax assessments, and authorize construction of all public improvements.

The Mayor and City Commission are elected on a citywide, nonpartisan basis. Elections are held in odd numbered years, with the Mayor elected to serve two-year terms with a limit of three (3) consecutive terms. Commissioners are elected to serve four-year terms with a limit of two (2) consecutive terms. City Commission terms are staggered so that not all Commissioners are up for re-election at the same time. On a rotating basis, the City Commission selects one (1) of its members to serve as Vice Mayor for a three-month term. The Mayor, who is the presiding officer at City Commission meetings, may vote on all matters that come before the City Commission, but has no power of veto. The City Commission appoints the City Manager, the City Attorney and the City Clerk. All other department heads are appointed by the City Manager, with the consent of the City Commission.

The City Manager is vested with the responsibility to ensure that policies, directives, resolutions, and ordinances adopted by the City Commission are enforced and implemented. As the City's Chief Executive Officer, the City Manager is responsible for providing executive level leadership, vision and guidance to the organization, providing recommendations to the City Commission and implementing policy directives in an efficient and effective manner. In addition, the City Manager is responsible for the daily operations of the City, preparing and administering the budget, planning the development of the City, supervising City employees, interacting with citizen groups and other units of government, and is otherwise responsible for the health, safety, and welfare of the residents of and visitors to the City. With the exception of the City Attorney's Office and the City Clerk's Office, the City Manager has the power to appoint or remove all heads of the various departments of the City.

SCOPE OF SERVICES

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

ECONOMIC AND DEMOGRAPHIC DATA

Family Income

The estimated median family income for the City has been consistently higher than the median family income for the County. During the last five years, the median family income for the City has ranged from being as small as 9.6% higher than the median family income for the County in 2010 to being as much as 20.7% higher in 2011.

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Estimated Median Family Incomes, 2010 - 2014*

Calendar Year	City of Miami Beach	Percent Change	Miami-Dade County	Percent Change
2010	\$50,758	(7.1)%	\$46,126	(3.3)%
2011	57,318	12.9	46,577	1.0
2012	56,457	(1.5)	47,382	1.7
2013	52,576	(6.9)	46,904	(1.0)
2014	60,710	15.5	50,187	7.0

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

* Amounts are presented in dollars, adjusted for inflation.

Per Capita Personal Income

Between 2009 and 2013, the estimated per capita personal income for the County increased by 12.9 percent, from \$35,329 in 2009 to \$39,880 in 2013. Such increase is slightly higher than the rate of growth in the State of Florida, which experienced a per capita personal income growth rate of approximately 10.2 percent during the same period, and identical to the rate of growth in the United States, which also experienced a per capita personal income growth rate of approximately 12.9 percent during the same period.

Per Capita Personal Income, 2009 - 2014⁽¹⁾

Year ⁽²⁾	Miami-Dade County ⁽³⁾	% of U.S.	State of Florida	% of U.S.	United States
2009	\$35,329	89.7%	\$37,479	95.2%	\$39,376
2010	36,592	91.2	38,718	96.1	40,277
2011	38,242	90.3	40,538	95.5	42,453
2012	39,467	89.3	41,249	93.2	44,266
2013	39,880	89.1	41,309	93.0	44,438
2014	N/A	N/A	42,737	92.8	46,049

Source: U.S. Department of Commerce, Bureau of Economic Analysis/Regional Economic Information System.

- (1) Information is provided as of the last available update, dated September 30, 2015.
- (2) Except as described in footnote 3 of this table for the County, amounts for 2009 through 2014 are revised from estimates previously provided by the U.S. Department of Commerce for such years.
- (3) Estimates for 2013 are new estimates. Amounts for 2009 through 2012 are revised from estimates previously provided for such years. Information is provided as of the last available update, dated November 20, 2014. 2013 is the most recent year for which information is available.

EMPLOYMENT

The following tables provide information relating to the City's labor force and the principal employers in the County for the fiscal year ended September 30, 2014 and comparative data for the fiscal year ended September 30, 2005.

City of Miami Beach Employment 2009 - 2014*

Labor Force	2009	2010	2011	2012	2013	2014
Labor Force Employed	42,447	44,129	46,295	46,992	47,630	49,191
Labor Force Unemployed	4,315	4,088	3,237	3,042	2,477	2,344
Total Labor Force	46,762	48,217	49,532	50,034	50,107	51,535
Unemployment Rate	9.2%	8.5%	6.5%	6.1%	4.9%	4.5%

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

* Data provided for December of each year. Data for years 2010 to 2014 represents provisional data, which is subject to change.

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**Miami-Dade County
Ten Largest Public Employers**

<u>Employers</u>	<u>2014</u>			<u>2005</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	33,477	1	2.74%	54,387	1
Miami-Dade County	25,502	2	2.08	32,265	2
Federal Government	19,200	3	1.57	20,100	3
Florida State Government	17,100	4	1.40	18,900	4
Jackson Health System	9,797	5	0.80	11,700	5
City of Miami	3,997	6	0.33	3,954	8
Florida International University	3,534	7	0.29	5,000	7
Homestead Air Force Base	3,250	8	0.27	—	—
Miami VA Medical Center	2,500	9	0.20	2,018	9
Miami-Dade College	2,390	10	0.20	7,500	6
City of Miami Beach	—	—	—	<u>1,839</u>	10
TOTAL	<u>120,747</u>		<u>9.88%</u>	<u>157,633</u>	

Source: City of Miami Beach Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2014.

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**Miami-Dade County
Ten Largest Private Employers**

<u>Employers</u>	<u>2014</u>		Percentage of Total County <u>Employment</u>	<u>2005</u>	
	<u>Employees</u>	<u>Rank</u>		<u>Employees</u>	<u>Rank</u>
University of Miami	12,818	1	1.05%	9,079	2
Baptist Health South Florida	11,353	2	0.93	10,300	1
American Airlines	11,031	3	0.90	9,000	3
Carnival Cruise Lines	3,500	4	0.29	—	—
Miami Children's Hospital	3,500	5	0.29	—	—
Mount Sinai Medical Center	3,321	6	0.27	—	—
Florida Power & Light Co.	3,011	7	0.25	3,665	9
Royal Caribbean International	2,989	8	0.24	—	—
Wells Fargo Bank	2,050	9	0.17	—	—
Bank of America Merrill Lynch	2,000	10	0.16	—	—
United Parcel Service	—	—	—	5,000	4
Bellsouth	—	—	—	4,800	5
Winn-Dixie Stores	—	—	—	4,616	6
Precision Response Corporation	—	—	—	4,196	7
Publix Super Markets	—	—	—	4,000	8
Burdines-Macy's	—	—	—	<u>3,368</u>	10
TOTAL	<u>55,573</u>		<u>4.55%</u>	<u>58,024</u>	

Source: City of Miami Beach Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2014.

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BUILDING PERMITS

The following is a calculation of the total value of the Building Permits issued by the City during the past ten (10) years.

City of Miami Beach, Florida Value of Building Permits Issued Fiscal Years 2006 - 2015

Fiscal Year Ended September 30,	Number of Permits*	Total Value*
2006	11,999	\$ 955,157,495
2007	12,644	1,178,424,679
2008	10,994	1,155,544,658
2009	10,281	577,461,927
2010	10,148	298,475,913
2011	11,088	371,534,297
2012	12,530	417,893,703
2013	13,790	497,902,181
2014	13,900	804,401,614
2015	14,396	742,450,180

Source: City of Miami Beach Building Department.

* Amounts have been revised from numbers provided previously to reflect the most recent determination of actual number of permits issued and final valuations and improved calculation and reporting of such amounts from upgraded accounting software.

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PROPERTY TAXES

The following table summarizes the direct and overlapping tax (millage) rates for the past ten (10) years. The table reflects the fact that, except during the years when millage rates needed to increase in response to the significant reduction in assessed values experienced throughout Florida and the United States during the economic downturn, millage rates in the City have generally decreased during the past ten (10) years.

**City of Miami Beach, Florida
Direct and Overlapping Tax Rates
(\$1 per \$1,000 of Assessed Value)
Fiscal Years 2006 - 2015**

Tax Roll Year as of January 1	Fiscal Year Ended September 30	City of Miami Beach Direct Rates			Overlapping Rates			
		Operating Millage	Debt Service Millage	Total Direct Millage	School District Millage	County Millage	State Millage	Total
2005	2006	7.4810	0.5920	8.0730	8.4380	7.0348	0.7355	24.2813
2006	2007	7.3740	0.2990	7.6730	8.1050	6.8083	0.7355	23.3218
2007	2008	5.6555	0.2415	5.8970	7.9480	5.6711	0.6585	20.1746
2008	2009	5.6555	0.2375	5.8930	7.7970	5.9263	0.6585	20.2748
2009	2010	5.6555	0.2568	5.9123	7.9950	6.0051	0.6585	20.5709
2010	2011	6.2155	0.2870	6.5025	8.2490	6.6565	0.6585	22.0665
2011	2012	6.1655	0.2884	6.4539	8.0050	5.7695	0.4708	20.6992
2012	2013	6.0909	0.2568	6.3477	7.9980	5.6610	0.4634	20.4701
2013	2014	5.8634	0.2529	6.1163	7.9770	5.7980	0.4455	20.3368
2014	2015	5.7942	0.2295	6.0237	7.9740	5.9009	0.4187	20.3173

Source: City of Miami Beach Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2014 and Miami-Dade County Property Appraiser's Millage Tables.

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The following table summarizes the tax levies and collections in the City for the past ten (10) years.

City of Miami Beach, Florida
Property Tax Levies and Collections
Fiscal Years 2005 - 2014

Tax Roll Year as of January 1	Fiscal Year Ended September 30	Taxes Levied for Fiscal Year	Collected within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2005	\$110,739,153	\$ 97,731,071	88.25%	\$1,086,183	\$ 98,817,254	89.23%
2005	2006	135,910,285	132,487,342	97.48	1,814,064	134,301,406	98.82
2006	2007	165,759,439	163,120,484	98.41	2,145,835	165,266,319	99.70
2007	2008	150,418,073	145,433,238	96.69	4,646,716	150,079,954	99.78
2008	2009	150,588,328	144,321,499	95.84	4,633,049	148,954,548	98.92
2009	2010	138,703,567	131,355,903	94.70	3,550,990	134,906,893	97.26
2010	2011	136,549,286	128,719,932	94.27	290,254	129,010,186	94.48
2011	2012	134,753,401	129,572,373	96.16	125,152	129,697,525	96.25
2012	2013	139,133,369	134,848,787	95.62	3,403,910	138,252,697	99.37
2013	2014	143,266,670	141,551,552	97.53	N/A	141,551,552	98.80

Source: City of Miami Beach Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2014 and Miami-Dade County Property Appraiser's Office.

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The following tables summarize the ten (10) largest taxpayers in the City, the type of property owned by such taxpayers and the assessed value of such property for the Fiscal Year ended September 30, 2014 and, for comparison, for the Fiscal Year ended September 30, 2005.

**City of Miami Beach
Ten Largest Taxpayers
Fiscal Year 2014**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Taxable Assessed Value</u>	<u>Percentage of City's Certified Taxable Assessed Value</u>
Fountainbleau Florida Hotel LLC	Hotel	\$ 327,513,062	1.33%
MB Redevelopment Inc. / Loews Hotel	Hotel	229,900,000	0.93
2201 Collins Fee LLC	Apartments	200,811,436	0.81
Florida Power & Light Company	Industrial	186,802,731	0.76
Di Lido Beach Hotel Corp.	Hotel	112,860,000	0.46
2377 Collins Resort LP	Hotel	110,925,385	0.45
VCP Lincoln Road LLC	Retail	98,000,000	0.40
Eden Roc LLP	Hotel	97,429,200	0.40
MCZ / Centrum Flamingo II LLC	Apartments	95,590,000	0.39
MCZ / Centrum Flamingo III LLC	Apartments	<u>79,860,000</u>	<u>0.32</u>
TOTAL		<u>\$1,539,691,814</u>	<u>6.25%</u>

Source: 2013 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach and City of Miami Beach, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

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**City of Miami Beach
Ten Largest Taxpayers
Fiscal Year 2005**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Taxable Assessed Value</u>	<u>Percentage of City's Certified Taxable Assessed Value</u>
Loews Miami Beach Hotel	Hotel	\$143,400,000	1.02%
Morton Towers	Apartments	110,675,000	0.79
Fountainbleau Hotel	Hotel	104,449,118	0.74
Sandy Lane Residential LLC	Hotel	72,230,700	0.51
Di Lido Beach Hotel Corp.	Hotel	61,900,000	0.44
Eden Roc Acquisition LP	Hotel	49,500,000	0.35
Shore Club	Hotel	48,500,000	0.35
Morton Towers Expansion	Apartments	48,325,000	0.34
South Gate Apartments	Apartments	48,000,000	0.34
2201 Collins Fee LLC	Apartments	<u>44,583,667</u>	<u>0.32</u>
TOTAL		<u>\$731,563,485</u>	<u>5.20%</u>

Source: 2004 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach and City of Miami Beach, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

LOCAL ECONOMY

Tourism is the largest sector of the City's economy, with over \$4.0 billion in direct tourist spending on hotel, food and beverage, and constitutes a large portion of the City's multi-billion dollar retail marketplace. In Fiscal Year 2014, the City's hotels hosted approximately 7 million overnight visitors, and approximately 11 million tourists visited South Beach and the Art Deco Historic District. Results reported thus far for Fiscal Year 2015 evidence a continued upward trend.

Hotel room sales in the City for Fiscal Year 2014 increased by 7% from Fiscal Year 2013, following a 9% increase a year earlier, demonstrating the continued strength of the City's lodging market and its major role in the robust tourist economy of South Florida. The City's hotel room occupancy rates remained stable in Fiscal Year 2014 at 77%, as was the case in Fiscal Year 2013, reflecting continued absorption of an inventory of hotel rooms that has increased significantly in recent years, from 13,506 rooms at the beginning of 2008 to 17,751 in 2014. This additional inventory has provided the City with additional hotel room resources and product that is expected to continue to attract future visitors to and investment in the City. Evidence of the strength of the local economy is the fact that, with the exception of a de minimis 1% decline in the first quarter of 2008, hotel room demand has increased every quarter from the third quarter of 2007 through the fourth quarter of 2014.

The City is also a regional destination, with approximately 7 to 9 million day trips annually by residents of the surrounding area, making it one of the most popular destinations in Florida. However, in recent years, the City has diversified beyond its traditional tourism based economy to become a leading multi-industry business center, with entertainment, health care, culture, and professional services industries. The City serves as host for several major television shows, including Burn Notice (USA), Magic City (Starz) and Ballers (HBO), and has been the host for several recent feature productions, including Iron Man 3, Step Up Revolution, Pain & Gain and Ride Along 2. In addition, the City hosted the inaugural eMerge Americas Conference, showcasing the best and brightest technology innovators and entrepreneurs, including Rokk3rlabs, a tech hub that is based in the City. In December 2014, the world's most prestigious art fair, Art Basel, based in Switzerland, celebrated the thirteenth anniversary of its Miami Beach exhibition. Over 250 of the world's leading art galleries participate in Art Basel Miami Beach and an estimated 73,000 international visitors attended the 2014 event. Art Basel Miami Beach has increased in attendance and sales every year since inception.

Although there are factors beyond the City's control that have impacted the production of entertainment projects, the entertainment industry continues as an important part of the City's economy. The City remains a key location for the production of movies, fashion campaigns and television series. Many international talent and model agencies have established and continue operations in the City and the City continues to grow as an international destination for major events. In addition to Art Basel Miami Beach, Design Miami, the South Beach Food and Wine Festival, the Miami International Auto Show, the South Beach Comedy Festival, the Miami Beach International Boat Show and the Winter Music Conference continue to provide a strong base for the special events, meeting and trade show segment of the City's economy.

Retail tenants continue to open locations and expand in the City, joining established operations, such as Armani Exchange, Kenneth Cole, Urban Outfitters, Diesel, Nicole Miller, Forever 21, H&M and Gap, which recently opened its new two story location in the City. New retailers that joined the Miami Beach market in 2014 included Athleta & Intermix, with Lululemon, Zadiq and Voltaire, Tumi and Kiko Milano joining in 2015. As of September 30 2014, Class A office space in prime locations continues to generate interest, with a vacancy rate at the low level of approximately 9.9%. Such office space is anchored by corporate tenants, such as LNR Property Corporation, Terranova, and Benetton.

The City also remains a leader in the real estate industry, as the median price of homes and condominiums continued to stabilize through 2014. Development in the City continues to grow, specifically in North Beach, an area historically overlooked for significant projects by developers. Growth management initiatives in the late 1990's resulted in more limited supply, somewhat reducing the exposure of excess new residential inventory that was experienced in some other cities. Since the end of 2008, as recessionary pressures eased on the economy, the City has experienced quarterly increases of units sold, and a decline in the number of condominium units for sale, from over 4,000 in early 2008, to 1,470 in December 2013. In 2014 however, due to rising prices and a strengthening dollar, the sales velocity of the market has eased, with the condo listing inventory increasing to 3,409 in 2014 from record lows in 2013.

MIAMI BEACH VISITOR AND CONVENTION ACTIVITY

Miami-Dade County and the Miami Beach Convention Center host a large number of conventions and the City welcomes a large number of overnight visitors each year. Set forth below is information relating to Convention Center attendance and overnight visitor activity.

City of Miami Beach, Florida
Convention Center Attendance and Overnight Visitors
Fiscal Years 2005 - 2014

Fiscal Year	Convention Center Attendance	Overnight Visitors	Total Overnight Visitor Spending
2005	N/A	5,300,000	\$ 7,200,000,000
2006	649,671	5,143,740	7,889,608,756
2007	707,133	4,894,053	7,344,719,992
2008	889,695	4,863,569	7,468,633,814
2009	632,700	5,383,091	7,524,151,558
2010	708,875	5,558,408	8,104,378,579
2011	661,625	5,539,010	8,088,739,484
2012	661,327	5,841,612	9,201,340,602
2013	589,663	5,697,053	10,614,159,967
2014	737,954	6,961,200	10,500,000,000

Source: City of Miami Beach Finance Department.

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Tourism and Visitor Activity
Domestic and International Overnight Visitors
Miami-Dade County Fiscal Years 2010 - 2014
(in 000)

Origin	Fiscal Year Ended September 30,				
	2010	2011	2012	2013	2014
<i>Domestic Regions</i>					
Northeast	3,196.0	3,362.1	3,423.2	3,401.4	3,520.1
Southern	1,568.5	1,700.1	1,750.6	1,781.0	1,833.1
Midwest	1,220.6	1,291.2	1,300.9	1,263.6	1,270.8
Western	<u>558.9</u>	<u>595.1</u>	<u>600.2</u>	<u>641.2</u>	<u>679.2</u>
<i>Total Domestic Visitors</i>	<u>6,948.5</u>	<u>6,948.5</u>	<u>7,074.9</u>	<u>7,087.2</u>	<u>7,303.2</u>
<i>International Regions</i>					
South America	2,836.8	3,182.9	3,435.6	3,737.1	3,659.0
Caribbean	688.5	702.8	718.8	719.2	755.0
Central America	525.1	537.6	550.1	561.5	595.3
Europe	1,306.5	1,324.7	1,364.4	1,332.4	1,430.2
Canada	587.4	627.9	640.5	660.6	689.7
Other International Regions	<u>115.8</u>	<u>119.8</u>	<u>120.3</u>	<u>120.9</u>	<u>130.7</u>
<i>Total International Visitors</i>	<u>6,060.1</u>	<u>6,495.7</u>	<u>6,833.7</u>	<u>7,131.7</u>	<u>7,260.0</u>
<i>Total Overnight Visitors</i>	<u>12,604.1</u>	<u>13,444.2</u>	<u>13,908.6</u>	<u>14,218.9</u>	<u>14,563.2</u>
<i>Expenditures*</i>					
Domestic Overnight Visitors	\$ 6,484.7	\$ 7,088.7	\$ 7,482.3	\$ 7,839.9	\$ 8,206.3
International Overnight Visitors	<u>12,428.6</u>	<u>14,528.6</u>	<u>15,183.0</u>	<u>15,954.1</u>	<u>16,528.2</u>
<i>Total Expenditures</i>	<u>\$18,913.3</u>	<u>\$21,617.3</u>	<u>\$22,665.3</u>	<u>\$23,794.0</u>	<u>\$24,734.5</u>

Source: Greater Miami Convention and Visitors Bureau.

* Average Daily Expenditures.

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**Overnight Visitors by Region
Fiscal Years 2010 - 2014***

Region	Fiscal Year Ended September 30,				
	2010	2011	2012	2013	2014
Miami Beach	44.1%	41.2%	42.0%	43.2%	47.8%
Downtown Miami	18.7	21.7	17.6	18.1	19.2
Airport Area	13.8	13.0	17.2	16.5	12.8
North Miami-Dade/Sunny Isle	9.5	9.8	10.0	10.8	8.8
South Miami-Dade	5.8	5.8	5.0	4.7	3.9
Coral Gables	5.4	5.7	4.9	4.2	3.9
Key Biscayne	2.5	2.4	2.7	1.3	1.5
Coconut Grove	1.3	0.8	0.9	0.5	1.5
Doral	<u>N/A</u>	<u>0.7</u>	<u>0.7</u>	<u>0.9</u>	<u>3.3</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Source: Greater Miami Convention and Visitors Bureau.

* Numbers may not add, due to rounding.

TRANSPORTATION

Surface Transportation

The County has a comprehensive transportation network designed to meet the needs of residents, travelers and area businesses. The County's internal transportation system includes (i) Metrorail, a 24.8 mile above-ground, electric rail system connecting South Miami-Dade and the City of Hialeah with the downtown Miami and civic center areas; (ii) Metromover, a fully automated, 4.4 mile above-ground, electric rail, double-loop people mover system that carries passengers around downtown Miami's central business center, south to the Brickell Avenue business and international banking centers and north to the Andrienne Arshdt Performing Arts Center and Omni shopping center areas; and (iii) the County's Metrobus system, which operates over approximately 29.3 million revenue miles per year and provides over 76.8 million passenger trips annually. The County also provides para-transit services to qualified elderly and handicapped riders. The County's para-transit services supply over 1.68 million passenger trips annually. In addition, cargo rail service is available from both Miami International Airport and the Port of Miami, and Amtrak has a passenger station in the City of Miami. Tri-Rail, a 72-mile train system, links the City of West Palm Beach, the City of Boca Raton, the City of Fort Lauderdale, the City of Hollywood and Miami International Airport.

Miami International Airport

Miami International Airport is one of the busiest airports in the world for both passenger and cargo traffic. It ranks twelfth (12th) in the nation and twenty-fifth (25th) in the world in passenger traffic and has the second highest international passenger traffic in the United States. The airport ranks third (3rd) in the

nation and eleventh (11th) in the world in tonnage of domestic and international cargo movement. During Fiscal Year 2014 Miami International Airport handled 40,844,964 passengers and 2,187,943 tons of air freight. More than 88 airlines serve Miami International Airport, flying passengers to more than 150 destinations around the globe.

Port of Miami

The Port of Miami, known as the “cruise capital of the world,” is an island port that encompasses 649 acres of land. It is the world’s largest multi-day cruise port and is operated by the Seaport Department of Miami-Dade County. Embarkations and debarkations on cruise ships totaled over 4.7 million passengers at the Port of Miami during Fiscal Year 2014. The Port of Miami is currently home to twenty-eight (28) cruise ships that operate throughout the year. Such ships, owned by eight (8) separate cruise ship companies, include some of the largest cruise ships in the world.

The Port of Miami is also a hub for Caribbean and Latin American commerce. These countries accounted for over one-half of the 7.6 million tons of cargo transferred through the Port of Miami during Fiscal Year 2014. The Port of Miami has also expanded its relationships in the global community. As a result, trade with the Far East, Asia and the Pacific coast accounted for almost 39% of the total cargo handled at the Port of Miami during Fiscal Year 2014.

In August 2014, access to the Port of Miami was increased by the opening of the Port *Miami* Tunnel. The Port *Miami* Tunnel consists of two (2) parallel tunnels (one in each direction) that travel underneath Biscayne Bay connecting MacArthur Causeway on Watson Island with the Port of Miami on Dodge Island. The Port *Miami* Tunnel provides direct access from highways I-95 and I-395, creating a highly desired additional entrance to the Port of Miami and a major improvement in traffic flow in downtown Miami. The Port *Miami* Tunnel is expected to be a significant catalyst for future development at the Port of Miami and in the downtown Miami area.

RECREATION

There are numerous parks and playgrounds in the City. Each park provides different amenities, from tennis and bocce courts to swimming pools and tot lots, to Vita courses and barbecue pits. There are four (4) Vita courses, two (2) public swimming pools, and numerous tennis courts, including the Holtz Tennis Stadium, which hosts championship, professional and amateur tournaments.

Offshore, the Gulf Stream provides a variety of game fish, while the Miami Beach Marina provides an abundance of space to house boats as well as direct access to the Atlantic Ocean and the Gulf Stream. The Marina is a private development on City owned, bay front land in the South Pointe area of the City. Renovation has increased the number of boat slips to 388, making the Marina a first class facility and the largest marina in the area.

In the north part of the City, the public can enjoy a leisurely sail in the quiet waters of Biscayne Bay from the Miami Beach Sailport. The facility, though open to all ages, was specially designed to teach young adults the basic art of sailing on small prams.

The City owns two (2) championship golf courses that are open to the public. The two (2) championship courses, Miami Beach Golf Course and Normandy, offer a clubhouse complete with a restaurant, lounge and pro shop.

APPENDIX B

City of Miami Beach, Florida

Engineer's Report for the

Stormwater Revenue and Revenue Refunding Bonds, Series 2018

APPENDIX C

City of Miami Beach, Florida

Financial Feasibility Report for the Issuance of

Stormwater Revenue and Revenue Refunding Bonds, Series 2018

APPENDIX D

Excerpts from the Comprehensive Annual Financial Report

of the City of Miami Beach, Florida

for the Fiscal Year Ended September 30, 2016

APPENDIX E

The Resolution

APPENDIX F

Proposed Form of Opinion of Bond Counsel

APPENDIX G

Proposed Form of Opinion of Disclosure Counsel

Date of Delivery

City Commission of the
City of Miami Beach, Florida
1700 Convention Center Drive
Miami Beach, Florida 33139

\$ _____
CITY OF MIAMI BEACH, FLORIDA
STORMWATER REVENUE AND REVENUE REFUNDING BONDS
SERIES 2018

Ladies and Gentlemen:

We have served as Disclosure Counsel in connection with the issuance by the City of Miami Beach, Florida (the "City") of its \$ _____ in aggregate principal amount of Stormwater Revenue and Revenue Refunding Bonds, Series 2018 (the "Series 2018 Bonds"). The Series 2018 Bonds are being issued with the terms, for the purposes and subject to the conditions set forth in Resolution No. 2000-24127 adopted by the Mayor and City Commission of the City (collectively, the "City Commission") on October 18, 2000 (the "Bond Resolution"), and Resolution No. 2017-_____ adopted by the City Commission on October ____, 2017 (the "Series 2018 Resolution" and, collectively with the Bond Resolution, the "Resolution"), as described in the Official Statement dated _____, 2018 relating to the Series 2018 Bonds (the "Official Statement"). All capitalized terms used in this opinion that are not defined herein and not normally capitalized shall have the meaning ascribed to such terms in the Official Statement.

In connection with the issuance and delivery of this opinion, we have considered such matters of law and fact and have relied upon such certificates and other information furnished to us as we have deemed appropriate. We are not expressing any opinion or views herein on the authorization, issuance, delivery or validity of the Series 2018 Bonds. To the extent that the opinions expressed herein relate to or are dependent upon the determination that the proceedings and actions related to the authorization, issuance and sale of the Series 2018 Bonds are lawful and valid under the laws of the State of Florida, or that the Series 2018 Bonds are valid and binding obligations of the City enforceable in accordance with their terms, or that interest on the Series 2018 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes, we understand that you are relying upon the opinions delivered on the date hereof of Squire Patton Boggs (US) LLP and no opinion is expressed herein as to such matters.

The scope of our engagement with respect to the issuance of the Series 2018 Bonds was not to establish factual matters and, because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Official Statement, we are not passing on and do not assume any responsibility for, except as set forth in the following paragraph, the accuracy or completeness of the contents of the Official Statement (including, without limitation, its appendices) and we make no representation that we have independently verified the accuracy, completeness or fairness of such contents. As your counsel, we have participated in the preparation of the Official Statement and in discussions and conferences with officials of the City, Bond Counsel for the City, the Consulting Engineer and Feasibility Consultant for the City in connection with the issuance of the Series 2018 Bonds, the Financial Advisor for the City, the Underwriters for the issuance of the Series 2018 Bonds and Bryant Miller Olive P.A., Counsel to the Underwriters, in which the contents of the Official Statement and related matters were discussed.

Solely on the basis of our participation in the preparation of the Official Statement, our examination of certificates, documents, instruments and records relating to the City and the issuance of the Series 2018

Bonds and the above-mentioned discussions, nothing has come to our attention which would lead us to believe that the Official Statement (except for the financial, statistical and demographic data and information in the Official Statement, including, without limitation, the appendices thereto, and the information relating to DTC, its operations and the book-entry only system, as to which no opinion is expressed) contains an untrue statement of a material fact or omits to state a material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are also of the opinion that the continuing disclosure undertaking set forth in the Resolution and in the Disclosure Dissemination Agent Agreement of the City, dated as of the date of and delivered at the closing for the Series 2018 Bonds, satisfies the requirements set forth in Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission, as such requirements apply to the issuance of the Series 2018 Bonds.

In reaching the conclusions expressed herein we have, with your concurrence, assumed and relied on, without independent verification, the genuineness and authenticity of all signatures not witnessed by us, the authenticity of all documents, records, instruments and letters submitted to us as originals, the conformity to originals of all items submitted to us as certified or photostatic copies, the legal capacity and authority of the persons who executed such items, the accuracy of all warranties, representations and statements of fact contained in the documents and instruments submitted to us, and the continuing accuracy on this date of any certificates or other items supplied to us regarding the matters addressed herein. As to questions of fact material to our opinions, we have relied upon and assumed the correctness of the public records and certificates by, and representations of, public officials and other officers, and representatives of the parties to this transaction. We have no actual knowledge of any factual information that would lead us to form a legal opinion that the public records or certificates which we have relied upon contain any untrue statement of a material fact.

The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation. We assume no obligation to supplement this opinion if any applicable laws change after the date hereof or if we become aware of any facts that might change the opinions expressed herein after the date hereof. The opinions expressed herein represent our professional judgment, are not a guarantee of result, and are limited to the laws of the State of Florida and the United States of America.

The opinions expressed herein are furnished by us as Disclosure Counsel to our client, the City, and solely for the use of the addressee named above. Such opinions shall not extend to, and may not be relied upon by, any other persons, firms, or corporations without our express prior written consent. The opinions expressed herein are limited to the matters set forth herein, and to the documents referred to herein, and do not extend to any other agreements, documents or instruments executed by the City. No other opinion should be inferred beyond the matters expressly stated herein.

Respectfully submitted,

LAW OFFICES OF STEVE E. BULLOCK, P.A.

APPENDIX H

Form of Disclosure Dissemination Agent Agreement