

UTILITIES COMMISSION
City of New Smyrna Beach, Florida
200 Canal Street
P.O. Box 100
New Smyrna Beach, Fl. 32170-010

June 19, 2019

RE: RSQ 20-19 Underwriting Team
ADDENDUM **No. 1**

To prospective vendors:

The Utilities Commission is issuing the following addendum. **As such it becomes an integral part of the proposal and must be acknowledged by the return of this signed form, with your proposal form, acknowledging receipt of the addendum.**

- 1) On page 3 of the RSQ, it references the Commission's 5-year capital plan. To confirm, is the attached summary taken from the Commission's 2019 budget the most current estimate of expenditures and amount and timing of future debt issuances? Does the Commission have an expected breakdown of allocation of the debt issuance by year by System (i.e., how much is for electric projects vs. water vs. wastewater)?
Currently, yes, it is taken from the Commission's 2019 budget.
No. It is a combined system.
- 2) What financing term is the Commission looking for the proposed Series 2019 capital improvement revenue bonds?
30 Years.
- 3) Are the Commission's rate and additional parity certificates requirements still 1.25x and 1.40x respectively?
In 2012 the master resolution was amended to revise the additional parity certificates requirement to match the rate covenant, so both are now 1.25x. The amendment was made by Resolution 8-12, adopted in December 2012, attached hereto.
- 4) Has the Commission adopted, or does it plan to adopt any rate increases to support the requested debt?
The Commission has engaged PRMG as a rate consultant to review the existing rates together with the Capital Plan to determine if rate adjustments will be necessary.

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A Copy of This Signed Form Must Accompany Your Proposal

Acknowledgment of Receipt of Addenda No. 1

Company _____

Title _____

Signature _____

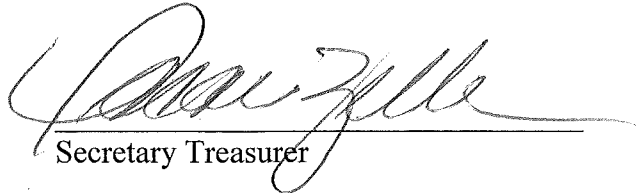
CERTIFICATE

I, Secretary Treasurer of the Utilities Commission, City of New Smyrna Beach, Florida (the "Utilities Commission"), do hereby certify that attached hereto are true and correct copies of the following resolutions adopted by the Utilities Commission as the same appear in the official records of the Utilities Commission and that such resolutions have not been amended or repealed (except as described below):

1. Resolution No. 28-78, duly adopted by the Utilities Commission on June 30, 1978, as amended by resolutions adopted by the Utilities Commission on July 21, 1978, August 21, 1978, and October 16, 1997
2. Resolution No. 08-12, adopted December 17, 2012, amending Resolution 28-78
3. Resolution No. 02-13, adopted February 25, 2013 and
4. Resolution No. 03-13 adopted March 18, 2013, authorizing and awarding the issuance of the Series 2013B Certificate.

I further certify that attached hereto is a true and correct copy of Chapter 85-503, Laws of Florida, as currently codified as Chapter 15 of the City Charter of the City of New Smyrna Beach, Florida, and that the provisions thereof have not been amended or repealed.

IN WITNESS WHEREOF, I have hereunto set my hand as the Utilities Commission official responsible for keeping the official records of the Utilities Commission and affixed hereto the official seal of the Utilities Commission as of April 1, 2013.


Secretary Treasurer

RESOLUTION NO. 8-12

A RESOLUTION AMENDING SUBSECTION 16Q OF RESOLUTION NO. 28-78, AS AMENDED, TITLED:

“A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$32,000,000 PRINCIPAL AMOUNT OF UTILITIES SYSTEM REVENUE REFUNDING AND IMPROVEMENT CERTIFICATES, SERIES 1978, OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, FOR THE PURPOSE OF PAYING THE COST OF CONSTRUCTION OR ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO ITS COMBINED UTILITIES SYSTEM, AND TO PROVIDE FOR THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS OF THE CITY OF NEW SMYRNA BEACH, FLORIDA AND SAID COMMISSION HERETOFORE ISSUED; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID CERTIFICATES; PROVIDING FOR THE PAYMENT OF SAID CERTIFICATES; PROVIDING THE TERMS, CONDITIONS AND LIMITATIONS UPON WHICH SAID COMMISSION MAY ISSUE ADDITIONAL CERTIFICATES PAYABLE ON A PARITY WITH SAID CERTIFICATES; AND MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH CERTIFICATES”

TO REVISE THE TERMS, CONDITIONS AND LIMITATIONS OF SUBSECTION 16Q UPON WHICH THE COMMISSION MAY ISSUE ADDITIONAL CERTIFICATES PAYABLE ON A PARITY WITH THE OUTSTANDING CERTIFICATES; AND PROVIDING AN EFFECTIVE DATE

BE IT RESOLVED BY THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA (the “Utilities Commission”), that:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS, AND FINDINGS;

SECTION 1.01. AUTHORITY FOR THIS RESOLUTION. This Resolution is enacted pursuant to the provisions of Chapter 85-503, Laws of Florida; Section 19 of Resolution 28-78, adopted by the Utilities Commission on June 30, 1978, as heretofore amended (the “Original Resolution”). Unless the context otherwise requires, the terms defined in this resolution shall have the meanings specified in the Original Resolution.

SECTION 1.02. FINDINGS. It is hereby ascertained, determined and declared that:

A. The Utilities Commission desires to amend the Original Resolution to revise the covenant set forth in Section 16Q of the Original Resolution relating to the conditions to be met by the Utilities Commission prior to the issuance of Additional Parity Certificates.

B. Section 19 of the Original Resolution permits the amendments to the Original Resolution with the consent of the holders of two-thirds of the outstanding Certificates issued under the Original Resolution and the Utilities Commission has received such consents to the amendments made by this Resolution.

ARTICLE II

AMENDMENT

SECTION 2.01. AMENDMENT. Subsection 16Q of the Original Resolution is hereby amended to read as follows:

“Q. **ISSUANCE OF ADDITIONAL PARITY CERTIFICATES.** For purposes of this Section 16Q, “Additional Parity Obligations” shall mean Additional Parity Certificates and any Demand Charge Debt Service Components payable on a parity with the Certificates incurred in accordance with the provisions of this section. No Additional Parity Certificates payable on a parity with Series 1978 Certificates initially issued hereunder from the Revenues of the System shall be issued or incurred except for the construction and acquisition of additions, extensions and improvements to the System, or any part thereof, or for refunding purposes, and except upon the conditions and in the manner herein provided. Any Demand Charge Debt Service Component shall be deemed to be an outstanding Additional Parity Obligation for purposes of this Section 16Q if the conditions hereinafter set forth are met.

Additional Parity Obligations may be issued or incurred payable on a parity from the Net Revenues of the System with the Series 1978 Certificates upon the conditions and in the manner provided as follows: (1) there shall be no default in the payment of the principal of, or interest or premium, if any, on the Certificates, and all payments shall have been made into the funds and accounts as provided herein to the full extent required, and further the Commission shall have not failed to either (i) perform any of the covenants and obligations assumed hereunder for more than thirty (30) days after written notice specifying such failure and requiring same to be remedied shall have been given to the Commission by the holders of not less than ten percent (10%) in the aggregate of the Certificates then outstanding or (ii) take formal action within said thirty (30) days to correct any such failure; (2) the Commission shall have in the Fiscal Year preceding the issuance or incurrence of the proposed Additional Parity Obligations, complied with the rate covenant as provided in Section 16 E herein; (3) the Commission shall obtain the certificate set forth in clause (A), (B) or (C) of the succeeding paragraph; (4) each resolution authorizing the issuance or incurrence of Additional Parity Obligations will recite that the covenants herein contained will be applicable to said Additional Parity

Obligations; and (5) the Additional Parity Certificates shall be dated, shall bear interest payable on April 1 and October 1 of each year, and shall mature on April 1 or on both April 1 and October 1 each year, as shall be determined by resolution of the Commission.

Prior to the issuance or incurrence of any Additional Parity Obligations, the Commission shall have obtained one of the following:

(A) a certificate of the chief financial officer of the Commission setting forth (i) the Net Revenues of the System for the latest Computation Period and (ii) the Maximum Annual Debt Service on all Certificates outstanding and then proposed to be issued or incurred, and showing that such Net Revenues are not less than 1.25 times such Maximum Annual Debt Service; or

(B) a certificate of the chief financial officer of the Commission showing that (i) the Maximum Annual Debt Service on all Certificates to be outstanding after the issuance or incurrence of the proposed Additional Parity Obligations will not be greater than (ii) the Maximum Annual Debt Service on all Certificates outstanding prior thereto; or

(C) (i) the Commission shall have obtained a certificate from the Consulting Engineers showing that the annual Net Revenues of the System actually to be in operation from the date of delivery of the Additional Parity Obligations proposed to be issued or incurred through the Fiscal Year following commercial operation of each of the projects being funded by the proposed Additional Parity Obligations are projected to be in the aggregate at least 1.25 times Annual Debt Service on the outstanding Certificates and the obligations proposed to be issued with respect to each such project becoming due and payable in each Fiscal Year during such period (excluding capitalized amounts); and

(ii) the Commission shall have obtained a certificate from the Consulting Engineers showing that the annual Net Revenues of the System by at least the second full fiscal Year following the scheduled date of commercial operation of each of the projects to be constructed or acquired, based on operations and price levels estimated to exist at such time, are projected to be in the aggregate at least 1.25 times Maximum Annual Debt Service on all outstanding Additional Parity Obligations and the Additional Parity Obligations proposed to be issued or incurred with respect to each such project.

In preparing the Certificates required in (C) (i) or (ii) herein, the Consulting Engineers may reflect and, if reflected, shall show the effect on their projections of any or all of the following:

(a) any changes in the then existing rates, fees, rentals or other charges from the operation of the System and the projects under construction or to be constructed or acquired as have been agreed to or adopted formally by the

Commission, or as affected by executed interchange agreements or contracts with other parties;

(b) any increase in rates or charges required in any year for which the projections in the certificates have been prepared that the Commission will be required to adopt in order to meet the rate covenant of Section 16 E herein;

(c) any increase in rates or charges required in any year to comply with any charter provisions setting forth a formula for establishing transfers or payments in lieu of taxes from revenues of the System to the City;

(d) the estimated annual Net Revenues to be derived from the operation of any additional projects (including acquisitions) to be completed from the proposed or previous financing provided (i) the projects are scheduled for completion within 3 years of the delivery of the proposed Additional Parity Obligations, or (ii) the projects require more than 3 years construction time, and interest in excess of the first 3 years of the construction period is capitalized;

(e) if the number of water and/or sewer connections to the System or the number of residential or commercial electric customers as of the first day of the month preceding the month in which the proposed Additional Parity Obligations are to be issued exceeds the average number of such connections during the most recent full Fiscal Year, then the Net Revenues shall be adjusted to include the Net Revenues which would have been received during the Computation Period if those additional connections or customers had also been connected to the System or customers, as applicable, during all of such period;

(f) if the Commission shall have entered into a contract, which contract shall be for a duration of not less than the final maturity of the proposed Additional Parity Obligations, with any public body whereby the Commission shall have agreed to furnish water, or to furnish services for the collection, treatment or disposal of sewage or agreed to furnish other services in connection with any other utility system, then, the Net Revenues during the Computation Period shall be increased (to the extent such amounts were not already reflected in Net Revenues) by the minimum amount which such public body shall guarantee, under a legally enforceable agreement with the Commission, to pay in any Fiscal Year for the furnishing of such services by the Commission, after deducting from such payment the estimated additional Cost of Operation and Maintenance attributable in such Fiscal Year to such services; and

(g) the Net Revenues shall be increased (to the extent the following amounts were not already reflected in Net Revenues) by seventy five percent (75%) of the amount of additional Net Revenues which would have been received during the Computation Period from any existing occupied structures which are to be connected to the System within the eighteen (18) complete calendar months immediately following the issuance of the Additional Parity Obligations.

For purposes of this Section 16Q:

“Annual Debt Service” shall mean the amounts required to be paid for principal, mandatory amortization installments and interest on all outstanding Additional Parity Obligations (without reduction for capitalized amounts) in any Fiscal Year.

“Computation Period” shall mean any twelve (12) consecutive of the twenty-four complete calendar months, or the most recently complete Fiscal Year, immediately preceding the date of issuance of the Additional Parity Obligations.

“Maximum Annual Debt Service” shall mean the maximum Annual Debt Service for the then current or any future Fiscal Year.

For purposes of determining the maximum annual debt service, the interest due on variable rate bonds for any period which is not determinable at the date of calculation shall be assumed to be the fixed rate per annum equal to the greater of (a) 7.0% or (b) the highest interest rate borne by such variable rate bonds during the twenty-four (24) months ending with the month preceding the date of calculation, or if no variable rate bonds are Outstanding at such time, the interest rate borne by variable rate debt for which the interest rate is computed by reference to an index or other determination comparable to that to be utilized in determining the interest rate for the variable rate bonds then to be issued.

In the event Special Assessments are to be imposed for the facilities to be financed from the proceeds of the proposed Additional Parity Certificates, the Commission shall have received from the City prior to the authorization of the proposed Additional Parity Certificates, a resolution covenanting and agreeing that upon the completion of the facilities being financed it will expeditiously prepare a final assessment roll providing for the levy and collection of a predetermined amount of Special Assessments to be collected and remitted to the Commission.”

ARTICLE III

MISCELLANEOUS PROVISIONS

SECTION 3.01. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

SECTION 3.02. RESOLUTION CAPTIONS AND HEADINGS. The captions and headings in this resolution are solely for convenience of reference and in no way define,

limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

SECTION 3.03. REPEAL OF INCONSISTENT ORDINANCES AND RESOLUTIONS. All ordinances or resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 3.04. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption by the Utilities Commission.

THE ABOVE AND FOREGOING RESOLUTION was introduced at a regular meeting of the Utilities Commission, City of New Smyrna Beach, Florida, held December 17, 2012, by Commissioner Diesen who moved for its adoption, which motion was seconded by Commissioner Biedenbach, and upon roll call vote of the Commission was as follows:

CHAIRMAN	<u>William E. Hall</u>	<u>YES</u>
VICE CHAIRMAN	<u>Jeanne F. Nelson</u>	<u>YES</u>
SECY.-TREAS.	<u>OSCAR ZELLER</u>	<u>ABSENT</u>
ASST. SECY.-TREAS.	<u>[Signature]</u>	<u>YES</u>
COMMISSIONER	<u>[Signature]</u>	<u>YES</u>

APPROVED:

William E. Hall
CHAIRMAN

ATTEST:

[Signature]
ASST. SECRETARY-TREASURER



Approved as to Form and Correctness:

[Signature]
UTILITIES COMMISSION ATTORNEY