

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 27, 2025

NEW ISSUE - Book-Entry Only

RATINGS: See "RATINGS" herein

In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX MATTERS," interest on the Series 2025 Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX MATTERS," and (b) not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2025 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. See "TAX MATTERS" herein for a general discussion of Bond Counsel's opinion and other tax considerations.

\$14,565,000*

**CITY OF VENICE, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS,
SERIES 2025**

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The City of Venice, Florida (the "City") is issuing its Capital Improvement Revenue Bonds, Series 2025 (the "Series 2025 Bonds") as fully registered bonds, without coupons, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book-entry form only in denominations of \$5,000 and any integral multiple thereof. Purchasers of the Series 2025 Bonds (the "Beneficial Owners") will not receive physical delivery of the Series 2025 Bonds. Transfer of ownership in the Series 2025 Bonds will be affected by DTC's book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. The principal, the premium, if any, and interest on the Series 2025 Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Paying Agent, or its successors. Interest on the Series 2025 Bonds is payable semi-annually on each January 1 and July 1, commencing January 1, 2026, until maturity or prior redemption.

Certain of the Series 2025 Bonds are subject to redemption prior to maturity as set forth in this Official Statement. See "DESCRIPTION OF THE SERIES 2025 BONDS" herein.

The Series 2025 Bonds are being issued to (i) finance and/or reimburse the costs of the herein described Project and, (ii) pay costs of issuance of the Series 2025 Bonds. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2025 Bonds are being issued pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, the municipal charter of the City and other applicable provisions of law (the "Act"), and a resolution adopted by the City Council of the City (the "City Council") on August 26, 2025 (the "Resolution"). The Series 2025 Bonds and the interest thereon are payable solely from and secured by a lien upon and pledge of (1) Non-Ad Valorem Revenues (as defined herein) budgeted and appropriated by the City in accordance with the Resolution and deposited into the Debt Service Fund, and (2) until applied in

accordance with the provisions of the Resolution, all moneys, including the investments thereof, in the funds and accounts established under the Resolution (collectively, the "Pledged Funds"). The City has covenanted and agreed in the Resolution to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year in which the Series 2025 Bonds remain Outstanding, and deposit into the Debt Service Fund, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2025 Bonds and to make all other payments required under the Resolution in each such Fiscal Year, subject to the limitations described in the Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS" herein.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of the issue. Investors must read this entire Official Statement, and the Appendices attached hereto, to obtain information needed in order to make an informed investment decision.

THE SERIES 2025 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY SERIES 2025 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2025 BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE RESOLUTION, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2025 BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

The Series 2025 Bonds are offered when, as and if issued and received by the Underwriter, subject to the receipt of an opinion as to the validity of the Series 2025 Bonds and certain other matters by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters incident to the issuance and delivery of the Series 2025 Bonds will be passed on for the City by its counsel, Persson, Cohen, Mooney, Fernandez, & Jackson, P.A., Venice, Florida and Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. GrayRobinson, P.A., Tampa, Florida, is serving as Counsel to the Underwriter. Larson Consulting Services, LLC, Orlando, Florida is serving as Municipal Advisor to the City. It is expected that the Series 2025 Bonds will be available for delivery to the Underwriter at the facilities of DTC on or about September [24], 2025.

RBC CAPITAL MARKETS

Dated: _____, 2025

*Preliminary, subject to change.

\$14,565,000*
CITY OF VENICE, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2025

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

\$8,595,000* Serial Series 2025 Bonds

<u>Maturity</u> <u>(July 1)*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial</u> <u>CUSIP</u> <u>Number**</u>
2026	\$345,000				
2027	465,000				
2028	490,000				
2029	515,000				
2030	540,000				
2031	565,000				
2032	595,000				
2033	625,000				
2034	655,000				
2035	690,000				
2036	720,000				
2037	760,000				
2038	795,000				
2039	835,000				

\$2,770,000* _____% Term Series 2025 Bonds, Due on July 1, 2042*; Price -- _____, -- Yield _____%; Initial CUSIP Number _____**
 \$3,200,000* _____% Term Series 2025 Bonds, Due on July 1, 2045*; Price -- _____, -- Yield _____%; Initial CUSIP Number _____**

* Preliminary, subject to change.

** Neither the City nor the Underwriter are responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the City or the Underwriter as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

RED HERRING LANGUAGE:

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission.

CITY OF VENICE, FLORIDA

CITY COUNCIL

Nick Pachota, Mayor
Jim Boldt, Vice Mayor
Kevin Engelke, Council Member
Rachel Frank, Council Member
Rick Howard, Council Member
Ron Smith, Council Member
Lloyd Weed, Council Member

ADMINISTRATION

James Clinch, P.E., MPA, City Manager
Persson, Cohen, Mooney, Fernandez, & Jackson, P.A., City Attorney
Linda Senne, CPA, Finance Director
Kelly Michaels, MMC, City Clerk

BOND COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tampa, Florida

MUNICIPAL ADVISOR

Larson Consulting Services, LLC
Orlando, Florida

No dealer, broker, salesman or other person has been authorized by the City or the underwriter listed on the cover page hereof (the "Underwriter") to give any information or to make any representations in connection with the Series 2025 Bonds, other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information set forth herein has been obtained from the City, DTC and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the City with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2025 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2025 BONDS HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2025 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITER AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2025 BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT, OR IF IT IS PRINTED OR SAVED IN FULL DIRECTLY FROM THE AFOREMENTIONED WEBSITES.

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OFFICIAL STATEMENT
relating to

\$14,565,000*
CITY OF VENICE, FLORIDA
CAPITAL IMPROVEMENT REVENUE BONDS,
SERIES 2025

INTRODUCTION

The purpose of this Official Statement, including the cover page and all appendices, is to set forth certain information in connection with the issuance by the City of Venice, Florida (the "City") of its \$14,565,000* aggregate principal amount of Capital Improvement Revenue Bonds, Series 2025 (the "Series 2025 Bonds").

The Series 2025 Bonds are being issued pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, the municipal charter of the City and other applicable provisions of law (the "Act"), and a resolution adopted by the City Council of the City (the "City Council") on August 26, 2025 (the "Resolution"). The Series 2025 Bonds and the interest thereon are payable solely from and secured by a lien upon and pledge of (1) Non-Ad Valorem Revenues budgeted and appropriated by the City in accordance with the Resolution and deposited into the Debt Service Fund, and (2) until applied in accordance with the provisions of the Resolution, all moneys, including the investments thereof, in the funds and accounts established under the Resolution (collectively, the "Pledged Funds"). The City has covenanted and agreed in the Resolution to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year in which the Series 2025 Bonds remain Outstanding, and deposit into the Debt Service Fund, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2025 Bonds and to make all other payments required under the Resolution in each such Fiscal Year, subject to the limitations described in the Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS" herein.

THE SERIES 2025 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY SERIES 2025 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2025 BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE RESOLUTION, OR *IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2025 BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

The Series 2025 Bonds are being issued to (i) finance and/or reimburse the costs of the herein described Project and, (ii) pay costs of issuance of the Series 2025 Bonds. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

*Preliminary, subject to change.

The Series 2025 Bonds are issuable only in the form of fully registered bonds, without coupons, in the principal amount of \$5,000 or any integral multiples thereof. The interest on the Series 2025 Bonds is payable semi-annually on each January 1 and July 1, commencing January 1, 2026, until maturity or earlier redemption as more fully described herein. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, is serving as the initial Registrar and Paying Agent for the Series 2025 Bonds.

All information included herein has been provided by the City, except those attributable to other sources. Capitalized terms used but not defined herein have the same meanings as when used in the Resolution unless the context clearly indicates otherwise. Descriptions of certain terms and provisions of the Series 2025 Bonds are set forth in the Resolution, the form of which is attached to this Official Statement as APPENDIX C. The description of the Series 2025 Bonds, the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of any such documents that are not attached as appendices hereto may be obtained from the City of Venice, Florida, 401 West Venice Avenue, Venice, FL 34285, Attention: City Clerk, upon payment of reproduction costs and postage and handling expenses.

THE CITY

The City, incorporated in 1927, is located in Sarasota County, in the southwestern part of the State of Florida. The City provides a full range of services that include public safety, construction and maintenance of streets and other infrastructure, solid waste collection and disposal services, a general aviation airport, recreational activities, and cultural events. The City also provides utilities for water, wastewater, and stormwater runoff services. The City has operated under the Council-Manager form of government since incorporation in 1927. Policy making and legislative authority is vested in the City Council consisting of the Mayor and six other Council members. For additional information regarding the City, see APPENDIX A and APPENDIX B attached hereto.

THE PROJECT

The Project includes acquisition, construction and equipping of the new fire station #52, an Emergency Operations Center ("EOC") storage facility to support fire-rescue services, and a new solid waste/recycling and fleet maintenance facility, or any other capital improvements approved by the City Council, all as more particularly described in the plans and specifications on file with the City and as the same may be amended and supplemented from time to time.

DESCRIPTION OF THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be dated, will bear interest at the rates per annum, and subject to the redemption provisions set forth in the Resolution and as described below, will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2025 Bonds is to be computed on the basis of a 360-day year consisting of twelve thirty-day months and will be payable semi-annually on each January 1 and July 1, commencing January 1, 2026, until maturity or prior redemption. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, is the initial Paying Agent and Registrar for the Series 2025 Bonds.

The Series 2025 Bonds are issuable as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple in excess thereof. The Series 2025 Bonds will be initially issued in the form of a single fully registered certificate for each maturity. Upon initial issuance, the ownership of the Series 2025 Bonds will be registered in the bond register in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). See "DESCRIPTION OF THE SERIES 2025 BONDS - Book-Entry Only System" below.

Book-Entry Only System

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2025 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2025 BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2025 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2025 BONDS TO DTC PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2025 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2025 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2025 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY AND UNDERWRITER NEITHER MAKE NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2025 Bond certificate will be issued for each maturity of the Series 2025 Bonds as set forth in the inside cover of this Official Statement in the aggregate principal amount thereof, and will be deposited with DTC.

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

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

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee

holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2025 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor depository) upon compliance with any applicable DTC rules and procedures. In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

Optional Redemption

The Series 2025 Bonds maturing on or before July 1, 20____, are not subject to redemption prior to their stated dates of maturity. The Series 2025 Bonds maturing on July 1, 20____, and thereafter shall be subject to redemption prior to their stated dates of maturity at the option of the City, in whole or in part, on _____ 1, 20____, or any date thereafter, in such order as shall be determined by the City and by lot within a maturity, at the redemption price of 100% of the principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

The Series 2025 Bonds maturing on July 1, 20__ will be subject to mandatory redemption prior to maturity, by lot, in such manner as the Paying Agent may deem appropriate, at 100% of the principal amount of the Series 2025 Bonds so to be redeemed, on July 1, 20__ and on each July 1 thereafter, in the following Amortization Installments and in the years specified:

<u>Year</u>	<u>Amortization Installments</u>
	\$
*	

*Maturity

Notice of Redemption

Unless waived by any Holder of Series 2025 Bonds to be redeemed, notice of any redemption shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by registered or certified mail at least twenty (20) days and not more than forty-five (45) days prior to the date fixed for redemption to each Holder of Series 2025 Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to the provisions of the Resolution to any Holder of Series 2025 Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Series 2025 Bonds to be redeemed.

Prior to any redemption date, the City shall deposit with the Registrar an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds which are to be redeemed on that date.

In addition to the mailing of the notice described in the Resolution, each notice of redemption and payment of the Redemption Price shall be sent to the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board within ten (10) days of the mailing of the notice of redemption to Series 2025 Bondholders; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

The Resolution provides that the City may provide that a notice of redemption may be contingent upon the occurrence of condition(s) and that if such condition(s) do not occur, the notice will be rescinded; provided notice of such rescission shall be mailed in the manner described in the Resolution to all Bondholders as soon as practicable after the City has determined to rescind the redemption.

Selection of Series 2025 Bonds to be Redeemed

The Series 2025 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The City shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Series 2025 Bonds to be redeemed. For purposes of any redemption of less than all of

the Outstanding Series 2025 Bonds of a single maturity, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed shall be selected not less than twenty (20) days prior to the redemption date by the Registrar from the Outstanding Series 2025 Bonds of the maturity or maturities designated by the City by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Series 2025 Bonds or portions of Series 2025 Bonds in principal amounts of \$5,000 and integral multiples thereof. Notwithstanding the foregoing, if less than all of a Term Bond is to be redeemed, the aggregate principal amount to be redeemed shall be allocated to the Amortization Installments on a pro-rata basis unless the City, in its discretion, designates a different allocation.

If less than all of the Outstanding Series 2025 Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the City and Paying Agent (if the Registrar is not the Paying Agent for such Series 2025 Bonds) in writing of the Series 2025 Bonds or portions of Series 2025 Bonds selected for redemption and, in the case of any Series 2025 Bond selected for partial redemption, the principal amount thereof to be redeemed.

Redemption of Portions of Series 2025 Bonds

Any Series 2025 Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to, the Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the City shall execute and the Registrar shall authenticate and deliver to the Holder of such Series 2025 Bond, without service charge, a new Series 2025 Bond or Series 2025 Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2025 Bonds so surrendered.

Payment of Redeemed Series 2025 Bonds

Notice of redemption having been given substantially as aforesaid in the Resolution, the Series 2025 Bonds or portions of Series 2025 Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Series 2025 Bonds or portions of Series 2025 Bonds shall cease to bear interest. Upon surrender of such Series 2025 Bonds for redemption in accordance with said notice, such Series 2025 Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Series 2025 Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

Transfer

Series 2025 Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Series 2025 Bonds of the same maturity of any other authorized denominations.

The Series 2025 Bonds issued under the Resolution shall be and have all the qualities and incidents of negotiable instruments under the commercial laws and the Uniform Commercial Code of the State, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2025

Bonds. So long as any of the Series 2025 Bonds shall remain Outstanding, the City shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Series 2025 Bonds.

Each Series 2025 Bond shall be transferable only upon the books of the City, at the office of the Registrar, under such reasonable regulations as the City may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Series 2025 Bond, the City shall issue, and cause to be authenticated, in the name of the transferee a new Series 2025 Bond or Series 2025 Bonds of the same aggregate principal amount and Series and maturity as the surrendered Series 2025 Bond. The City, the Registrar and any Paying Agent or fiduciary of the City may deem and treat the Person in whose name any Outstanding Series 2025 Bond shall be registered upon the books of the City as the absolute holder of such Series 2025 Bond, whether such Series 2025 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Series 2025 Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Bond to the extent of the sum or sums so paid and neither the City nor the Registrar nor any Paying Agent or other fiduciary of the City shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to the Series 2025 Bonds, forthwith (A) following the fifteenth day prior to an Interest Date; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Series 2025 Bonds; and (C) at any other time as reasonably requested by the Paying Agent, shall certify and furnish to such Paying Agent the names, addresses and holdings of Series 2025 Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Series 2025 Bond shall effect payment of interest on such Series 2025 Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Series 2025 Bonds or transferring Series 2025 Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver such Series 2025 Bonds in accordance with the provisions of the Resolution. Execution of Series 2025 Bonds in the same manner as is provided in the Resolution for purposes of exchanging, replacing or transferring Series 2025 Bonds may occur at the time of the original delivery of the Series 2025 Bonds. All Series 2025 Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the City to be canceled by the Registrar. For every such exchange or transfer of Series 2025 Bonds, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The City and the Registrar shall not be obligated to make any such exchange or transfer of Series 2025 Bonds during the fifteen days next preceding an Interest Date on the Series 2025 Bonds, or, in the case of any proposed redemption of Series 2025 Bonds, then during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS

General

The Resolution defines Pledged Funds as (1) Non-Ad Valorem Revenues budgeted and appropriated by the City in accordance with the Resolution and deposited into the Debt Service Fund, and (2) until applied in accordance with the provisions of the Resolution, all moneys, including the investments thereof, in the funds and accounts established under the Resolution. The Series 2025 Bonds and the interest thereon are payable solely from and secured by a lien upon and pledge of the Pledged Funds. Non-Ad Valorem Revenues are defined in the Resolution as all revenues of the City, other than revenues generated from ad valorem taxation on real or personal property, which are legally available to make the payments provided for in the Resolution. Non-Ad Valorem Revenues will not be subject to a lien for the benefit of Series 2025 Bondholders until they are budgeted and appropriated and deposited into the Debt Service Fund. The City is required to deposit or credit Non-Ad Valorem Revenues into the Debt Service Fund at least five (5) business days next preceding the applicable due date.

Limited Obligation

THE SERIES 2025 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY SERIES 2025 BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2025 BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE RESOLUTION, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH SERIES 2025 BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

Covenant to Budget and Appropriate Non-Ad Valorem Revenues

Pursuant to the Resolution, the City covenants and agrees to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year in which the Series 2025 Bonds remain Outstanding, sufficient amounts of Non-Ad Valorem Revenues and to deposit such amounts into the appropriate accounts of the Debt Service Fund for the payment of principal of and interest on the Series 2025 Bonds and to make certain other payments required under the Resolution in each such Fiscal Year, including but not limited to the required deposits to the Rebate Fund pursuant to the Resolution. Such covenant and agreement on the part of the City is cumulative and shall continue until all payments of principal of and interest on the Series 2025 Bonds and other required payments shall have been budgeted, appropriated, deposited and actually paid. The City agrees that such covenant and agreement shall be deemed to be entered into for the benefit of the Holders of the Series 2025 Bonds and that such obligation may be enforced in a court of competent jurisdiction in accordance with the remedies set forth in the Resolution. No lien upon or pledge of such budgeted Non-Ad Valorem Revenues shall be in effect until such monies are budgeted, appropriated and deposited to the Debt Service Fund as provided in the Resolution. Notwithstanding the foregoing or any portion of the Resolution to the contrary, the City does not covenant to maintain or continue any activities, services or programs now maintained or provided by the City, including those programs and services which generate user fees, regulatory fees or other Non-Ad Valorem Revenues. Such covenant and agreement to budget and appropriate Non-Ad Valorem Revenues shall not be construed as a limitation on

the ability of the City to pledge all or a portion of such Non-Ad Valorem Revenues or to covenant to budget and appropriate Non-Ad Valorem Revenues for other legally permissible purposes. Nothing in the Resolution shall be deemed to pledge ad valorem tax revenues or to permit or constitute a mortgage or lien upon any assets owned by the City or require the City to maintain any activities, services or programs now maintained or provided by the City, including those programs and services which generate user fees, regulatory fees or other Non-Ad Valorem Revenues.

However, the covenant and agreement of the City to budget and appropriate in its annual budget for the purposes and in the manner stated in the Resolution has the effect of making available for the payment of the Series 2025 Bonds the Non-Ad Valorem Revenues of the City in the manner provided in the Resolution and placing on the City a positive duty to appropriate and budget, by amendment if necessary, and deposit amounts sufficient to meet its obligations under the Resolution; subject, however, in all respects to the restrictions of Section 166.241, Florida Statutes, which generally provide that the governing body of each municipality may only make appropriations for each Fiscal Year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources. The obligation of the City to make such payments from its Non-Ad Valorem Revenues also is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments), and funding requirements for essential public purposes affecting health, welfare and safety of the inhabitants of the City; however, such obligation is cumulative and would carry over from Fiscal Year to Fiscal Year.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues until such funds are deposited in the Debt Service Fund, nor does it preclude the City from pledging in the future or covenanting to budget and appropriate in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Holders of the Series 2025 Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. The payment of the debt service of all of the Series 2025 Bonds shall be secured forthwith equally and ratably by a pledge of and a lien upon the Pledged Funds, as now or hereafter constituted. The City, pursuant to the Resolution, irrevocably pledges such Pledged Funds to the payment of the principal of and interest on the Series 2025 Bonds, and the City pursuant to the Resolution irrevocably agrees to the deposit of Non-Ad Valorem Revenues into the Debt Service Fund at the times and in the amounts required under the Resolution in order to secure the Series 2025 Bonds under the Resolution, and to make the payments of the principal of and interest thereon when due. The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City.

Until applied in accordance with the Resolution, the Non-Ad Valorem Revenues deposited by the City in the Debt Service Fund and other amounts on deposit from time to time in the funds and accounts established pursuant to the Resolution, plus any earnings thereon, shall be pledged to the repayment of the Series 2025 Bonds.

Project Fund

Pursuant to the Resolution, the City covenants and agrees to establish a separate fund to be known as the "City of Venice Capital Improvement Revenue Bonds, Series 2025 Project Fund," which shall be used only for payment of the Costs of the Project. Moneys in the Project Fund, until applied in payment of any item of Cost of the Project in accordance with the provisions the Resolution, shall be held in trust by the

City and shall be subject to a lien and charge in favor of the Holders of the Series 2025 Bonds and for the further security of such Series 2025 Bondholders.

Debt Service Fund

Pursuant to the Resolution, the City covenants and agrees to establish a separate fund to be known as the "City of Venice, Florida Capital Improvement Revenue Bonds, Series 2025 Debt Service Fund" (the "Debt Service Fund"). The City shall maintain in the Debt Service Fund three accounts: the "Interest Account," the "Principal Account, and the "Bond Amortization Account." Moneys in the aforementioned funds and accounts, until applied in accordance with the provisions of the Resolution, shall be subject to a lien and charge in favor of the Series 2025 Bondholders and for the further security of the Series 2025 Bondholders.

Rebate Fund

Pursuant to the Resolution, the City covenants and agrees to establish a special fund to be known as the "City of Venice, Florida Capital Improvement Revenue Bonds, Series 2025 Rebate Fund," which shall be held in trust by the City and used solely to make required rebates to the United States (except to the extent the same may be used to pay debt service on the Series 2025 Bonds) and the Series 2025 Bondholders shall have no right to have the same applied for debt service on the Series 2025 Bonds. The City agrees to undertake all actions required of it in its arbitrage certificate relating to the Bonds, including, but not limited to:

- (A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;
- (B) depositing the amount determined in clause (A) above into the Rebate Fund;
- (C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the City such amounts as shall be required by the Code to be rebated to the United States Treasury; and
- (D) keeping such records of the determinations made pursuant to the Resolution as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Series 2025 Bonds.

The provisions of the above described arbitrage certificates may be amended without the consent of any Holder from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

Flow of Funds

Pursuant to the Resolution, Non-Ad Valorem Revenues shall be deposited or credited at least five (5) business days prior to the applicable Interest Date, in the following manner to accounts within the Debt Service Fund:

- (a) Interest Account. The City shall deposit into or credit to the Interest Account the sum which, together with the balance in said Account, shall be equal to the interest on all outstanding Series

2025 Bonds accrued and unpaid and to accrue on such Interest Date. Moneys in the Interest Account shall be used to pay interest on the Series 2025 Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

(b) Principal Account. The City shall deposit into or credit to the Principal Account the sum which, together with the balance in said Account, shall equal the portion of the principal on the Outstanding Series 2025 Bonds next due. Moneys in the Principal Account shall be used to pay the principal of the Series 2025 Bonds as and when the same shall mature, and for no other purpose.

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

On or before the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Series 2025 Bonds, the City shall withdraw from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Series 2025 Bonds to be paid.

Separate Accounts

The moneys required to be accounted for in each of the funds and accounts established in the Resolution may be deposited in a single account, and funds allocated to the various funds and accounts established in the Resolution may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as provided in the Resolution.

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

Investments

The Project Fund and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State of Florida and in accordance with the City's investment policy. Moneys on deposit in the Project Fund and the Debt Service Fund may be invested and reinvested in Permitted Investments maturing not later than the date on which the moneys therein will be needed. Any and all income received by the City from the investment of moneys in each account of the Project Fund, the Interest Account, the Principal Account, and the Bond Amortization Account shall be retained in such respective Fund or Account unless otherwise required by applicable law. Amounts, if any, on deposit in the Rebate Fund shall be invested in accordance with the applicable provisions of the Code. Nothing contained in the Resolution shall prevent any Permitted Investments

acquired as investments of or security for funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Anti-Dilution Test

Pursuant to the Resolution, the City has agrees and covenants that during such time as the Series 2025 Bonds are Outstanding under the Resolution the City will not to incur any Debt unless it demonstrates that Non-Ad Valorem Revenues shall cover Maximum Annual Debt Service on the Series 2025 Bonds, all outstanding Debt and such proposed Debt by at least 1.50x. Such calculation shall be determined using the average of actual Non-Ad Valorem Revenues for the prior two Fiscal Years based on the City's annual audited financial statements for such Fiscal Years.

Debt, as defined in the Resolution, means as at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from any Non-Ad Valorem Revenues (A) all obligations of the City for borrowed money or evidenced by bonds, debentures, notes or similar instruments; (B) all obligations of the City to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (C) all obligations of the City as lessee under financing leases; and (D) all indebtedness of other Persons to the extent guaranteed by, or secured by, Non-Ad Valorem Revenues of the City; provided, however, if with respect to any obligation contemplated in (A), (B), or (C) above, to which the City has covenanted to budget and appropriate sufficient Non-Ad Valorem Revenues to satisfy such obligation but has not secured such obligation with a lien on or pledge of any Non-Ad Valorem Revenues, and with respect to any obligation contemplated in (D) above, such obligation shall not be considered "Debt" for purposes of the Resolution unless the City has actually used Non-Ad Valorem Revenues to satisfy such obligation during the immediately preceding Fiscal Year or reasonably expects to use Non-Ad Valorem Revenues to satisfy such obligation in the current or immediately succeeding Fiscal Year. If an obligation is considered "Debt" as a result of the proviso set forth in the immediately preceding sentence, it shall continue to be considered "Debt" until the City has not used any Non-Ad Valorem Revenues to satisfy such obligation for two (2) consecutive Fiscal Years.

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

The Resolution provides that with respect to debt service on any Debt with respect to which the City elects to receive or is otherwise entitled to receive direct subsidy payments from the United States Department of Treasury, when determining the interest on such Debt for any particular interest payment

date, the amount of the corresponding subsidy payment shall be deducted from the amount of interest which is due and payable with respect to such Debt on the interest payment date, but only to the extent that the City reasonably believes that it will be in receipt of such subsidy payment on or prior to such interest payment date. In that case, such direct subsidy payments shall not be treated as Non-Ad Valorem Revenues to avoid double counting.

Books and Records

Pursuant to the Resolution, the City has agreed to keep proper books, records and accounts of the receipt of the Non-Ad Valorem Revenues in accordance with generally accepted accounting principles, and any Holders of Series 2025 Bonds shall have the right at all reasonable times to inspect such books, records, accounts and data of the City relating thereto. The City shall cause an audit of such books, records and accounts to be made by an independent firm of certified public accountants each Fiscal Year.

Annual Audit

Pursuant to the Resolution, the City has agreed to cause the financial statements of the City to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. Such annual financial statements shall contain, but not be limited to, a balance sheet, a statement of revenues, expenditures and changes in fund balance, and any other statements as required by law or accounting convention, and a report by such accountants disclosing any material default on the part of the City of any covenant or agreement in the Resolution which is disclosed by the audit of the financial statements. The annual financial statements shall be prepared in conformity with generally accepted accounting principles. The annual audit will be available on the City's official website.

No Impairment

Pursuant to the Resolution, the City has agreed that the pledging of the Pledged Funds in the manner provided therein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceeding of the City Council of the City.

No Reserve Fund

The City has not established a debt service reserve fund or account to secure the Series 2025 Bonds.

GENERAL INFORMATION REGARDING NON-AD VALOREM REVENUES

General

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

for the payment of the Series 2025 Bonds and the City is not obligated to budget and appropriate ad valorem tax revenues for the payment of the Series 2025 Bonds.

Non-ad valorem revenues of the City may be pledged or applied, subject to certain limitations disclosed herein, for the payment of debt obligations of the City. Such non-ad valorem revenues include a broad category of revenues, including, but not limited to, revenues received from the federal and state governments, investment income and income produced from certain services and facilities of the City, as described below.

As more fully described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS," the City has covenanted and agreed in the Resolution, subject to certain restrictions and limitations, to appropriate sufficient Non-Ad Valorem Revenues in each year to pay debt service on the Series 2025 Bonds. The holders of the Series 2025 Bonds do not have a lien on any specific Non-Ad Valorem Revenues of the City.

Furthermore, as described herein under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 BONDS," the obligation of the City to budget and appropriate Non-Ad Valorem Revenues is subject to a variety of factors, including the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are legally mandated by applicable law, and the obligation of the City to have a balanced budget. See "INVESTMENT CONSIDERATIONS" for information on legislation impacting non-ad valorem revenues and other investment considerations which could impact non-ad valorem revenues available by the City.

The City is permitted by the Florida Constitution to levy ad valorem taxes at a rate of up to \$10 per \$1,000 of assessed valuation for general governmental expenditures. The General Fund ad valorem tax millage rate for the Fiscal Year ending September 30, 2025, is \$3.9041 per \$1,000. The City is also permitted by the Florida Constitution to levy ad valorem taxes, above the \$10 per \$1,000 cap to pay debt service on general obligation long-term debt if approved by a voter referendum. The City does levy ad valorem tax for outstanding general obligation debt. The ad valorem tax millage rate used to pay general obligation debt for the Fiscal Year ended September 30, 2024, was \$0.4061 per \$1,000 and for the Fiscal Year ended September 30, 2025, is \$0.3632 per \$1,000.

The term "Non-Ad Valorem Revenues," as defined in the Resolution, means all revenues of the City, other than revenues generated from ad valorem taxation on real or personal property, which are legally available to make the payments required by the Resolution.

The Florida Department of Financial Services ("FDFS") has developed, as part of the Uniform Accounting System Manual's Chart of Accounts, six major categories of local government revenues: taxes; permits, fees and special assessments; intergovernmental revenues; charges for services; judgments, fines and forfeitures; and miscellaneous revenues. Using such categories, the following describes the sources of the City's non-ad valorem revenues and outlines the City's classification of such non-ad valorem revenues pursuant to the above-described categories:

Taxes

Utility Services Taxes

The "Utility Services Tax" (also, commonly referred to as the "Public Services Tax") can be imposed by the City pursuant to the Constitution of the State and Section 166.231, Florida Statutes and other applicable provisions of law. Florida law authorizes any municipality in the State to levy a public service tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Services competitive with those enumerated in the previous sentence, as defined by ordinance, shall be taxed on a comparable base at the same rates. However, fuel oil shall be taxed at a rate not to exceed four cents per gallon.

Pursuant to Ordinance No. 1204-86 enacted by the City Council on April 9, 1986, as amended by Ordinance Nos. 94-31, 2005-17, and 2013-28 enacted by the City Council on September 28, 1994, March 9, 2005 and August 27, 2013, respectively (the "Utility Services Tax Ordinance") the City levies a public service tax on the purchase of electricity, metered and bottled gas (natural liquefied petroleum gas or manufactured gas), and water service at a rate of ten percent (10%) of the charge made by the seller of such service or commodity. These taxes shall in each case be paid by the purchaser thereof for the use of the City to the seller of such electricity, metered and bottled gas (natural, liquefied petroleum gas, or manufactured), and water service at the time not less than monthly.

Florida law allows for municipalities to elect to exempt from the Utility Services Tax for the purchase of metered on bottled gas or fuel oil for agricultural purposes, purchasers of electrical energy who are determined to be eligible for the exemption provided by Section 212.08(15), Florida Statutes, by the Florida Department of Revenue ("FDOR"), the first 500 kilowatts of electricity per month purchased for residential use and the purchases of any amount up to, and including, the total amount of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, or manufactured gas either metered or bottled purchased per month, or reduce the rate of taxation on the purchase of such electricity or gas when purchased by an industrial consumer which uses the electricity or gas directly in industrial manufacturing, processing, compounding, or a production process, at a fixed location in the municipality, of items of tangible personal property for sale.

The City does exempt purchases by the United States Government, the State, and all counties, school districts, and municipalities of the state, and by public bodies exempted by law or court order from the levy of such tax, as well as purchases by any recognized church in the State. In addition, purchases of natural gas or fuel oil by a utility either for resale or for use as fuel in the generation of electricity are exempt, as is the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines. The foregoing exemptions are required by Florida Statutes.

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

The Utility Service Tax must be collected by the seller from purchasers at the time of sale and remitted to the City on a monthly basis. Taxes on most utility services are separately itemized on the bill rendered to customers, but separate disclosure is not required. A failure by a consumer to pay that portion

of the bill attributable to the Utility Service Tax may result in a suspension of the service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

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

Local Communications Services Tax

The Communications Services Tax Simplification Act, enacted by Chapter 2000-260, Laws of Florida, as amended by Chapter 2001-140, Laws of Florida, and now codified in part as Chapter 202, Florida Statutes (the "CSTA") established, effective October 1, 2001, a local communications services tax on the sale of communications services as defined in Section 202.11, Florida Statutes, and as of the same date repealed Section 166.231(9), Florida Statutes, which previously granted municipalities the authority to levy a utility services tax on the purchase of telecommunications services. See "DESCRIPTION OF NON-AD VALOREM REVENUES -- Taxes -- *Utilities Tax Revenues*" above. Pursuant to Ordinance No. 2001-14 enacted by the City Council on July 10, 2001, the City has imposed the local communications services tax at a rate of 5.5% beginning on October 1, 2001 and then 5.1% on all bills dated on or after October 1, 2002. Pursuant to Ordinance No. 2001-15 enacted by the City Council on July 10, 2001, the City elected to impose the 0.12% add-on permitted by Section 337.401, Florida Statutes, and established by the City for waiving the right to collect permit fees for the use of the rights-of-way by communications providers.

Although the local communications services tax is levied locally, FDOR collects the tax on behalf of the local governments. The proceeds of the local communications services tax, less FDOR cost of administration which may not exceed 1% of the total tax generated, are deposited in the Local Communications Services Tax Clearing Trust Fund (the "CST Trust Fund") and distributed monthly to the appropriate jurisdiction. The local communications services tax revenues received by the City are deposited into the City's General Fund and may be used for any public purpose. The revenues that are received by the City from such communications services tax which derive from the CST Trust Fund created with the FDOR pursuant to Section 202.193, Florida Statutes, may be pledged for the repayment of current or future bonded indebtedness.

One effect of the CSTA was to replace the former utilities tax on telecommunications, including pre-paid calling arrangements, as well as any revenues from franchise fees on cable and telecommunications service providers and permit fees relating to placing or maintaining facilities in rights-of-way collected from providers of certain telecommunications services, with the local communications services tax. This change in law was intended to be revenue neutral to the counties and municipalities. The communications services tax applies to a broader base of communications services than the former utilities tax on telecommunications. However, the City does not impose any such fees or charges on communications services providers

The local communications services tax applies to the purchase of "communications services" which originated or terminated within the City, with certain exemptions described below. "Communication services" under the CSTA are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.
- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar on-line services.

While such services have historically been taxed if the charges for such services are not stated separately from the charges for communications services, on a customer's bill, providers now have the ability to exclude such services from the tax if they can be reasonably identified from the selling dealer's books and records kept in the regular course of business. The dealer may support the allocation of charges with books and records kept in the regular course of business covering the dealer's entire service area, including territories outside of State.

The sale of communications services to (i) the federal government, or any instrumentality or agency thereof, or any entity that is exempt from state taxes under federal law, (ii) the State or any county, municipality or political subdivision of the State when payment is made directly to the dealer by the governmental entity, and (iii) any home for the aged or educational institution (which includes state tax-supported and nonprofit private schools, colleges and universities and nonprofit libraries, art galleries and museums, among others) or religious institutions (which include, but are not limited to, organizations having an established physical place for worship at which nonprofit religious services and activities are regularly conducted) that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), are exempt from the local communications services tax.

The CSTA provides that, to the extent that a provider of communications services is required to pay to a local taxing jurisdiction a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the local communications services tax, such provider is entitled to a credit against the amount of such local communications services tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. The amount of such credit is deducted from the amount that such local taxing jurisdiction is entitled to receive under Section 202.18(3), Florida Statutes. However, the City does not impose any such fees or charges on communications services providers.

Under the CSTA, local governments must work with the FDOR to properly identify service addresses to each municipality and county. If a jurisdiction fails to provide the FDOR with accurate service address information, the local government risks losing tax proceeds that it should properly receive. The City believes it has provided the FDOR with all information that the FDOR has requested as of the date hereof and that such information is accurate.

The federal Internet Tax Freedom Act ("ITFA") imposed a moratorium on taxation of Internet Access by states and political subdivisions. As amended by the Internet Tax Nondiscrimination Act ("ITNA"), "Internet Access" includes telecommunications services (unregulated non-utility telecommunications, such as cable services) purchased, used or sold by a provider of Internet Access to provide Internet Access, including related communication services, such as email and instant messaging.

On February 24, 2016, President Obama signed the Trade Facilitation and Trade Enforcement Act of 2015, that was signed into law (Public Law 114-125, Sec. 922) that included a provision granting a Permanent Moratorium on Internet Access Taxes. Since Public Law 114-125, Sec. 922 has been in place and since the inception of Florida Statute, Chapter 202 that excludes charges for internet access services from state law, the City has not and the City does not anticipate any negative impact on future collections of local communications services tax revenues because of this action.

Providers of communications services collect the local communications services tax and may deduct 0.75% as a collection fee (or 0.25% in the case of providers who do not employ an enhanced zip code database or a data base that is either supplied or certified by the FDOR). The communications services providers remit the remaining proceeds to the FDOR for deposit into the CST Trust Fund. The FDOR then makes monthly contributions from the CST Trust Fund to the appropriate local governments after deducting up to 1% of the total revenues generated as an administrative fee.

The amount of local communications services tax revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the City, (ii) legislative changes, and/or (iii) technological advances which could affect consumer preferences. The amount of the local communications services tax revenues collected within the City may be adversely affected by de-annexation. Such de-annexation would decrease the number of addresses contained within the City. At this time there are no de-annexations anticipated within the City.

Chapter 2023-157 was signed into law during the 2023 State Legislative session and provides that any local communications services tax rate in effect as of January 1, 2023 may not be increased before January 1, 2026. Chapter 2023-157 also provides that any increases to discretionary sales tax, levied pursuant to Section 212.055, Florida Statutes, may not be added to the local CST under Section 202.19, Florida Statutes, before January 1, 2026. See "INVESTMENT CONSIDERATIONS" for more information on legislation related to non-ad valorem revenues.

Fuel Taxes

General. The City receives revenues from the County relating to various fuel taxes imposed within the County. Under current State law, proceeds of fuel taxes may only be used for various transportation-related expenditures as provided in the specific statutes and law governing such taxes. Accordingly, the City may not use proceeds of the fuel taxes described below to pay debt service on the Series 2025 Bonds. However, such fuel tax proceeds may be legally available to pay debt service on certain other debt service on certain outstanding debt obligations paid for by Non-Ad Valorem Revenues that may subsequently be issued for transportation-related expenditures. The City currently does not have any outstanding debt paid from fuel taxes.

Five-Cent Local Option Gas Tax Revenues. Pursuant to Section 336.025(1)(b), Florida Statutes, each county may impose a tax of one to five cents per gallon on motor fuel sold within the county's jurisdiction (the "Five Cent Local Option Gas Tax"). Monies received by counties and municipal governments from the levy of the Five Cent Local Option Gas Tax must be used for transportation expenditures.

In accordance with Section 336.025, Florida Statutes, a Five Cent Local Option Gas Tax may be levied by an ordinance adopted by a majority plus one vote of the governing body or upon approval by referendum and is distributed according to distribution factors provided by interlocal agreement. Pursuant to Ordinance No. 2000-029, enacted by the Board of County Commissioners for Sarasota County, Florida

(the "Sarasota Commission") on April 12, 2000, as amended by Ordinance No. 2005-025 enacted by Sarasota Commission, on February 23, 2005, has imposed the Five Cent Local Option Gas Tax on motor fuel sold within the County. The distribution among the County and the municipalities within the County is determined pursuant to an Interlocal Agreement dated October 22, 2024 (the "Five Cent Interlocal Agreement"). The City's current proportionate share is 5.987%. Pursuant to the Five Cent Interlocal Agreement, the distribution to the City is based on the population of the respective municipalities and the unincorporated area of the County with the distribution being adjusted annually each September 1, based on the latest population figures as compiled by the University of Florida's Bureau of Economic and Business Research. If not extended earlier, the levy of the Five Cent Local Option Gas Tax distributed pursuant to the Five Cent Interlocal Agreement expires on August 31, 2025.

The City may only use proceeds of the Five Cent Local Option Gas Tax to pay debt service on the portion of bonds that finance transportation-related expenditures as permitted by statute and by the interlocal agreement with the County. Because the Project is not eligible to be paid with this revenue source, it is not legally available to pay debt service on the Series 2025 Bonds but may be legally available for future financings.

Six-Cent Local Option Gas Tax Revenues. Pursuant to Section 336.025(1)(a), Florida Statutes, each county may impose a tax of one to six cents per gallon on motor and diesel fuel sold within the county's jurisdiction (the "Six Cent Local Option Gas Tax"). Monies received by counties and municipal governments from the levy of the Six Cent Local Option Gas Tax must be used for transportation expenditures.

In accordance with Section 336.025, Florida Statutes, a Six Cent Local Option Gas Tax may be levied by an ordinance adopted by a majority vote of the governing body or upon approval by referendum and is distributed according to distribution factors provided by interlocal agreement. Pursuant to Ordinance No. 86-65, enacted by the Sarasota Commission, on July 29, 1986, as amended by Ordinance No. 2011-069 enacted by Sarasota Commission, on October 25, 2011, and continued by Ordinance No. 2016-002 enacted by Sarasota Commission, on January 12, 2016, has imposed the Six Cent Local Option Gas Tax on motor fuel sold within the County. The distribution among the County and the municipalities within the County is determined pursuant to an Interlocal Agreement dated October 22, 2024 (the "Six Cent Interlocal Agreement"). The City's current proportionate share is 5.987%. Pursuant to the Six Cent Interlocal Agreement, the distribution to the City is based on the population of the respective municipalities and the unincorporated area of the County with the distribution being adjusted annually each September 1, based on the latest population figures as compiled by the University of Florida's Bureau of Economic and Business Research. If not extended earlier, the levy of the Six Cent Local Option Gas Tax distributed pursuant to the Six Cent Interlocal Agreement expires on August 31, 2025.

The Five Cent Local Option Gas Tax and Six Cent Local Option Gas Tax is remitted to the State and is deposited into the Local Option Gas Tax Trust Fund. It is distributed from the Local Option Gas Tax Trust Fund to the county and eligible municipal governments within the counties in which the tax was collected after deduction by the FDOR of administrative costs not to exceed 2% of collections.

The City may only use proceeds of the Six Cent Local Option Gas Tax to pay debt service on the portion of bonds that finance transportation-related expenditures as permitted by statute and by the interlocal agreement with the County. Because the Project is not eligible to be paid with this revenue source, it is not legally available to pay debt service on the Series 2025 Bonds but may be legally available for future financings.

In order to remain eligible for participation in the distribution of the Five Cent Local Option Gas Tax and Six Cent Local Option Gas Tax, the City must have:

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

Intergovernmental Revenues

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

Local Government Half-Cent Sales Tax

Chapter 212, Florida Statutes, authorizes the levy and collection by the State of a sales tax upon, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the Florida Legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities

that meet strict eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized. As of October 1, 2001, the Local Government Half-Cent Sales Tax Clearing Trust Fund (the "Half-Cent Sales Tax Trust Fund") began receiving a portion of certain taxes imposed by the State on communications services pursuant to Chapter 202, Florida Statutes. Accordingly, moneys distributed from the Half-Cent Sales Tax Trust Fund now consist of funds derived from both general sales tax proceeds and certain taxes imposed on the sales of communications services required to be deposited into the Half-Cent Sales Tax Trust Fund.

The Half-Cent Sales Tax is collected on behalf of the State by businesses at the time of sale at retail, use, consumption, or storage for use or consumption, of taxable property and remitted to the State on a monthly basis. Chapter 218, Part VI, Florida Statutes, (the "Sales Tax Act") provides for penalties and fines, including criminal prosecution, for non-compliance with the provisions thereof.

The general rate of sales tax in the State is currently 6%. Section 212.20, Florida Statutes, provides for the distribution of 8.9744% of sales tax revenues to the Half-Cent Sales Tax Trust Fund, after providing for certain transfers to the State's General Fund and the Public Employees Relations Commission Trust Fund. Such amount deposited in the Half-Cent Sales Tax Trust Fund is earmarked for distribution to the governing body of such county and each eligible municipality within that county pursuant to the following distribution formula:

$$\begin{array}{lcl}
 \text{County Share} & & \\
 \text{(percentage of total Half-Cent} & = & \text{unincorporated} \quad + \quad \text{2/3 incorporated} \\
 \text{Sales Tax receipts)} & & \text{area population} \\
 & & \hline
 & & \text{total county population} \quad + \quad \text{2/3 incorporated} \\
 & & \text{area population}
 \end{array}$$

$$\begin{array}{lcl}
 \text{Municipality Share} & & \\
 \text{(percentage of total Half-Cent} & = & \text{municipality population} \\
 \text{Sales Tax receipts)} & & \hline
 & & \text{total county population} \quad + \quad \text{2/3 incorporated} \\
 & & \text{area population}
 \end{array}$$

For purposes of the foregoing formula, "population" is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year. Should the City annex any area or should any area of the City de-annex from the City, the share of the Half-Cent Sales Taxes received by the City would be respectively increased or decreased according to the foregoing formula.

The Half-Cent Sales Taxes are distributed from the Half-Cent Sales Tax Trust Fund on a monthly basis to participating units of local government in accordance with the Sales Tax Act. The Sales Tax Act permits the City to pledge its share of the Half-Cent Sales Tax for the payment of principal of and interest on any capital project.

To be eligible to participate in the Half-Cent Sales Tax Program, each municipality and county is required to have satisfied these Eligibility Requirements (defined below). The City must have:

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

The requirements described in (i) through (vii) are referred to herein as the "Eligibility Requirements". If the City does not comply with the Eligibility Requirements, the City would lose its Half-Cent Sales Tax Trust Fund distributions for twelve (12) months following a "determination of noncompliance" by FDOR. The City has continuously maintained eligibility to receive the Half-Cent Sales Tax.

Although the Sales Tax Act does not impose any limitation on the number of years during which the City can receive distribution of the Half-Cent Sales Tax Revenues from the Half-Cent Sales Tax Trust Fund, there may be amendments to the Sales Tax Act in subsequent years imposing additional requirements of eligibility for counties and municipalities participating in the Half-Cent Sales Tax Program, and it is not unusual for the distribution formulas in Sections 212.20(6)(d) or 218.62, Florida Statutes, to be revised from time to time.

The amount of Half-Cent Sales Tax Revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the State, (ii) legislative changes relating to the overall sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Half-Cent Sales Tax Trust Fund, (iii) changes in the relative population of the City to the County, which affect the percentage of Local Government Half-Cent Sales Tax received by the City, and (iv) other factors which may be beyond the

control of the City, including but not limited to the potential for increased use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State and then distributed to the City.

See "INVESTMENT CONSIDERATIONS" herein for information about recent legislation impacting this revenue source.

State Revenue Sharing

A portion of certain taxes levied and collected by the State is shared with local governments under provisions of Chapter 218.215, Florida Statutes. The amount deposited by the FDOR into the State Revenue Sharing Trust Fund for Municipalities is 1.3653% of available sales and use tax collections after certain required distributions and the net collections from the one-cent municipal fuel tax.

To be eligible for State Revenue Sharing funds beyond the minimum entitlement (defined as the amount necessary to meet obligations to which the City has pledged amounts received from the State Revenue Sharing Trust Fund for Municipalities), a local government must have:

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

If the City fails to comply with such requirements, the FDOR may utilize the best information available to it, if such information is available, or take any necessary action including disqualification, either partial or entire, and the City shall further waive any right to challenge the determination of the FDOR as to its distribution, if any. Eligibility is retained if the local government has met eligibility requirements for the previous three years, even if the local government reduces its millage or utilities taxes because of the receipt of State Revenue Sharing funds.

The amount of the State Revenue Sharing Trust Fund for Municipalities distributed to any one municipality is the average of three factors: an adjusted population factor; a sales tax collection factor, which is the proportion of the local City's ordinary sales tax distribution the municipality would receive if the distribution were strictly population-based; and a relative revenue-raising ability factor, which measures the municipality's ability to raise revenue relative to other qualifying municipalities in the State.

The distribution to an eligible municipality is determined by the following procedure. First, a municipal government's entitlement is computed on the basis of the apportionment factor applied to all State Revenue Sharing Trust Fund receipts available for distribution. Second, the revenue to be shared via the formula in any fiscal year is adjusted so that no municipality receives fewer funds than its guaranteed entitlement, which is equal to the aggregate amount received from the state in fiscal year 1971-72 under then-existing statutory provisions. Third, the revenue to be shared via the formula in any fiscal year is adjusted so that all municipalities receive at least their minimum entitlement, which means the amount of revenue necessary for a municipality to meet its obligations as the result of pledges, assignments, or trusts entered into that obligated State Revenue Sharing Trust Fund monies. Finally, after making these adjustments, any remaining State Revenue Sharing Trust Fund monies are distributed on the basis of the additional money of each qualified municipality in proportion to the total additional money for all qualified municipalities.

The following are sources of revenues that are deposited into the State Revenue Sharing Trust Fund for Municipalities.

Sales Tax Revenues. Prior to July 1, 2000, a state tax was levied on cigarette packages at varying rates, depending upon the length and number of cigarettes in a package and, pursuant to Section 210.20(2)(a), Florida Statutes, certain amounts derived from such cigarette taxes were deposited to the Revenue Sharing Trust Fund for Municipalities after deducting therefrom certain charges for administration and collection. Effective July 1, 2000, the cigarette tax revenues were eliminated from distribution to the Revenue Sharing Trust Fund for Municipalities and replaced with sales and use tax proceeds. Currently, 1.3653% of the available proceeds of the sales and use tax imposed pursuant to Chapter 212, Florida Statutes, is transferred monthly to the Revenue Sharing Trust Fund for Municipalities after certain other transfers have been made and certain charges for administration and collection have been deducted therefrom.

Municipal Fuel Tax. The proceeds of the municipal fuel tax imposed pursuant to Section 206.41(1)(c), Florida Statutes, after deducting certain service charges and administrative costs is transferred into the Revenue Sharing Trust Fund for Municipalities. Funds derived from the municipal fuel tax on motor fuel may only be used to pay debt service allocable to transportation facilities. ***Because the Project is not eligible to be paid with this portion of this revenue source, it is not legally available to pay debt service on the Series 2025 Bonds but may be legally available for future financings.***

The sales and use tax provides the majority of the receipts for the guaranteed entitlement from the Revenue Sharing Trust Fund for Municipalities. For the State's 2024 fiscal year, approximately 82.1% of the deposits of the Revenue Sharing Trust Fund for Municipalities were from sales and use tax and approximately 17.9% were from the municipal fuel tax.

Mobile Home Licenses

Section 320.08, Florida Statutes, imposes an annual license tax in lieu of ad valorem taxes upon mobile homes which are not permanently affixed to real property. The annual license taxes are remitted by the Tax Collector to the State. Pursuant to Section 320.081, Florida Statutes, after deduction of a service charge for each license issued, the State remits to the school board of the county one half of the proceeds collected on each license and the remainder to the county, for units that are located within the unincorporated area of the county or to any city within such county, for units which are located within its corporate limits.

Federal, State and Local Grants

The City receives various federal, state and local grants to fund specific programs and activities. These grants are subject to strict eligibility requirements, compliance standards, and reporting obligations. The amount of grant funding can fluctuate significantly from year to year based on available federal, state and local budgets, competitive award processes, and the City's ability to secure and manage grants. While grant revenues provide important supplemental funding for many local services and projects, they are generally restricted in use and cannot be relied upon as a stable, long-term funding source for core operations. Accordingly, the City may not use federal, state and local grant revenues to pay debt service on the Series 2025 Bonds. The City carefully manages its grant portfolio to maximize benefits while minimizing exposure to potential funding cuts or compliance risks. Investors should be aware that changes in federal, state or local grant policies or funding levels could impact the City's budget and operations in future years. Additionally, most grants operate on a reimbursement basis, which may affect the timing of cash flows and create temporary funding needs until reimbursements are received.

Licenses and Permits

Occupational License Tax

The "Business Tax" (formerly called the "Occupational License Tax") includes the business taxes levied and collected by the City pursuant to Chapter 205, Florida Statutes, and Ordinance No. 2007-35 enacted by the City Council on August 29, 2007, as amended by Ordinance No. 2010-09 enacted by the City Council on June 9, 2010. Section 205.042, Florida Statutes, authorizes the City to levy "a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction." The Business Tax may be levied on:

- (1) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any business within its jurisdiction.
- (2) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any profession or occupation within its jurisdiction.

(3) Any person who does not qualify under subsection (1) or subsection (2) and who transacts any business or engages in any occupation or profession in interstate commerce, if the Business Tax is not prohibited by the United States Constitution.

All Business Tax receipts are issued for payment by the City beginning August 1 of each year and such taxes are due and payable on or before September 30 of each year. Each Business Tax receipt expires on September 30 of the succeeding year. Business Tax receipts that are not renewed when due and payable are delinquent and subject to a delinquency penalty of 10% for the month of October, plus an additional 5% penalty for each subsequent month of delinquency until paid; provided that the total delinquency penalty shall not exceed 25% of the local business tax for the delinquent establishment.

Any person who engages in or manages any business, occupation, or profession without first paying the required Business Tax, is subject to a penalty of 25% of the tax due, in addition to any other penalty provided by law or ordinance. Any person who engages in any business, occupation, or profession covered by Chapter 205, Florida Statutes, who does not pay the required Business Tax within 150 days after the initial notice of tax due, and who does not obtain the required Business Tax receipt, is subject to civil actions and penalties, including court costs, reasonable attorneys' fees, additional administrative costs incurred as a result of collection efforts, and a penalty of up to \$250.

Chapter 205, Florida Statutes, provides that the City may only increase by ordinance the rates of Business Taxes every other year by up to 5%. The increase, however, may be enacted only by a majority plus one vote of the City Council. The City has not increased its Business Tax rates since 2007 when the ordinance was enacted.

In past sessions of the State Legislature, legislation has been introduced that, had it been enacted, could have reduced the amount of Business Taxes to be collected by the City. Such proposed legislation was not passed. No assurance can be given that similar legislation will not be re-introduced in the future.

Land Development Regulations ("LDRs") Fees. The LDRs are adopted to be consistent with and implement the City of Venice Comprehensive Plan and to satisfy requirements for Land Development Regulations in F.S. Section 163.3202. The Land Development Code establishes the regulations, procedures, and standards for reviewing and approving development orders, development permits, and use of land within the incorporated area of the City. The Land Development Code is enacted to preserve, protect, and promote the general welfare of residents and businesses in the City and to provide orderly and controlled growth. The City Council adopted Resolution No. 2022-24 on August 23, 2022, which includes a schedule of fees and charges for matters related to the LDRs.

Franchise Fees

Pursuant to Ordinance No. 710-77, enacted by the City Council December 7, 1977, as amended by Ordinance No. 2007-43 enacted on October 23, 2007, the City has a non-exclusive franchise agreement granting Florida Power & Light Company ("FPL") use of the public streets, alleys, highways, waterways, bridges, easements and other public ways of the City for the supply of electricity and other services within the incorporated areas of the City. In consideration for this privilege, FPL has agreed to pay 5.9% of its billed revenues, less actual write-offs, from the sale of electrical energy to residential, commercial, and industrial customers within the incorporated areas of the City. The agreement is for a thirty (30) year period which commenced on October 23, 2007. Pursuant to Ordinance No. 2016-02, enacted by the City Council on February 23, 2016, the City has a non-exclusive franchise agreement granting Peoples Gas System, Inc.

("PGS") a non-exclusive franchise to lay, erect, construct, operate and maintain in, on, or under any and all public rights-of-way of the City for the provision of natural gas for the public and private use of the inhabitants of the City. In consideration for this privilege, PGS pays to the City 6% of its gross revenues derived from the sale of natural gas to customers located within the corporate limits of the City, less any adjustments for uncollectible accounts. The agreement is for a thirty (30) year period commencing on February 23, 2016. The expiration of the FPL and PGS franchise agreements are prior to the final maturity date of the Bonds on July 1, 2056. If it is in the best interest of the City, the City intends to negotiate new franchise agreements or extend the existing agreements prior to the expiration of the existing agreements.

Charges for Services

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

- EMS transport fees
- Public safety – fire protection services
- Planning and zoning – fees for zoning changes and planning reviews
- Other – fees for services not specifically mentioned above

Fines and Forfeitures

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

Miscellaneous Revenues

This is a broad category that includes a wide variety of revenues, including but not limited to investment income, rents and royalties, disposition of fixed assets, sales of surplus materials and scrap, contributions from private sources and other miscellaneous revenues.

Transfers In Central Services Cost Allocation Plan

The City's Enterprise Funds and one Special Revenue Fund are similar to private businesses in that they operate to show a profit. This means the full costs of services provided by the Enterprise Fund and this Special Revenue Fund must be recovered through fees and charges. The types of Enterprise Funds utilized by the City are airport, water and sewer, solid waste, and stormwater. The Special Revenue Fund is the Building Permit Fees Fund. Because of their governmental character, Enterprise Funds most often are not subject to taxation from the local government. Therefore, Enterprise Funds and the Special Revenue Fund make Payment In Lieu Of Taxes ("PILOTs") (through a Full Cost Allocation Plan) to compensate the General Fund for public services (such as police, fire, public works) provided. The City uses a third-party to provide Cost Allocation Plan Services to provide a reasonable and consistent methodology each Fiscal Year. In addition, the City charges a PILOT based on the millage rate and the net book value of the capital assets of the Enterprise Fund.

Other Non-Ad Valorem Revenues

One Percent Infrastructure Sales Surtax. Pursuant to Chapter 212, Florida Statutes, as amended, the State is currently authorized to levy and collect a tax on sales, use and other transactions, including a sales tax of six percent (6%) on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances as set forth in Chapter 212, Florida Statutes. Pursuant to Chapter 212, Florida Statutes, counties are authorized to levy a local discretionary sales surtax of an additional one-half percent (½%) or one percent (1%) pursuant to an ordinance enacted by a majority of the members of the Sarasota Commission and approved by referendum. Chapter 212, Florida Statutes, provides that the levy on such surtax may be extended upon approval of a majority of the electors of Sarasota County, Florida, voting in a referendum on the discretionary sales surtax. Following approval by a majority of the electors voting in the referendum election and enactment of Ordinance No. 89-40 enacted by the Sarasota Commission on April 25, 1989, as amended by Ordinance No. 89-55 enacted by the Sarasota Commission on May 9, 1989, Ordinance No. 97-083 enacted by the Sarasota Commission on July 22, 1997, as amended, Ordinance No. 2007-087 enacted by the Sarasota Commission on September 25, 2007, as amended, Ordinance No. 2022-001 enacted by the Sarasota Commission on March 29, 2022, as amended, and Ordinance No. 2022-002 enacted by the Sarasota Commission on March 29, 2022 the County is authorized to levy a local one-percent discretionary sales surtax until December 31, 2039 (the "One Percent Infrastructure Surtax"). Resolution No. 2022-02 adopted by City Council adopted the City of Venice Projects List for Infrastructure Surtax for the years 2025-2039. *The One Percent Infrastructure Surtax revenues received by the City are legally available to pay debt service on the Series 2025 Bonds.*

The proceeds of the One Percent Infrastructure Surtax may only be expended to finance, plan and construct "infrastructure" which is defined as including fixed capital expenditures or fixed capital costs associated with the construction, reconstruction or improvement of public facilities which have a life expectancy of five or more years and any land acquisition, land improvement, design and engineering costs related thereto. Pursuant to Section 212.055(2)(e), Florida Statutes, as amended, local governments receiving discretionary sales surtax proceeds may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law.

The Florida Department of Revenue ("FDOR") has the responsibility to administer, collect, and enforce the discretionary sales surtax. Pursuant to Section 212.054(4)(b), Florida Statutes, the proceeds of the discretionary sales surtax collections are transferred to the Discretionary Sales Surtax Clearing Trust Fund. A separate account in the trust fund is established for each county imposing such a surtax. FDOR is authorized to deduct up to 3% of the total revenue generated for all counties levying a surtax for administrative costs. The amount deducted for administrative costs is required to be used only for those costs solely and directly attributable to the surtax. The total administrative costs are prorated among those counties levying the surtax on the basis of the amount collected for a particular county to the total amount collected for all counties. Historically the FDOR has deducted less than 1.0% for administrative costs.

Pursuant to Section 212.15, Florida Statutes, vendors are required to remit sales tax receipts (including proceeds of any discretionary sales surtax) by the twentieth (20th) day of the month immediately following the month of collection. No statute prescribes a deadline for remitting surtax proceeds from FDOR to the local governing bodies. However, according to the accounting division of FDOR, FDOR consistently remits the surtax proceeds to such local governing bodies by the end of the month immediately following receipt by FDOR.

The One Percent Infrastructure Surtax is distributed by the FDOR pursuant to the Interlocal Agreement dated on June 27, 1989, among the City, City of Sarasota, Florida, the City of North Port, Florida, the Town of Longboat Key, Florida, the School Board of Sarasota County and Sarasota County, as amended by an amendment to the Interlocal Agreement concerning distribution of the Infrastructure Sales Surtax among the same parties and dated August 23, 1989, as the same may be hereafter supplemented or amended, and any replacement thereto, or substitute therefor (the "Interlocal Agreement"). Twenty-five percent (25%) of each distribution of the proceeds of such Surtax shall be distributed by FDOR to the School Board. The remainder is distributed to Sarasota County, Florida, and the municipalities therein, including the City, in the same proportion that the population of each municipality and the unincorporated area bears to the entire population of the County. The distribution of the proceeds of such Surtax shall be automatically adjusted annually effective each October 1 while such Surtax remains in effect, pursuant to the final population estimates issued under Section 186.901, Florida Statutes, for the preceding calendar year. Sarasota County, Florida shall notify FDOR as to the annual adjustment of the distribution formula at least 60 days prior to October 1 of each year. Once distributed to the City, the One Percent Infrastructure Surtax revenues are put into the One Cent Voted Sales Tax Fund.

Fire Impact Fees. The City Council enacted Ordinance No. 2017-34 on November 28, 2017, as amended by Ordinance No. 2020-18 enacted by the City Council on July 14, 2020 providing for the imposition of fire impact fees on all fire impact construction within the City for which a building permit is issued on or after March 1, 2018. Fire impact fees are deposited into a separate fund, the Fire Impact Fee Capital Projects Fund, and shall be used solely for the purpose of providing growth-necessitated capital improvements to the City Fire Protection System. *Fire Impact Fees are legally available to pay debt service on the Series 2025 Bonds which are allocable to the new fire station #52 and EOC and are not legally available to pay debt service on the Series 2025 Bonds allocable to the remainder of the Project.*

General Government Impact Fees. The City Council enacted Ordinance No. 2020-18 on July 14, 2020 providing for the imposition of a general government impact fee on all general government impact construction occurring within the City for which a building permit is issued on or after November 1, 2020. General government impact fees are deposited into a separate fund, the General Government Impact Fees Capital Projects Fund, and shall be used solely for the purpose of providing growth-necessitated capital improvements to the city general government. *General government impact fees are legally available to pay debt service on the Series 2025 Bonds which are allocable to the new solid waste/recycling and fleet maintenance facility and are not legally available to pay debt service on the Series 2025 Bonds allocable to the remainder of the Project.*

Solid Waste Fund. The Solid Waste and Recycling Divisions, under the supervision of the Public Works Director, are combined as an Enterprise Fund, which is funded solely by user fees. The City's collection fleet consists of eighteen (18) residential and commercial collection trucks, four (4) roll-off container trucks, five (5) special service trucks, five (5) pickup trucks, and one (1) fleet service truck.

Residential Collection: The City is the exclusive provider of trash, recycling, and yard waste collection for residential properties within the City. The City currently provides residential collection to approximately 13,575 residential units. Trash collection is provided twice weekly in either 35-, 65-, or 95-gallon roll carts. Recycling is collected once weekly as single stream in 65- or 95-gallon roll carts. Yard waste is collected once weekly in customer-provided cans, bags, or bundles. The City also provides collection of bulk yard waste, bulk trash, and appliances on an on-call basis. Residents receive two free

bulk yard waste collections (up to 20 cubic yard ("CY")) per year. Residents pay \$21/CY for bulk trash or bulk yard waste in excess of the two free collections. Appliances are collected for free.

Commercial Collection: The City is the exclusive provider of carted and containerized (i.e., dumpster) trash collection for commercial properties, which also includes multi-family residential properties that do not receive residential service. Dumpsters are serviced either through standard service or pullout service. The City also provides carted collection of single stream recyclables and containerized collection of corrugated cardboard for commercial properties in an open market setting with private haulers.

Roll-Off Container Collection: The City provides roll-off service for trash and corrugated cardboard in a competitive market with licensed private haulers. Trash is collected in either open-top noncompacted roll-off containers or compactor boxes. Corrugated cardboard is collected in open-top, noncompacted roll-off containers. Roll-offs may be temporary (e.g., residential home remodel/demo) or long-term (e.g., commercial property with roll-off for waste disposal).

Recycling Surcharge: Starting in the Fiscal Year ended September 30, 2019, the City has applied a surcharge (as a percentage of the rate) onto the rate for each recycling collection service, including residential, commercial, and roll-off services. This surcharge is to cover the additional net recycling processing cost that the City has been paying to its processor due to the lower commodity value of recyclables. The surcharge has fluctuated between 2% and 23% since the Fiscal Year ended September 30, 2018 depending on the expected processing costs for the year. Currently the surcharge is 15%. The surcharge will decrease from 15% to 10% for the Fiscal Year ending September 30, 2026.

Establishing an adequate financial plan is an important component in a well-managed and efficient solid waste and recycling operation. A well-designed financial plan provides sufficient funding to allow the department to build, operate, maintain, and reinvest in their operation. The City had not increased solid waste rates since the Fiscal Year ended September 30, 2022. The City in conjunction with a solid waste stakeholder work group had a solid waste rate study completed in the Fiscal Year ended September 30, 2024. The City Council enacted Ordinance No. 2024-26 on September 24, 2024 to increase residential and commercial solid waste and recycling rates, and the roll-off service pull charge effective October 1, 2024. Rates will increase each year within the five-year rate plan.

Revenues of the Solid Waste Fund are legally available to pay debt service on the Series 2025 Bonds which are allocable to the new solid waste/recycling and fleet maintenance facility and are not legally available to pay debt service on the Series 2025 Bonds allocable to the remainder of the Project.

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Historical Non-Ad Valorem Revenues

CITY OF VENICE, FLORIDA HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES LAST FIVE FISCAL YEARS

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>General Fund:</u>					
<i>Taxes</i>					
Local Communications Services Tax	\$1,395,004	\$1,355,787	\$1,375,542	\$1,483,873	\$1,565,220
Utility Tax	2,791,724	2,855,635	3,153,470	3,702,928	3,877,379
Total Tax Revenues	\$4,186,728	\$4,211,422	\$4,529,012	\$5,186,801	\$5,442,599
<i>Intergovernmental</i>					
Half-Cent Sales Tax	\$2,031,985	\$2,453,870	\$2,888,169	\$3,265,431	\$3,212,579
State Revenue Sharing	577,600	685,455	902,020	1,027,369	1,023,287
Other Intergovernmental Revenues ⁽¹⁾	452,714	1,732,414	435,036	318,012	870,583
Total Intergovernmental Revenues	\$3,062,459	\$4,871,740	\$4,225,225	\$4,610,812	\$5,106,449
<i>Licenses and Permits</i>	\$396,395	\$551,490	\$648,042	\$508,115	\$529,074
<i>Franchise Fees</i>	2,422,047	2,576,962	3,045,283	3,480,028	3,500,269
<i>Charges for services</i>	249,380	2,042,030 ⁽²⁾	2,184,415	2,332,342	2,571,093
<i>Fines and Forfeitures</i>	15,758	33,157	38,280	50,498	49,750
<i>Miscellaneous⁽³⁾</i>	1,195,936	1,184,284	1,850,268	1,747,252	1,903,264
<i>Interest Earnings⁽⁴⁾</i>	286,363	24,485	94,356	1,415,078	2,184,590
<i>Cost Allocation Plan</i>	3,193,961	3,348,119	3,368,902	3,349,521	3,711,262
<u>Other Non-Ad Valorem Revenues</u>					
Motor Fuel Tax Fund ⁽⁵⁾	1,216,871	1,328,822	1,377,730	1,572,472	1,566,177
One Percent Infrastructure Surtax Revenues	3,551,502	4,156,925	5,120,250	6,062,187	6,513,246
Fire Impact Fee	163,068	436,842	504,440	295,773	470,232
General Government Impact Fee	0	170,004	431,210	277,841	415,710
Solid Waste Fund	\$7,243,396	\$7,529,955	\$7,809,670	\$7,803,406	\$8,472,046
Total Sources of Non-Ad Valorem Revenues ⁽⁹⁾	\$27,183,864	\$32,466,237	\$35,227,083	\$38,692,126	\$42,435,761
<u>Less Legal Restriction</u>					
Other Intergovernmental Funds ⁽¹⁾	\$452,714	\$1,732,414	\$435,036	\$318,012	\$870,583
Motor Fuel Tax Fund ⁽⁵⁾	1,216,871	1,328,822	1,377,730	1,572,472	1,566,177
Fire Impact Fee ⁽⁶⁾	0	0	0	0	0
General Government Impact Fees ⁽⁷⁾	0	0	0	0	0
Solid Waste Fund ⁽⁸⁾	6,783,781	7,067,340	7,350,055	7,343,791	8,012,431
Total Legally Restricted Revenues	\$8,453,366	\$10,128,576	\$9,162,821	\$9,234,275	\$10,448,191
Legally Available Non-Ad Valorem Revenues for Series 2025 Debt Service ⁽¹⁰⁾	\$18,730,498	\$22,337,661	\$26,064,262	\$29,547,851	\$31,987,570

[Footnotes continued on following page]

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- (1) Other Intergovernmental Revenues includes Mobile Home Licenses and various grants, including a \$1,363,460 CARES funds grant in Fiscal Year 2021 related to COVID-19. The Project is not eligible to be paid with the Other Intergovernmental Revenues, and therefore such Revenues are not legally available to pay debt service on the Series 2025 Bonds.
 - (2) The City assumed responsibility of Emergency Medical Services ("EMS") effective October 1, 2020, which started the EMS Transport Fees charges for services that were not received in previous fiscal years. Prior to October 1, 2020, the County provided EMS services.
 - (3) Miscellaneous includes rent from Venice Pier Group, Inc. d/b/a Sharky's on the Pier.
 - (4) Does not include unrealized gains or losses on interest earnings.
 - (5) The Project is not eligible to be paid with the revenues of the Motor Fuel Tax Fund, and therefore such Revenues are not legally available to pay debt service on the Series 2025 Bonds.
 - (6) Fire Impact Fee revenues are only legally available to pay debt service on the Series 2025 Bonds, which are allocable to the new fire station #52 and the EOC. Therefore, a reduction ensures that no more than the lesser of actual collections and 61% (estimated portion of the Project which is eligible) of estimated debt service on the Series 2025 Bonds (based on current interest rates, an estimated principal amount of the Series 2025 Bonds of \$14,565,000, and an estimated final maturity date of July 1, 2045) is shown as being legally available to pay debt service on the Series 2025 Bonds. In Fiscal Years 2020 through and including 2024, all Fire Impact Fee revenues would have been legally available to pay debt service on the Series 2025 Bonds.
 - (7) General Governmental Impact Fee revenues are only legally available to pay debt service on the Series 2025 Bonds, which are allocable to the new solid waste/recycling and fleet maintenance facility. Therefore, a reduction ensures that no more than the lesser of actual collections and 39% (estimated portion of the Project which is eligible) of estimated debt service on the Series 2025 Bonds (based on current interest rates, an estimated principal amount of the Series 2025 Bonds of \$14,565,000, and an estimated final maturity date of July 1, 2045) is shown as being legally available to pay debt service on the Series 2025 Bonds. In Fiscal Years 2020 through and including 2024, all General Governmental Impact Fee revenues would have been legally available to pay debt service on the Series 2025 Bonds.
 - (8) Solid Waste Fund revenues are only legally available to pay the portion of the debt service on the Series 2025 Bonds, which is allocable to the new solid waste/recycling and fleet maintenance facility. Therefore, a reduction ensures that no more than the lesser of actual collections and 39% (estimated portion of the Project which is eligible) of estimated debt service on the Series 2025 Bonds (based on current interest rates, an estimated principal amount of the Series 2025 Bonds of \$14,565,000, and an estimated final maturity date of July 1, 2045) is shown as being legally available to pay debt service on the Series 2025 Bonds. In Fiscal Years 2020 through and including 2024, only a portion of Solid Waste Fund revenues would have been legally available to pay debt service on the Series 2025 Bonds.
 - (9) Represents the total non-ad valorem revenues of the City, some of which are not legally available to pay debt service on the Series 2025 Bonds but may be legally available for future financings.
 - (10) Includes only Non-Ad Valorem Revenues that are legally available to pay debt service on the Series 2025 Bonds.

Source: City of Venice, Finance Department.

The following table sets forth the City's historical Non-Ad Valorem Revenues for the Fiscal Years ending September 30, 2020 through and including September 30, 2024, as well as debt service based on the Series 2025 Bonds to show the City's legal bonding capacity based on the Anti-Dilution Test. The Anti-Dilution Test only applies as a limitation at borrowing moments. It is not an ongoing rate covenant and

the City is not required to take any actions to maintain any particular minimum debt service coverage ratio. The City has not covenanted to maintain any services or programs, now provided or maintained by the City, which generate Non-Ad Valorem Revenues other than such services or programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the City and the City is not required by the terms of the Resolution to maintain a minimum coverage level annually. The obligation of the City to make debt service payments from its Non-Ad Valorem Revenues is subject in all respects to funding requirements for essential public purposes affecting health, welfare and safety of the inhabitants of the City; however, such obligation is cumulative and would carry over from Fiscal Year to Fiscal Year.

City of Venice, Florida Historical Anti-Dilution Test Calculation

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Non-Ad Valorem Revenues legally available to pay debt service on the Series 2025 Bonds (Average of Prior Two Fiscal Years)	\$18,730,498 ⁽¹⁾	\$20,534,080	\$24,200,962	\$27,761,057	\$30,767,711
Maximum Annual Debt Service ⁽²⁾	\$1,178,500	\$1,178,500	\$1,178,500	\$1,178,500	\$1,178,500
Coverage	15.9x	17.4x	20.5x	23.6x	26.1x

⁽¹⁾ For the Fiscal Year ended September 30, 2020, the actual figure was used rather than a two-year average.

⁽²⁾ Maximum Annual Debt Service includes estimated debt service on the Series 2025 Bonds based on an estimated true interest cost of 4.32%, an estimated principal amount of the Series 2025 Bonds of \$14,565,000, and an estimated final maturity date of July 1, 2045.

Source: City of Venice, Finance Department.

CERTAIN FINANCIAL MATTERS

Financial and Operating Plan (Budget) and Capital Improvement Planning Policy

The City has consistently for thirty-five (35) consecutive years received the Government Finance Officers Association of the United States and Canada ("GFOA") Certificate of Achievement for its budget presentations. The City received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the Fiscal Year ended September 30, 2024. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

Financial Reporting

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the Fiscal Year ended September 30, 2023. This was the thirty-fifth (35th) consecutive year for which the City received this award.

Popular Annual Financial Report ("PAFR")

The GFOA has awarded a Certificate for the PAFR for eleven (11) consecutive years. This report extracts information from the City's Annual Comprehensive Financial Report ("ACFR") to produce a high-quality report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and recognizes the City for successfully achieving that goal.

Triple Crown

The GFOA has named the City of Venice Finance Department a Triple Crown Winner for five (5) consecutive years. GFOA's Triple Crown designation recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award for a fiscal year. The Triple Crown designation represents a significant achievement. To qualify, each entity must meet the high standards of all three separate award programs.

Governmental Funds

Although the Series 2025 Bonds are not payable from ad valorem taxation, approximately 52% of Governmental Fund Revenues which are collected by the City come from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues or non-ad valorem revenues is adversely affected, a larger portion of non-ad valorem revenues would be required to balance the budget and provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are mandated by applicable law.

Revenues deposited in the Governmental Funds described in this subsection do not directly correspond to the Non-Ad Valorem Revenues from which debt service on the Series 2025 Bonds is payable as some Governmental Fund Revenues are not legally available to pay debt service on the Series 2025 Bonds. The following chart shows information regarding the Governmental Funds for the City's Fiscal Years ending September 30, 2020 through and including September 30, 2024:

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CITY OF VENICE, FLORIDA
GOVERNMENTAL FUNDS - HISTORICAL REVENUES AND EXPENDITURES
LAST FIVE FISCAL YEARS

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES:					
Taxes:					
Property tax	\$17,731,625	\$21,512,830	\$22,886,021	\$26,806,503	\$27,659,463
Local option, use and fuel taxes	4,890,546	5,675,978	6,691,913	7,791,624	8,049,506
Communications services tax	1,395,004	1,355,787	1,375,470	1,483,873	1,565,220
Utility services taxes	2,791,724	2,855,635	3,153,470	3,702,928	3,877,379
Franchise fees	2,422,047	2,576,962	3,045,283	3,480,028	3,500,269
Fees and fines	29,817	120,753	105,046	112,586	106,304
Licenses and permits	3,811,818	6,098,444	7,010,286	5,056,479	5,122,359
Intergovernmental	4,722,991	6,450,510	7,203,691	8,664,779	5,440,556
Charges for services	249,380	2,042,030	2,184,415	2,332,342	2,571,093
Investment income	756,365	55,964	179,822	2,756,449	4,197,850
Miscellaneous	1,270,082	1,341,619	1,980,111	2,038,144	2,147,975
Total revenues	<u>\$40,071,399</u>	<u>\$50,086,512</u>	<u>\$55,815,600</u>	<u>\$64,225,735</u>	<u>\$64,237,974</u>
EXPENDITURES:					
Current:					
General Government:	\$6,971,159	\$7,472,532	\$7,868,741	\$13,457,621	\$11,233,789
Finance	1,476,998	1,528,702	1,509,225	1,757,087	1,795,562
Information technology	1,396,550	1,513,227	1,597,085	1,798,541	2,139,919
Parks and recreation	1,508,757	1,601,965	1,839,263	2,131,349	2,155,318
Police	9,923,356	10,519,397	10,981,843	11,922,735	12,788,391
Fire and EMS	9,507,728	11,566,935	12,106,430	13,206,017	15,080,556
Public works	2,158,809	2,250,728	2,531,302	2,936,290	3,208,567
Grants and aid	1,999	533,972	10,750	462,000	278,200
Debt Service					
Principal	1,428,000	1,803,873	1,706,769	1,774,900	1,838,276
Interest	1,249,085	1,22,280	1,162,191	1,094,695	1,017,508
Fiscal charges	46,250	1,500	1,500	1,500	2,475
Capital outlay	22,617,137	13,088,103	7,564,963	6,021,673	5,078,118
Total expenditures	<u>\$58,285,828</u>	<u>\$53,103,214</u>	<u>\$48,880,062</u>	<u>\$56,564,405</u>	<u>\$56,616,679</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>(\$18,214,429)</u>	<u>(\$3,016,702)</u>	<u>\$6,935,538</u>	<u>\$7,661,330</u>	<u>\$7,621,295</u>
Other financing sources (uses):					
Issuance of refunding bonds	\$3,482,000	-	-	-	-
Lease proceeds	1,400,720	-	-	-	-
Principal paid – current refunding	(3,482,000)	-	-	-	-
Sale of capital asset	988,884	-	-	-	-
Transfers in	4,775,832	\$4,790,219	\$4,853,402	\$4,878,021	\$5,630,962
Transfers out	(1,973,322)	(1,886,518)	(3,583,792)	(2,275,774)	(2,415,191)
Net other financing sources (uses)	<u>\$5,192,114</u>	<u>\$2,903,701</u>	<u>\$1,269,610</u>	<u>\$2,602,247</u>	<u>\$3,215,771</u>
Net change in fund balances	<u>(\$13,022,315)</u>	<u>(\$113,001)</u>	<u>\$8,205,148</u>	<u>\$10,263,577</u>	<u>\$10,837,066</u>
Fund balances - beginning	<u>\$50,421,987</u>	<u>\$37,399,672</u>	<u>\$37,286,671</u>	<u>\$45,491,819</u>	<u>\$55,755,396</u>
Fund balances - ending	<u>\$37,399,672</u>	<u>\$37,286,671</u>	<u>\$45,491,819</u>	<u>\$55,755,396</u>	<u>\$66,592,462</u>

Source: Annual Comprehensive Financial Reports of the City for the Fiscal Years ended September 30, 2020 through and including 2024.

No representation is being made by the City that any of the sources listed above will be available in future years, or if available, will be budgeted and appropriated to pay debt service on the Series 2025 Bonds.

The table above is an indication of the relative amounts of legally available non-ad valorem revenues and other revenues of the City which may be legally available for the payment of principal of and interest on the Series 2025 Bonds and other general governmental expenditures. Not all of the revenues described in the table above are legally available to pay debt service on the Series 2025 Bonds. See table entitled "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES" for a listing of the non-ad valorem revenues of the City which are legally available to pay debt service on the Series 2025 Bonds. The ability of the City to appropriate Non-Ad Valorem Revenues in sufficient amounts to pay the principal of and the interest on the Series 2025 Bonds is subject to a variety of factors, including the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are legally mandated by applicable law, and the obligation of the City to have a balanced budget. No representation is being made by the City that any particular legally available non-ad valorem revenue source, will be available in future years, or if available, will be budgeted to pay debt service on the Series 2025 Bonds.

Continued consistent receipt of non-ad valorem revenues is dependent upon a variety of factors, including aggressive annexation or de-annexation policies by the City or greater or lesser growth in the incorporated areas of the City as compared to unincorporated areas could have positive or negative effects on non-ad valorem revenues. The amounts and availability of any of the non-ad valorem revenues to the City are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem revenues are allocated. In addition, the amount of certain of the non-ad valorem revenues collected by the City is directly related to the general economy of the City. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem revenues collected by the City. The City may also specifically pledge certain of the non-ad valorem revenues or covenant to budget and appropriate legally available non-ad valorem revenues of the City to future obligations. In the case of a specific pledge, such non-ad valorem revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2025 Bonds.

Classification of Local Government Expenditures

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

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

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

Physical environment expenditures relate to the City's water and sewer utility services, garbage/solid waste operations and operations/services, and engineering.

Transportation expenditures generally reflect the costs of roads and streets, parking facilities, and the cost of providing the airport facilities.

Parks and recreation expenditures include the City's costs of operating parks and recreation facilities and similar services.

Debt service expenditures reflect outlays for local government debt.

Outstanding Debt Secured By Non-Ad Valorem Revenues

The City does not have any other outstanding financial obligations that it currently intends or expects to pay from specific sources of non-ad valorem revenues in its Governmental Funds.

The City has State Revolving Fund Loans ("SRF Loans") which are outstanding in the aggregate principal amount of \$8,661,351 as of September 30, 2024, and which are secured by certain water and sewer utility system net revenues, stormwater net revenues and a backup covenant to budget and appropriate legally available non-ad valorem revenues of the City. In addition, the City expects to make draws from SRF Loans in an aggregate principal amount equal to approximately \$13.75 million in Fiscal Years 2025 and 2026. The City expects certain water and sewer utility net revenues and stormwater net revenues to be sufficient to pay the debt service on such SRF Loans. The SRF Loans have historically been fully paid with water and sewer utility system net revenues. None of the debt service on such SRF Loans is expected to be paid from Non-Ad Valorem Revenues described in the table above entitled "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES."

Budget Process

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to July 31. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, which is the close of the City's Fiscal Year. The appropriations budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council.

INVESTMENT POLICY

Pursuant to Resolution 2006-34 of the City Council adopted on November 28, 2006, the Director of Finance of the City is authorized to invest and reinvest surplus funds in certain authorized investments consisting of:

1. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act as provided in Section 163.01, F.S.;
2. Direct obligations of the U.S. government;

3. Obligations guaranteed by the U.S. government as to principal and interest;
4. Time deposits and savings accounts in banks and savings and loan associations, organized under the laws of Florida or the United States and doing business and situated in Florida, provided that any such deposits are secured by collateral as prescribed by Chapter 280, Florida Statutes;
5. Obligations of the Federal Farm Credit Banks; the Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation Participation Certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association;
6. Obligations of the Federal National Mortgage Association, including Federal National Mortgage Association Participation Certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association;
7. Repurchase and reverse repurchase agreements done through a commercial bank or government securities dealer, the underlying collateral of which shall be any U.S. government security described under 2 above in which the market value is equal to the full amount of the agreement, in accordance with the City's master repurchase agreement. Investment in repurchase agreements is limited to transactions in which the proceeds are intended to provide liquidity and for which the City has sufficient resources. (A Master Repurchase Agreement shall be executed with each counter party detailing the requests of all authorized institutions/dealers involved in repurchase agreements on behalf of the City);
8. SEC registered money market funds with the highest credit rating from a nationally recognized rating agency;
9. Bankers' Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated at least "MIG-1" by Moody's, "SP-1" by Standards and Poor's and "F-1" by Fitch for short-term debt; and
10. State and/or Local Government, either taxable or tax-exempt, Debt rated at least "AA" by Moody's, "AA" by Standards & Poor's, and "AA" by Fitch for long-term debt, or rated at least "MIG-1" by Moody's, "SP-1" by Standards and Poor's and "F-1" by Fitch for short-term debt.

The Finance Director is to prepare periodic annual reports for submission to City Council, which shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date, and an independent auditor is to review such report and address the City's adherence to such policy on an annual basis as part of the financial audit.

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

The City is currently in compliance with its Investment Policy.

DEBT MANAGEMENT AND INTERFUND LOAN POLICY

Pursuant to Resolution No. 2008-21, the City Council has established a debt management policy for the City which includes the following provisions.

1. Debt Financing. The City will consider the use of debt financing only for capital assets and improvement projects and only under the following circumstances:

- When the project's useful life will exceed the term of the financing.
- When project revenues or specific resources will be sufficient to service the long-term debt.
- Debt financing will be used for major, non-recurring items with a minimum of four years of useful life.

General-purpose annual debt service payments should generally not exceed 10% of General Fund revenues, and in no case should they exceed 15%.

Bond sales shall be structured to achieve level debt service payments to the extent possible taking into consideration the costs of such financings. Scheduling larger payments during the later years (back loading of debt payments) shall be avoided.

2. Interfund Borrowing. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. The prevailing interest rate, as established by the Director of Finance, will be paid to the lending fund.

3. Variable Rate Debt. The City may issue securities that pay a rate of interest that varies according to pre-determined formula or results from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending on market conditions. The City will have no more than 15% of its outstanding bonds in variable rate form.

4. Short-term Debt. Short term obligations may be issued to finance projects or portions of projects for which the City ultimately intends to issue long term debt; i.e., it will be used to provide interim financing which will eventually be refunded with the proceeds of long term obligations with a tax or revenue pledge or a pledge of other available resources. The amount of short-term obligations due to mature in a year shall not exceed 5% of outstanding long-term debt.

The City goal is to maintain a minimum ratio of utility revenue to debt service of 1.6/1 to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes and to ensure a balanced pay-as-you-go-capital improvement plan.

The City's debt management policy may be modified by the City Council from time to time.

The City is currently in compliance with its Debt Management and Interfund Loan Policy.

FUND BALANCE AND RESERVES POLICY

The office of the Finance Director, as part of its Policies and Procedures, has adopted a Fund Balance and Reserves Policy.

Reserve funds should not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. Such levels are delineated below.

- General Fund – The target is to maintain an unassigned fund balance of three months operating expenditures. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan.
- Building Permit Fund – The target fund balance is set at twelve months operating expenditures. Beginning in Fiscal Year 2020, it cannot exceed the average of the past four years. This is the target that the fund balance should not fall below without establishing a replenishment plan.
- Enterprise Funds – The target unrestricted net asset balance is set at four months operating expenses (33%), except the Utilities Enterprise Fund is set at six months operating expenses. This is the target that the fund balance should not fall below without establishing a replenishment plan.

The City is currently in compliance with its Fund Balance Policy. It is evaluated annually per the City's Annual Comprehensive Financial Report, with any violations reported to the City Council along with a Replenishment Plan.

LIABILITIES OF THE CITY

Ability to be Sued, Judgments Enforceable

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

Florida Retirement System

The Florida Retirement System ("FRS") is a single retirement system with two cost-sharing multiple-employer defined benefit pension plans, a defined contribution plan, and other non-integrated programs.

The FRS Pension Plan was created in Chapter 121, Florida Statutes, effective December 1, 1970, to provide a defined benefit pension plan for participating public employers. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration invests the assets held in trust. The FRS Pension Plan was amended in 1998 to add the Deferred Retirement Option Program ("DROP"). It was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002 (the "Investment Plan").

The Retiree Health Insurance Subsidy ("HIS") Program was established under Section 112.363, Florida Statutes, to provide a defined benefit plan to assist retired members and their beneficiaries in paying the costs of health insurance. The Department of Management Services, Division of Retirement administers the HIS Program.

An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website at <http://www.dms.myflorida.com>.

For the year ended September 30, 2024, the City recorded pension contributions of \$5,751,911 (all three FRS plans).

The FRS Pension Plan

Membership

All full-time City employees who do not participate in either the City's Firefighter's Pension Plan or Police Officer's Pension Plan, are eligible to participate in the FRS Pension Plan (the "Plan").

The general classes of membership applicable to the City are as follows:

- *Regular Class* – Members of the Plan who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Elected Officers Class (EOC)* – Elected City Council members.
- *Special Risk Class* – Members who are employed as law enforcement officers, firefighters, emergency medical technicians, paramedics, and others who meet the criteria to qualify for this class.

Members enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service. Members initially enrolled on or after July 1, 2011, vest at eight years of creditable service.

Members are eligible for normal retirement when they have met the requirements listed below.

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

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

- *Special Risk Class* – For members enrolled in the Plan before July 1, 2011, six or more years of special risk class service and age 55, *or* the age after completing six years of special risk class service if after age 55, *or* twenty-five years of special risk class service regardless of age before age 55, *or* a total of 25 years of service including special risk class service and up to four years of active duty wartime service and age 52.

For members initially enrolled in the Plan on or after July 1, 2011, eight or more years of special risk class service and age 55, *or* the age after completing eight years of special risk class service if after age 55, *or* twenty-five years of special risk class service regardless of age before age 55.

Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

The DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement, subject to provisions of Section 121.091, Florida Statutes. The DROP allows the member to retire while continuing employment for up to 96 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund and accrue interest. Upon termination, the DROP account is paid out as a lump sum payment, a rollover, or a combination of a lump sum payment and rollover.

Benefits Provided

The Florida Legislature establishes and amends the benefit terms of the Plan. Benefits are computed based on age and/or years of service, average final compensation, and service credit. Credit for years of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The following chart gives the percentage value for each year of credited service earned:

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	<u>% Value (per year of service)</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected Officers Class</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Class</i>	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

The benefits received by retirees and beneficiaries are increased by cost-of-living adjustment (COLA) each July. The COLA for retirements or DROP participation effective before August 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, is the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011 will not have a COLA after retirement.

Certain members are eligible for in-line-of duty or regular disability and survivors' benefits.

Contributions

The Florida Legislature establishes and amends the contribution requirements of the Plan. Effective July 1, 2011, both employees and employers of the Plan are required to contribute to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. The uniform rates for the City's Fiscal Year ended September 30, 2024 were as follows:

Class	Year Ended June 30, 2024		Year Ended June 30, 2025	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer ⁽¹⁾	Employee	Employer ⁽¹⁾
Regular Class	3.00	11.51	3.00	11.57
Elected Officers Class	3.00	56.62	3.00	56.62
Senior Management Service Class	3.00	32.46	3.00	32.46
Special Risk Class	3.00	30.61	3.00	30.73
DROP - Applicable to Members from				
All of the Above Classes	0.00	19.13	0.00	19.13
Reemployed Retiree	(2)	(2)	(2)	(2)
Investment Plan Members	0.00	4.78	0.00	4.84

(1) These rates include the normal cost and unfunded actuarial liability contributions, but do not include contributions to the HIS Plan, or the fee of 0.06% for administration of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which the member is re-employed.

The City's contributions to the FRS Pension Plan totaled \$4,386,185 for the Fiscal Year ended September 30, 2024. Employee contributions totaled \$614,617 for the same period, for a total contribution amount of \$5,000,802.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the FRS Pension Plan

At September 30, 2024, the City reported a liability of \$29,211,242 for its proportionate share of the FRS Pension Plan's net pension liability (the net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits). The net pension liability was determined by the Plan's actuary and reported in the Plan's GASB 67 valuation as of June 30, 2024. The City's proportionate share of the net pension liability was based on the City's 2024 contributions relative to the 2024 contributions of all participating members (based on the June 30 Plan year). At June 30, 2024, the City's proportionate share was .0755% which was an increase of 0.0038 percentage points from its proportionate share of 0.0717% measured as of June 30, 2023.

For the Fiscal Year ended September 30, 2024, the City recognized pension expense of \$4,318,603 related to the Plan. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$1,206,215	\$-
Changes in assumptions	4,003,668	-
Differences between actual and expected experience	2,951,120	-
Net difference between projected and actual investment earnings	-	(1,941,531)
Changes in proportion differences	2,627,524	-
Total	\$10,788,527	\$(1,941,531)

The deferred outflows of resources related to the Plan totaling \$1,206,215 as shown above, result from City contributions to the Plan subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the Fiscal Year ended September 30, 2025. The other deferred outflows of resources and deferred inflows of resources shown above will be recognized in pension expense as follows:

Year Ended September 30	Amount
2025	\$511,069
2026	5,622,544
2027	863,458
2028	309,997
2029	<u>333,713</u>
Total	<u>\$7,640,781</u>

Actuarial Assumptions

The FRS Pension Plan has an actuarial valuation performed annually. The total pension liability was determined by the Plan's actuary using the individual entry age normal actuarial cost method, and was reported in the Plan's GASB 67 valuation as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability was determined on the same basis used by the Plan. Update procedures were not used. Actuarial assumptions in the June 30, 2024 valuation included the following:

Inflation	2.40%
Salary Increases	3.50% including inflation
Investment Rate of Return	6.70% net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. The actuarial assumptions that determined the total pension liability as of June 30, 2024, were based on an experience study (completed in 2024) for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) a long-term average inflation assumption of 2.40% as adopted in October 2024 by the FRS Actuarial Assumption Conference, and 2) an inferred real (in excess of inflation) return of 4.20%. (When geometrically combined, these equal 6.70%.)

The table below contains a summary of return assumptions for various asset classes based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying real return assumptions, combined with the 2.40% inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	19.8	5.7	5.6	3.9
Global Equity	54.0	8.6	7.0	18.2
Real Estate	10.3	8.1	6.8	16.6
Private Equity	11.1	12.4	8.8	28.4
Strategic Investments	3.8	6.6	6.2	8.7
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The prior year discount rate was also 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the actuarially determined contributions are contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return on Plan investments.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability, calculated using the discount rate of 6.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

<u>Description</u>	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the FRS net pension liability	\$51,381,552	\$29,211,242	\$10,638,905

The Retiree Health Insurance Subsidy (HIS) Plan

Membership

The HIS subsidy is provided to most retired employees and beneficiaries entitled to receive benefits under a retirement system administered by the State of Florida. The retiree must apply for and provide certification of health insurance coverage to be eligible for the subsidy.

Benefits Provided

The Florida Legislature establishes and amends the benefit terms of the HIS Program (the Program). The benefits are described in Section 112.363 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit of \$7.50 per month per year of service, with a minimum benefit of \$45 per month and a maximum benefit of \$225 per month. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislation may reduce or cancel HIS payments.

Contributions

The Florida Legislature establishes and amends the contribution requirements of the Program. The Program is funded by required contributions from FRS participating employers as set annually by the Florida Legislature. Presently, HIS can be viewed as effectively using a "pay-as-you-go" funding structure. Employer contributions are a percentage of gross compensation. For the Program's fiscal years ended June 30, 2024, the contribution rate was 2.00% of payroll as defined in Section 112.63, Florida Statutes. There are no employee contributions required.

The City's contributions to the HIS Program totaled \$515,462 for the Fiscal Year ended September 30, 2024.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Program

At September 30, 2024, the City reported a liability of \$8,923,604 for its proportionate share of the HIS Program net pension liability. The net pension liability was determined by the Program's actuary and reported in the Plan's GASB 67 valuation as of June 30, 2024. The City's proportionate share of the net pension liability was based on the City's 2024 contributions relative to the 2024 contributions of all participating members (based on the June 30 Program year). At June 30, 2024, the City's proportionate share was 0.0595%, which was an increase 0.0008 percentage points from its proportionate share of 0.0587% measured as of June 30, 2023.

For the Fiscal Year ended September 30, 2024 the City recognized pension expense of \$456,276 related to the Program. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$141,020	\$-
Changes in assumptions	157,927	(1,056,440)
Differences between actual and expected experience	86,163	(17,135)
Net difference between projected and actual investment earnings	-	(3,227)
Changes in proportion differences	558,741	-
Total	<u>\$943,851</u>	<u>\$(1,076,802)</u>

The deferred outflows of resources related to the Program totaling \$141,020 as shown above, result from City contributions to the Program subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the Fiscal Year ended September 30, 2025. The other deferred outflows of resources and deferred inflows of resources shown above will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2025	\$59,886
2026	9,483
2027	(139,260)
2028	(117,914)
2029	(66,246)
Thereafter	<u>(19,920)</u>
Total	<u><u>\$(273,971)</u></u>

Actuarial Assumptions

The HIS Program has an actuarial valuation performed biennially. The HIS actuarial valuation was prepared as of July 1, 2024, using the individual entry age actuarial cost method. The fiduciary net position used by the actuary to determine the net pension liability was determined on the same basis used by the Program. Actuarial assumptions in the July 1, 2024 valuation included the following:

Inflation	2.40%
Salary Increases	3.50% including inflation
Municipal Bond Rate	3.93% net of pension plan investment expense, including inflation

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. Because the HIS Program is essentially funded on a pay-as-you-go basis, no experience study has been completed for the Program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.93%. The prior year discount rate was 3.65%. Because the HIS Program is essentially funded on a pay-as-you-go funding structure, a municipal bond rate was used to determine the total pension liability for the Program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted for this purpose (June 2024).

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability, calculated using the discount rate of 3.93%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

<u>Description</u>	<u>1% Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
City's proportionate share of the HIS net pension liability	\$10,158,376	\$8,923,604	\$7,898,544

The FRS Investment Plan

The FRS Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

Membership

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the FRS Investment Plan (Investment Plan) in lieu of the FRS Pension Plan. City employees already participating in DROP are not eligible to participate in the Investment Plan.

Benefits

Retirement benefits are based upon the value of the member's account upon retirement. Employee and employer contributions are directed to individual accounts, and the individual members allocate contributions and account balances among various approved investment choices. The ultimate benefit depends in part on the performance of invested funds.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

After termination and applying to receive benefits, the members may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

Contributions

The Florida Legislature establishes and amends the contribution requirements of the Investment Plan. Participating employers pay identical membership class rates (e.g., regular class, special risk class,

etc.) on behalf of an Investment Plan participant that they would otherwise pay for a participant in the FRS Pension Plan (see FRS Pension Plan contributions above). However, portions of these contributions are transferred to the FRS Pension Plan (to fund the unfunded actuarial accrued liability), and for other purposes. The amounts deposited to member accounts are set forth in Section 121.71, Florida Statutes, and were as follows:

<u>Class</u>	Year Ended June 30, 2024 Percent of Gross Salary		Year Ended June 30, 2025 Percent of Gross Salary	
	Employee	Employer	Employee	Employer
Regular Class	3.00	8.30	3.00	8.30
Elected Officers Class	3.00	13.34	3.00	13.34
Senior Management Service Class	3.00	9.67	3.00	9.67
Special Risk Class	3.00	16.00	3.00	16.00

Contributions to member accounts for the year ended September 30, 2024 were \$850,264 (employer) and \$137,316 (employee).

Other

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the Fiscal Year ended September 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

Other Post-Employment Benefits

Plan Description

The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan") available to retirees and their spouse/dependents. To be eligible for participation in the OPEB Plan, the employee must:

- (1) Retire under the Florida Retirement System, the City of Venice, Municipal Police Officers' Pension Plan or the Municipal Firefighters' Pension Plan, and
- (2) Attain the minimum service requirements under the OPEB Plan, and
- (3) Elect to continue medical coverage by paying the applicable monthly premium.

The City does not issue a stand-alone financial report on the OPEB Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of October 1, 2022, the latest actuarial valuation date:

Retirees and beneficiaries	
currently receiving benefits	113
Active employees	<u>301</u>
Total	<u>414</u>

Benefits Provided

Participants in the City's OPEB Plan become participants in the City's group health self-insurance program, and receive the healthcare benefits of that program for themselves and their dependents. (Pursuant to Section 112.0801, Florida Statutes, the City is required to offer participation in such a program at a cost to the retiree that is no greater than the cost at which coverage is available to active City employees i.e., the average blended cost. In other words, the premium payments to the group health self-insurance program cannot be age-adjusted, and there is therefore an implicit subsidy of retirees by the City and its active employees.) As an alternative, the City also offers retirees or their spouse/dependents the option to purchase a reduced level of coverage under a Medicare supplement plan.

Contributions

Contributions to the OPEB Plan are shared by the retiree and the City. OPEB Plan participants who retire on or after January 1, 2016, must reimburse the City for the City's average blended cost (the City provides the implicit subsidy). OPEB Plan participants who retired prior to January 1, 2016, may continue coverage under the OPEB Plan at 50% of the average blended cost (the City pays the other 50%, plus the implicit subsidy). The monthly average blended costs of the various options for calendar year 2024 were \$921 for individual coverage, \$1,843 for individual plus one, \$2,856 for family coverage, and \$295 for the Medicare supplement plan.

Total OPEB Liability of the City

The measurement date for the City's total/net OPEB liability is September 30, 2024, same as the reporting date. The measurement period for OPEB cost was October 1, 2023 to September 30, 2024. The components of the City's net OPEB liability at September 30, 2024, are as follows:

Total OPEB liability	\$5,978,058
OPEB Plan fiduciary net position	<u>-</u>
City's net OPEB liability	<u>\$5,978,058</u>
 OPEB Plan fiduciary net position as a percentage of total pension liability	 0.00%

Actuarial Assumptions

The total OPEB liability at September 30, 2024 was based on an actuarial valuation as of October 1, 2022, updated to September 30, 2024, using the Entry Age Normal actuarial cost method, and the following actuarial assumptions:

Inflation	2.50% per annum
Discount Rate*	3.81% Bond Buyer's 20-Bond GO Index (September 2024)
Investment Rate of Return	4.50% per annum (including inflation of 2.5%)

*Adjusted annually.

Mortality rates for police officers and firefighters were based on the Group Annuity 1983 Mortality Table. Mortality rates for other employees were based on the 2022 PPA Mortality Table (RP-2014 mortality, base year 2006, adjusted to 2022 with Mortality Improvement Scale MP-2020).

An experience study was not done, as it was not considered necessary to support the actuarial results.

Discount Rate

The discount rate used to measure the total OPEB liability at September 30, 2024 was 3.81%. The discount rate used to measure the total OPEB liability at September 30, 2023 was 4.09%. Because the City's OPEB costs are essentially funded on a pay-as-you-go funding structure, a municipal bond rate was used to determine the total pension liability for the Program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted for this purpose (September 2024).

Changes in the Total Liability

	Total Pension Liability
Balances at September 30, 2023	<u>\$6,185,645</u>
<i>Changes for the Year:</i>	
Service cost	(12,177)
Interest	252,495
Differences between expected and actual experience	110,262
Benefit payments	(444,639)
Implicit rate subsidy	<u>(113,528)</u>
Balances at September 30, 2024	<u>\$5,978,058</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability, calculated using the discount rate of 3.81%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.81%) or one percentage-point higher (4.81%) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
Total OPEB liability	\$6,465,687	\$5,978,058	\$5,549,056

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

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (3.50%) or one percentage-point higher (5.50%) than the current discount rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$5,459,822	\$5,978,058	\$6,555,330

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

For the year ended September 30, 2024, the City recognized negative OPEB expense of \$(609,039). At September 30, 2024, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$85,202	\$(1,442,631)
Total	\$85,202	\$(1,442,631)

Deferred inflows of resources shown above will be recognized in OPEB expense in the following years:

<u>Year ended September 30:</u>	
2025	\$(730,107)
2026	(502,709)
2027	(134,636)
2028	<u>10,023</u>
Total	<u>\$(1,357,429)</u>

Employee Retirement Systems

The City maintains two single-employer, public employee retirement systems. Assets are held separately from other City funds and may be used only for the payment of benefits to the members of the respective plans. Each plan is accounted for as a pension trust fund in the City's financial statements, which are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are due and a formal commitment has been made by the employer. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Firefighters' and Police Officers' Pension Trust Funds issue annual financial reports that include financial statements and required supplementary information. The reports may be obtained from the City Finance Director.

Certain employees of the City also participate in the Florida Retirement System, a multiple-employer cost-sharing, public retirement system. Total pension cost (expense) – all plans was \$5,506,419 for 2024. Required disclosures for these three retirement systems follow.

Firefighters' Pension Plan - General Information about the Firefighters' Pension Plan

Plan Description

The City's Municipal Firefighters' Pension Plan (the "Plan"), a single employer defined benefit public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 175. The Plan is administered by a Board of Trustees comprised of:

- (a) Two City Council appointees who are City residents,
- (b) Two elected members of the City's fire department, and
- (c) A fifth member elected by the other four and appointed by Council.

Eligible members of the Plan have full-time employment with the City as a firefighter. The Plan is closed to firefighters hired after September 30, 2014. Members active on September 30, 2014, were given the option of participating prospectively in the Florida Retirement System.

Following is a brief description of the changes in benefit terms and/or actuarial assumptions during the year ended September 30, 2024:

Benefit Changes

- None

Changes in Actuarial Assumptions

- None

Plan Membership as of October 1, 2023 (latest valuation)

Inactive Plan members or beneficiaries currently receiving benefits	52
Inactive Plan members entitled to but not yet receiving benefits	13
Active Plan members	<u>12</u>
Total	779

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement

Eligibility: Earlier of age 55 and 10 years of credited service, or 25 years of credited service, regardless of age.

Benefit Amount: 3.50% of average final compensation times years of credited service, plus \$175 per month for members eligible for normal retirement as of October 1, 2014. The benefit accrual rate is 2.75% for rendered service on and after October 1, 2014 for members not eligible for normal retirement as of that date.

Form of Benefit: 10 years certain and life thereafter. Optional forms are available.

Early Retirement

Eligibility: Earlier of age 50 and 10 years of credited service, or the completion of 20 years of credited service regardless of age for members with 10 or more years of credited service as of October 1, 2014. Early retirement is not available for members with less than 10 years of credited service as of that date.

Benefit: Deferred benefit payable at normal retirement date or reduced 2% per year and payable immediately.

Disability

Eligibility: Total and permanent as determined by the Board. Members are covered from date of employment for service-incurred disabilities and after five years of service for non-service disabilities.

Benefit: Greater of 2% times average final compensation times credited service, or 50% of average final compensation. Benefits are payable as a 100% joint and survivor annuity to spouse or children. Optional forms are available.

Pre-Retirement Death

Eligibility: Coverage in effect from date of employment for service-incurred death and after five years of service for non-service incurred death.

Benefit: 50% of average final compensation paid to spouse until death, if service incurred, or until death or remarriage, if non-service incurred.

Minimum Benefit for Vested Members: Accrued benefit, less any spouse or surviving children benefits payable.

Cost-of-Living Adjustment

Normal and early service retirees who retire after October 1, 1998 receive a 3.0% increase each year after retirement through age 65. For members not eligible for normal retirement as of October 1, 2014, no cost-of-living adjustments are applicable to benefits based on credited service after that date.

Vesting (Termination)

Less than 10 years of contributing service: Refund of member contributions.

10 years or more: Accrued benefit payable at early retirement age or later if member contributions left in Plan; otherwise, refund of member contributions. Additionally, members are 100% vested for benefits accrued prior to October 1, 2014, regardless of accrued service as of that date.

Share Plan

Funded using half the excess state monies reserve as of September 30, 2018. Future allocations of state monies in excess of \$296,000.

Contributions

Employee: Required to contribute 7.00% of salary to the Plan.

State of Florida: 1.85% property insurance premium tax.

City of Venice: Remaining amount necessary for payment of normal (current year's) cost and amortization of the accrued past service liability, as provided in Part VII of Florida Statutes Chapter 112.

During the year ended September 30, 2024, contributions totaling \$3,557,613 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2022. The City contributed \$2,961,733, the State contributed \$524,829 (which together included excess contributions of \$851,663), and members contributed \$71,051.

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Net Pension Liability of the City (Firefighter's Plan)

The measurement date for the total/net pension liability is September 30, 2024, same as the reporting date. The measurement period for pension expense was October 1, 2023 to September 30, 2024. The components of the City's net pension liability at September 30, 2024, related to the Firefighters' Plan, were as follows:

Total pension liability	\$49,598,077
Plan fiduciary net position	<u>(37,729,676)</u>
City's net pension liability	<u>\$11,868,401</u>
Plan fiduciary net position as a percentage of total pension liability	76.07%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2023, then rolled forward from the valuation date to the Plan's fiscal year end using generally accepted accounting principles. The actuarial valuation contained the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality Rates

Healthy Active Lives:

- PubS.H-2010 for Employees, set forward one year.

Healthy Retiree Lives:

- PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

- Female: PubG.H-2010 (Above Median) for Healthy Retirees.
- Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.

Disabled Lives:

- PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The most recent actuarial experience study used to review the other significant assumptions was dated September 10, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

For 2024, the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.50%
International Equity	15	8.50
Broad Market Fixed Income	25	2.50
Global Fixed Income	5	3.50
Real Estate	<u>10</u>	4.50
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, same as the prior year. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Firefighters' Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at September 30, 2023	\$49,995,965	\$31,474,411	\$18,521,554
<i>Changes for the Year:</i>			
Service cost	457,680	-	457,680
Interest	3,169,721	-	3,169,721
Share plan allocation	114,415	-	114,415
Experience gain/(losses)	(762,283)	-	(762,283)
Contributions - employer	-	2,961,733	(2,961,733)
Contributions - State	-	524,829	(524,829)
Contributions - employee	-	71,051	(71,051)
Contributions - buy back	-	-	-
Net investment income (loss)	-	6,146,175	(6,146,175)
Benefit payments	(3,377,421)	(3,377,421)	-
Administrative expense	-	(71,102)	71,102
Net Changes	<u>(397,888)</u>	<u>6,255,265</u>	<u>(6,653,153)</u>
Balances at September 30, 2024	<u>\$49,598,077</u>	<u>\$37,729,676</u>	<u>\$11,868,401</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's net pension liability – Firefighters' Pension	\$17,525,587	\$11,868,401	\$7,155,189

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Firefighters' Pension Plan

For the year ended September 30, 2024 the City recognized pension expense of \$573,834 for the Firefighters' Plan. At September 30, 2024, the City has deferred outflows of resources and deferred inflows of resources related to the Plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Plan investments	\$-	\$(1,801,411)
Total	\$-	\$(1,801,411)

Net deferred outflows/inflows of resources shown above will be amortized to pension expense in the following years:

<u>Year ended September 30:</u>	
2025	\$(362,442)
2026	382,212
2027	(1,001,822)
2028	<u>(819,359)</u>
Total	<u>\$(1,801,411)</u>

Police Officers' Pension Plan - General Information about the Police Officers' Pension Plan

Plan Description

The City of Venice, Municipal Police Officers' Pension Plan (the Plan), a single-employer defined benefit public employee retirement plan, is administered in accordance with the City Charter and Florida Statute 185. The Plan is administered by a Board of Trustees comprised of:

- (a) Two City Council appointees who are City residents,
- (b) Two elected members of the City's police department, and
- (c) A fifth member elected by the other four and appointed by Council.

Eligible members of the Plan have full-time employment with the City as a sworn police officer. The Plan is closed to police officers hired after September 30, 2014. Members active on September 30, 2014, were given the option of participating prospectively in the Florida Retirement System.

Following is a brief description of the changes in benefit terms and/or actuarial assumptions during the year ended September 30, 2024:

Benefit Changes

- None

Changes in Actuarial Assumption

- None

Plan Membership as of October 1, 2023 (latest valuation)

Inactive Plan members or beneficiaries currently receiving benefits	61
Inactive Plan members entitled to but not yet receiving benefits	28
Active Plan members	<u>1</u>
Total	90

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement

Eligibility: Earlier of age 52 and 10 years of credited service, or 25 years of credited service, regardless of age.

Benefit Amount: 3.50% of average final compensation times credited service through September 30, 2014, plus 2.75% of average final compensation times credited service on and after October 1, 2014, plus \$175 per month supplement. Members eligible for normal retirement as of October 1, 2014 will continue to accrue benefits under Plan provisions in effect prior to Ordinance No. 2014-23.

Early Retirement

Eligibility: 20 years of credited service, regardless of age. There is no early retirement option for members with less than 10 years of credited service as of October 1, 2014.

Benefit: Accrued benefit, reduced 2% per year preceding normal retirement date.

Disability

Eligibility: Total and permanent as determined by the Board.

Service Incurred: Covered from date of employment.

Non-Service Incurred: Covered after 5 years of credited service.

Benefit: 62.5% (service incurred), or 50% (non-service incurred) of salary (base hourly pay, plus shift differential plus incentive pay) at time of disability plus \$175 per month. Benefits are paid as a 100% joint and survivor annuity.

Pre-Retirement Death Benefits

Service Incurred: Covered from date of employment. 62.5% of earnings paid to spouse until death, or if no spouse, in equal shares to dependent children.

Non-Service Incurred: Eligible after 5 years of credited service. 50% of earnings paid to spouse until death or remarriage, or if no spouse, in equal shares to dependent children.

Vesting (Termination)

Members are 100% vested for benefits accrued prior to October 1, 2014.

Deferred Retirement Option Plan

Eligibility: Satisfaction of normal retirement requirements.

Participation: Not to exceed 60 months.

Rate of return: At member's election: a) an effective annual rate of 6.50%, or b) actual net rate of investment return.

Form of Distribution: Cash lump sum at termination of employment. Optional forms are available.

Chapter 185 Share Account

Pursuant to Chapter 2015-39, Laws of Florida, a share plan exists but is currently not funded as the City and membership mutually consented to allow the City to use all annual state monies to offset its funding requirement.

Contributions

Employee: Required to contribute 7.00% of their salary to the Plan.

State of Florida: 0.85% casualty insurance premium tax.

City of Venice: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total salary of the members.

During the year ended September 30, 2024, contributions totaling \$1,152,784 were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of October 1, 2022. The City contributed \$761,766, the State contributed \$384,369 (which together included excess contributions of \$762,414), and members contributed \$6,649.

Net Pension Liability of the City (Police Officers' Plan)

The measurement date for the total/net pension liability is September 30, 2024, same as the reporting date. The measurement period for pension expense was October 1, 2023 to September 30, 2024. The components of the City's net pension liability at September 30, 2024, related to the Police Officers' Plan, were as follows:

Total pension liability	\$43,348,813
Plan fiduciary net position	<u>(45,127,509)</u>
City's net pension liability	<u><u>\$(1,778,696)</u></u>
Plan fiduciary net position as a	
Percentage of total pension liability	104.10%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022, then rolled forward from the valuation date to the Plan's fiscal year end using generally accepted accounting principles. The actuarial valuation contained the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	6.75%
Investment Rate of Return	6.75%

Mortality Rate Healthy Lives

Healthy Active Lives:

- Female: PubS.H-2010 for Employees, set forward one year.
- Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

- PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

- Female: PubG.H-2010 (Above Median) for Healthy Retirees.
- Male: PubG.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Disabled Lives:

- 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The actuarial experience study (the most recent) used to review the other significant assumptions covered the period from October 1, 1991 through October 1, 2010.

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

For 2024, the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.50%
International Equity	15	8.50
Broad Market Fixed Income	25	2.50
Real Estate	<u>10</u>	4.50
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%, same as in the prior year. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability (Police Officers' Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2023	\$44,105,744	\$38,716,953	\$5,388,791
<i>Changes for the Year:</i>			
Service cost	23,276	-	23,276
Interest	2,863,309	-	2,863,309
Experience gain/(losses)	(224,260)	-	(224,260)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	761,766	(761,766)
Contributions - State	-	384,369	(384,369)
Contributions - employee	-	6,649	(6,649)
Net investment income (loss)	-	8,751,272	(8,751,272)
Benefit payments	(3,419,256)	(3,419,256)	-
Administrative expense	-	(74,244)	74,244
Net Changes	(756,931)	6,410,556	(7,167,487)
Balances at September 30, 2024	\$43,348,813	\$45,127,509	\$(1,778,696)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability – Police Officers' Pension	\$2,770,673	\$(1,778,696)	\$(5,601,172)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Police Officers' Pension Plan

For the year ended September 30, 2024 the City recognized pension expense of \$(692,558). At September 30, 2024, the City has deferred outflows of resources and deferred inflows of resources related to the Plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Plan investments	\$-	\$(2,091,131)
Total	\$-	\$(2,091,131)

Net deferred outflows/inflows of resources shown above will be amortized to pension expense in the following years:

<u>Year ended September 30:</u>	
2025	\$(286,467)
2026	881,272
2027	(1,442,561)
2028	<u>(1,243,375)</u>
Total	<u>\$(2,091,131)</u>

Effective October 1, 2014, the City elected to join the Florida Retirement System for new firefighters and police officers. Consequently, the City closed both the Municipal Firefighters' Pension Trust Fund and the Municipal Police Officers' Pension Trust Fund to new members effective October 1, 2014, and all firefighters and police officers hired on or after October 1, 2014, shall become members of the Florida Retirement System (FRS) in accordance with applicable state law and rules of the Florida Division of Retirement.

INVESTMENT CONSIDERATIONS

This section provides a general overview of certain investment considerations that should be taken into account, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2025 Bonds and the sufficiency of the Pledged Funds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2025 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of the investment considerations. Potential investors in the Series 2025 Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the investment considerations discussed below, among others, could lead to a decrease in the market value and/or the marketability of the Series 2025 Bonds. There can be no assurance that other investment considerations not discussed herein will not become material in the future.

1. The United States could experience future high levels of inflation which would impact the cost of goods and services, including construction materials and products and installations thereof needed by the City, and could have an effect on discretionary spending of consumers, including tourism. Additionally, the City could encounter adverse effects resulting from the supply chain issues, specifically related to the delivery of goods and construction materials as a result of inflation pressures. When supply chain shortages occur, deliveries can be delayed, which has a potential to impact the completion of projects and increased costs that might be incurred as a result of supply chain issues. Therefore, for new projects that have not yet started, the City is taking these factors into account in budgeting and scheduling. It is possible the United States, including the State, may experience supply chain issues, inflation and labor issues which will impact State and local government finances.

In addition to inflationary concerns, the City's financial performance can be affected by changes in the City, State, and national economy. Past recessions in the national economy which create higher unemployment and reduced discretionary income also negatively impact the City's economy. Federal policies on local and international trade can have a negative impact on economy which can increase costs for the City, such as proposed or implemented tariffs on certain imports to the United States.

2. The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on coastal communities such as the City. Such effects can be exacerbated by change in climate. The occurrence of such extreme weather events could damage the local infrastructure that provides essential services to the City. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the City. However, to mitigate against such impacts, the City has implemented the following:

In order to address ongoing challenges related to climate change, extreme weather events, and sea level rise, the City adopted a Coastal Resiliency Plan ("CRP") to address climate-related issues. The CRP was approved in June of 2021. The CRP reviewed City-owned assets and identified vulnerabilities and critical facilities. The CRP also identified high-level strategies for preserving and protecting those assets. A Vulnerability Assessment Update was prepared in March of 2024. The recommendations from the Vulnerability Assessment Update are being actively incorporated into the annual Capital Improvement Program for the City in order to increase City wide resiliency.

Hurricane Ian struck the southwest coast of Florida on September 28, 2022, as a Category 4 storm with maximum sustained winds of 150 mph. Hurricane Ian caused over 100 deaths statewide and catastrophic damages estimated at over \$100 billion. Landfall was Cayo Costa Island, less than 50 miles south of the City of Venice. The City's Building Official estimated the total residential damage within the City at \$71.1 million and the commercial damage at \$18.8 million. Damage to City-owned buildings and equipment was estimated at \$2.58 million, the majority of which occurred at the City airport, primarily T-hangars rented to pilots for plane storage. Most of the property damage did not significantly impair the use of the property; capital assets with an original cost of \$151,767 (book value of \$113,409) were written off in the City's Airport Fund. No other capital assets were required to be written down for impairment. Property damage less deductibles, is covered by commercial insurance. The cost of debris removal Citywide was \$4.2 million, which was expensed as incurred in the Fiscal Year ended September 30, 2023. The Federal Emergency Management Agency has reimbursed the City \$4.1 million for the costs related to the debris removal.

Hurricane Helene made landfall on September 26, 2024, in the Big Bend region of Florida as a Category 4 storm with maximum sustained winds of 140 mph. Hurricane Helene's near-record-breaking size, storm surge, winds and rainfall together stretched more than 500 miles inland from the Florida coast. Hurricane Helene was primarily a storm surge event for the City. Damage to City-owned buildings and equipment was estimated at \$6.6 million, including significant damage to the South Jetty and Humphris Park. The South Jetty concession/restroom building was completely destroyed but the remaining property damage did not significantly impair the carrying value or use of City property. Property damage less deductibles, is covered by commercial insurance.

Hurricane Milton made landfall on October 9, 2024, near Siesta Key, Florida, just 17 miles north of the City, as a Category 3 storm with maximum sustained winds of 120 mph. Hurricane Milton caused wind damage and was another storm surge event, including a breach of the beach dune causing flooding in the City. Damage to City-owned buildings and equipment was estimated at \$5.6 million. The majority of damage occurred at the City's airport, primarily T-hangars rented to pilots for plane storage and lights on the airport grounds. Most of the property damage did not significantly impair the carrying value or use of the property, although capital assets with an original cost of \$164,200 (book value of \$122,277) will be

written off in the Fiscal Year ending September 30, 2025. Property damage less deductibles, is covered by commercial insurance.

The City's Building Official has estimated the combined total for both Hurricane Helene and Hurricane Milton of residential damage within the City at \$30 million and the commercial damage at \$70 million.

The cost of debris removal Citywide from Hurricanes Helene and Milton is \$2.8 million, most of which will be expensed as incurred in 2025. Deductibles and debris removal are eligible for reimbursement from the Federal Emergency Management Agency, and were funded in the interim from general fund and Solid Waste reserves.

3. Computer networks and systems used for data transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to department operations and the provision of citizen services. Increasingly, governmental entities are being targeted by cyberattacks (including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems) seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities and avenues that attackers/hackers can exploit in attempts to cause breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Additionally, the City's computer networks and systems routinely interface and rely on third party systems that are also subject to the risks previously described. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. The potential disruptions, access, modification, disclosure or destruction of data could result in interruption of the efficiency of City commerce, initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions in operations and the services provided, and the loss of confidence in City operations, ultimately adversely affecting City revenues.

The City has established various procedures and systems to mitigate the risk and vulnerability of cyberattacks and threats. The City requires yearly cybersecurity training to be completed by all personnel on the City's network. Additionally, information technology ("IT") does ongoing phishing tests to engage employees in regularly assessing email for security risks. There are constant threats of which the City is well apprised and uses layers of security to mitigate. The City handles cybersecurity operations with one dedicated security analyst on staff and 24/7 managed detection and response providers with real-time monitoring and response. The City also maintains a real-time endpoint detection and response solution with 24/7 monitoring. The City mandates multifactor authentication on all accounts, including biometrics on certain device authentications and cloud logons. Furthermore, the City limits access to resources from specific geographies only and has regular patching and verification via internal and external scans, along with penetration testing. The City also has a verifiable, robust, multifaceted backup systems, with encrypted copies saved out-of-state in the cloud and using multiple encrypted media types. The City has not had a major cyber breach in the last five years. However, no assurances can be given that any cyberattacks, if successful, will not have a material adverse effect on the operations or financial condition of the City.

Additionally, during the 2022 Florida Legislative session, CS/HB 7055 was passed which requires State agencies and local governments, such as the City, to report all ransomware incidents and high severity level cybersecurity incidents to the Cybersecurity Operations Center ("CSOC") and the Cybercrime Office within the Florida Department of Law Enforcement as soon as possible but no later than 48 hours after discovery of the cybersecurity incident and no later than 12 hours after discovery of a ransomware incident. Local governments must also report such incidents to their respective sheriff's office. CS/HB 7055 requires state agencies to report low level cybersecurity incidents and provides that local governments may report such incidents. It also requires state agencies and local governments to submit after-action reports to FLDS following a cybersecurity or ransomware incident. CS/HB 7055 requires the CSOC to notify the Florida Legislature of high severity level cybersecurity incidents. State agency and local government employees are required to undergo certain cybersecurity training within 30 days of employment and annually thereafter. Further, local governments are required to adopt cybersecurity standards that safeguard the local government's data, information technology ("IT"), and IT resources and it will be illegal for any local government in the State to pay ransoms when attacked. The effective date of CS/HB 7055 was July 1, 2022.

4. The City's financial results could be harmed by a national or localized outbreak of a highly contagious epidemic or pandemic disease. Specifically, there can be no assurances that the spread of the contagious epidemic or pandemic disease like the coronavirus ("COVID-19"), will not adversely impact any of the City's finances and/or its financial position, including pension funding and property tax valuations. A contagious epidemic or pandemic disease could have a negative financial impact on local, state and national economies, in a manner that could materially adversely affect the amount of revenues received by the City as well as the amount of property taxes received by the City.

5. The State legislature, executive officers and agencies could enact legislation, executive orders or regulations that may have a material adverse effect on the City's finances or the receipt of Non-Ad Valorem Revenues. In addition, the United States Congress, federal executive officers and federal agencies could also enact legislation, executive orders or regulations that may have a material adverse effect on the City's finances or the receipt of Non-Ad Valorem Revenues. There can be no assurance that such legislation, executive orders, regulations or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the City's finances or Non-Ad Valorem Revenues. In addition, the City's receipt of State and federal grants and aid is subject to various laws, policies and regulations. To the extent of a reduction in such aid or grants compared to historical levels as a result of new or amended policies, regulations or laws, the financial condition of the City could be adversely affected.

During the 2025 Florida legislative session the Florida legislature passed House Bill 7031 ("HB 7031") was signed into law and codified as Chapter No. 2025-208. HB 7031 implements permanent sales tax exemptions for: "back-to-school" tax holiday occurring for the entire month of August each year, certain batteries, fire extinguishers, smoke detectors or smoke alarms, carbon monoxide detectors, certain portable generators, waterproof tarpaulins and other flexible waterproof sheeting 1,000 square feet or less, ground anchor systems and tie-down kits, five gallon or less gas or diesel fuel cans, all bicycle helmets, sunscreen, insect repellant, life jackets, admission to Florida State Parks and all sales of gold, silver, and platinum bullion. Additionally, HB 7031 also includes a hunting, fishing, and camping sales tax holiday from September 8, 2025 through December 31, 2025 and exempts NASCAR Championship Race tickets when held at the Homestead-Miami Speedway, from the tax on admissions. HB 7031 also repeals the "business rent tax" beginning October 1, 2025, and the aviation fuel tax beginning January 1, 2026, and delays the imposition of the scheduled tax on natural gas fuel from January 1, 2026, to January 1, 2030. HB 7031

extends the current freeze on rate increases for local communications services tax (CST) from January 1, 2026 to January 1, 2031 and allows counties and school boards to reduce or repeal certain local discretionary sales surtaxes in effect by a two-thirds vote. HB 7031 allows fiscally constrained counties adjacent to the Gulf of America or the Atlantic Ocean to use tourist development tax revenues for public facilities (Sarasota County is not a fiscally constrained county) and allows all counties adjacent to the Gulf of America or the Atlantic Ocean to use tourist development tax revenues for beach lifeguards. The City does not believe HB 7031 will have a materially adverse impact on its ability to pay debt service on the Series 2025 Bonds.

The Florida legislature passed Committee Substitute for House Bill 703 ("CS/HB 703") was signed into law and codified as Chapter No. 2025-122, with an effective date of October 1, 2025. CS/HB 703, among other things, amends Section 202.20, Florida Statutes, and creates the Utility Relocation Reimbursement Grant Program. Specifically, CS/HB 703 requires that if a county or municipal authority requires a provider of communications services that is subject to the Communications Services Tax Simplification Law to relocate a facility used to provide communications services, the service provider owning or operating such facility must initiate any necessary work upon notice from the county or municipal authority. CS/HB 703 states that the county or municipal authority requiring the relocation work is not responsible for paying for the costs of such work, unless otherwise provided by law. To fund the grant program, CS/HB 703 requires the FDOR to distribute, by a non-operating transfer, \$50 million of certain state communications services tax proceeds in any fiscal year in monthly installments to the Grants and Donations Trust Fund. CS/HB 703 requires FDOR to transfer the remainder of such proceeds, after the distribution to the Grants and Donations Trust Fund, to the Local Government Half-Cent Sales Tax Clearing Trust Fund and requires the remainder be reduced by 0.1018% beginning October 1, 2025, which amount must be distributed to the Public Employees Relations Commission ("PERC") Trust Fund. The bill directs the transfer to the PERC Trust Fund to begin October 1, 2025. The City cannot estimate the magnitude of the adverse impact at this time, but in any event, such decrease is not expected to have an impact on the ability of the City to pay debt service on the Series 2025 Bonds.

In addition, the Florida Legislature passed Committee Substitute for Committee Substitute for Senate Bill 180 ("CS/CS/SB 180") was signed into law and codified as Chapter No. 2025-190. CS/CS/SB 180 among other things, prohibits certain local governments from adopting ordinances for substantial improvements or repairs to a structure which include cumulative substantial improvement periods and provides that a local government, school district, or special district may not assess an impact fee for the reconstruction or replacement of a previously existing structure if the replacement structure is of the same land use as the original structure and does not increase the impact on public facilities beyond that of the original structure. While it could result in deferred capital maintenance, the City does not expect CS/CS/SB 180 would have an impact on its ability to pay debt service on the Series 2025 Bonds.

This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2025 Bonds and prospective purchasers are advised to read this Official Statement in its entirety for a more complete description of investment considerations relating to the Series 2025 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the proceeds of the Series 2025 Bonds:

Sources	
Principal Amount	\$
Plus/Less [Net] Original Issue Premium/Discount	
 TOTAL SOURCES	 \$
Uses	
Deposit to Project Fund – Fleet Maintenance/Solid Waste Facility	\$
Deposit to Project Fund – Fire Station	
Costs of Issuance ⁽¹⁾	
 TOTAL USES	 \$

⁽¹⁾ Includes legal and municipal advisory fees, Underwriter's discount, printing costs, rating agency fees and other costs of issuance of the Series 2025 Bonds.

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DEBT SERVICE SCHEDULE FOR THE SERIES 2025 BONDS

The table below sets forth the annual debt service requirements with respect to the Series 2025 Bonds.

Year Ending			Total Debt
<u>July 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
TOTALS			

LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the Series 2025 Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2025 Bonds.

The proposed form of Bond Counsel opinion is attached hereto as APPENDIX D and reference is made to such form of opinion for the complete text thereof. 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 the 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.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2025 Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriter and the City relating to the accuracy of certain statements contained hereunder under the heading "TAX MATTERS" and certain statements which summarize provisions of the Resolution and the Series 2025 Bonds, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2025 Bonds.

Certain letters matters will be passed upon for the City by Persson, Cohen, Mooney, Fernandez, & Jackson, P.A., Venice, Florida, City Attorney and Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. GrayRobinson, P.A., Tampa, Florida, is serving as counsel to the Underwriter.

LITIGATION

There is no litigation of any nature now pending or, to the knowledge of the City, threatened, against the City which in any way questions or affects the validity of the Series 2025 Bonds, or any proceedings or transactions on the part of the City relating to their issuance, sale or delivery. Although the City experiences claims, litigation and various legal proceedings from time to time, there are no judicial, administrative or regulatory proceedings pending or, to the knowledge of the City, threatened, against the City which may significantly affect the City's ability to perform its obligations to the holders of the Series 2025 Bonds or which would have a material adverse effect upon the Non-Ad Valorem Revenues or, except as described below, the financial condition or operations of the City.

Patrick Lynch and Dominique Lynch v. City of Venice (Case No. 2025 CA 001353 SC). On March 24, 2025, a complaint was filed against the City alleging inverse condemnation, negligence, and trespass by the owners of a single-family home. The claims are centered on drainage and flooding issues; however, the property at issue is near or adjacent to the Gulf of America and a drainageway and is located below Base Flood Elevation. Defense is being provided by a City insurer, the Florida League of Cities. Given the early stage of litigation, potential damages are not yet known. The plaintiffs have estimated it will cost them at least \$1.5 million to rebuild. The City disputes the claims and damages. Other properties in the vicinity experienced similar flooding during recent storm events, but no one else has submitted a notice of claim or filed suit.

In addition to that described above, the City is party to various other legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of

the City, but may, in the aggregate, have a material impact thereon. In any event, the City does not expect any ongoing legal proceedings to materially impact the ability to pay debt service on the Series 2025 Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities, other than general obligation bonds and those industrial or commercial development bonds where payments are made or unconditionally guaranteed by a person whose securities are exempt from registration under Section 18(b)(1) of the Securities Act of 1933, as amended, of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative Rule 69W-400.003, the FFSC has required the disclosure of the amount, date, status and type of each default, specified descriptions of any legal proceedings resulting from such defaults and discussion of any materially relevant pending legal proceedings, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2025 Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as APPENDIX D attached hereto, the interest on the Series 2025 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under existing statutes, regulations, rulings and court decisions; provided, however, with respect to certain corporations, interest on the Series 2025 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. Failure by the City to comply subsequent to the issuance of the Series 2025 Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to requirements regarding the use, expenditure and investment of Series 2025 Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2025 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2025 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2025 Bonds, including, among other things, restrictions relating to the use of investment of the proceeds of the Series 2025 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2025 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2025 Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

Collateral Tax Consequences

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should be aware that the ownership of the Series 2025 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2025 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2025 Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2025 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2025 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2025 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2025 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2025 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2025 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2025 Bonds in their particular state or local jurisdictions.

The Inflation Reduction Act, H.R. 5376 (the "IRA"), was passed by both houses of the U.S. Congress and was signed by the President on August 16, 2022. As enacted, the IRA includes a 15% alternative minimum tax to be imposed on the "adjusted financial statement income," as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. Interest on the Series 2025 Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing the corporate alternative minimum tax. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential tax consequences of owning the Series 2025 Bonds.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2025 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2025 Bonds. From time to time, legislative proposals are

pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2025 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2025 Bonds.

Original Issue Discount

Certain of the Series 2025 Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount, which is the excess of the principal amount of the Discount Bonds over the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity was sold. Original issue discount represents interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded semi-annually. An initial purchaser who acquires a Discount Bond at the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he holds such Discount Bonds and will increase its adjusted basis in such Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Bonds and with respect to the state and local tax consequences of owning and disposing of such Discount Bonds.

Original Issue Premium

Certain of the Series 2025 Bonds (the "Premium Bonds") may be offered and sold to the public at a price in excess of the principal amount of such Premium Bond, which excess constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Bonds which term ends on the earlier of the maturity or call date for each Premium Bond which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), S&P and Fitch Ratings, Inc. ("Fitch") have assigned the Series 2025 Bonds ratings of "Aa1," "AA+" (stable outlook) and "AA+" (stable outlook), respectively, to the Series 2025 Bonds. Such rating agencies may have obtained and considered information and material which have not been included in this Official Statement. Generally, the rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings reflect only the views of the rating agency and an explanation of the significance of such rating may be obtained from them. No assurance can be given that the rating will be maintained for any given period of time or that the rating may not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances warrant. Any such downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Series 2025 Bonds. The Underwriter and the City have undertaken no responsibility after issuance of the Series 2025 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal. The addresses of the rating agencies are as follows: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, S&P Global Ratings, 25 Broadway, New York, New York 10004 and Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004.

MUNICIPAL ADVISOR

The City has retained Larson Consulting Services, LLC, Orlando, Florida, as Municipal Advisor (the "Municipal Advisor") in connection with preparation of the City's plan of financing and with respect to the authorization and issuance of the Series 2025 Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The Municipal Advisor is an independent SEC and MSRB registered municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Annual Comprehensive Financial Report of the City for the Fiscal Year ended September 30, 2024, and report on the audited financial statements included therein of Forvis Mazars, LLP (the "Independent Auditor") is attached hereto as "APPENDIX B – Annual Comprehensive Financial Report of the City for the Fiscal Year Ended September 30, 2024." Such statements speak only as of September 30, 2024 and have been included in this Official Statement as public documents. The Independent Auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Independent Auditor also has not performed any procedures relating to this Official Statement.

UNDERWRITING

The Series 2025 Bonds will be purchased by RBC Capital Markets, LLC (the "Underwriter") at an aggregate purchase price of \$_____ (representing the principal amount of \$_____ [plus/less] an original issue [premium/discount] of \$_____ and less an Underwriter's discount of \$_____). The Underwriter's

obligations are subject to certain conditions precedent, and it will be obligated to purchase all of the Series 2025 Bonds if any Series 2025 Bonds are purchased. The Series 2025 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2025 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market marking, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the city. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RBC Capital Markets, LLC ("RBCCM"), the Underwriter of the Series 2025 Bonds, has entered into a distribution arrangement with its affiliate City National Securities, Inc. ("CNS"). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Series 2025 Bonds

CONTINGENT FEES

The City has retained Bond Counsel, the Municipal Advisor, Disclosure Counsel, Registrar and Paying Agent, and Dissemination Agent (as hereinafter defined) with respect to the authorization, sale, execution and delivery of the Series 2025 Bonds. Payment of the fees of such professionals and a discount to the Underwriter (including the fees of its counsel) are each contingent upon the issuance of the Series 2025 Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2025 Bonds upon an event of 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, including specifically the Federal Bankruptcy Code, the remedies specified by the Resolution and the Series 2025 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by

bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C -- Form of Resolution" attached hereto for a description of events of default and remedies.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Series 2025 Bondholders to provide certain financial information and operating data relating to the City, the Non-Ad Valorem Revenues and the Series 2025 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC (the "Rule"). Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated events, when and if they occur, with the Repository.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City upon the issuance of the Series 2025 Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2025 Bonds, no party other than the City is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The City inadvertently failed to timely file certain financial obligations incurred in Fiscal Year 2022 and 2025; provided however, curative filings have since been made. The City fully anticipates satisfying all future disclosure obligations required pursuant to the Rule. The City's dissemination agent is Digital Assurance Certification, LLC., Orlando, Florida (the "Dissemination Agent").

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2025 Bonds, the security for the payment of the Series 2025 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2025 Bonds.

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

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Series 2025 Bonds, the City will furnish a certificate substantially to the effect that nothing has come to their attention which would lead them to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2025 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF VENICE, FLORIDA

By: _____
Mayor

By: _____
City Manager

By: _____
Finance Director

APPENDIX A

General Information Concerning the City

General

The Town of Venice was incorporated in 1926 and renamed by Florida Legislature to the City of Venice, Florida (the "City") in 1927. The City is located in Sarasota County, in the southwestern part of the state, and is about an hour drive south of Tampa. The City is one of four incorporated municipalities within Sarasota County. The City, well known for its beaches, enjoys a semi-tropical climate with an average summer temperature of approximately 82 degrees, and an average winter temperature of approximately 64 degrees. The City currently occupies a land area of 17.86 square miles and serves a population of approximately 28,967.

The economy of the City and Sarasota County is a blend of tourism and retirement industries, service industries, light manufacturing, and construction. When the recession started in 2007, the City faced the same economic challenges as most of the nation. Around 2014, the local economy started recovering and by 2020, new construction activity and tourism had recovered above pre-recession levels. When the economic effects of the coronavirus pandemic hit in March 2020, the local economy was hit again. Travel restrictions meant fewer tourists, and some restaurants, bars and other businesses closed, a few permanently. At the City, gas taxes, sales taxes and commercial garbage collection revenues dropped for several months. The hiring of several vacant positions was delayed, and some capital projects were deferred or brought in-house, but otherwise, the impact on the City's Budget was not significant. Starting with the Fiscal Year 2023 financial statements and continuing with Fiscal Year 2024, revenues are above pre-COVID levels.

The combination of cultural and recreational facilities, together with the continuing expansion of programs and facilities makes the City and Sarasota County ideal retirement areas. Retirees contribute an important stabilizing effect on the City's economy since their incomes are affected very little by the cyclical nature of the economy and by unemployment levels.

The population of the City has increased over the past ten years from 21,418 in 2015 to 28,967 in 2024, an average increase of 3.1% per year. The population increase is attributed more to migration than births and deaths.

Government

The City has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in the City Council, which consists of the Mayor and six other Council members. The City Council is responsible, among other things, for passing ordinances, adopting an annual budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Mayor and Council members are elected at large, on a non-partisan basis, for four-year staggered terms.

The City provides a full range of services that include public safety, construction and maintenance of streets and other infrastructure, solid waste collection and disposal services, recreational activities, and

cultural events. The City also operates water, wastewater, and storm water utilities, and has a municipal airport which is a historic general aviation facility.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager in April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to July 31. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, which is the close of the City's Fiscal Year. The appropriations budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within a fund. Transfers of appropriations between funds, however, require the approval of the City Council.

Air Transportation

Venice Municipal Airport ("VNC"), a general aviation airport owned by the City, is home to approximately 200 aircraft and there are about 90,000 annual takeoffs and landings, as calculated by the airport's traffic counting system. The airport is its own enterprise fund, has a significant impact on the local economy, and provides convenient access to the community for residents, businesses and visitors. VNC has two 5,000-foot runways and traffic consists of almost equal amounts of general aviation and transit general aviation use. VNC does not intend to offer scheduled airline service or large scale cargo service at any point in the future

The Sarasota-Bradenton International Airport is located about 40 minutes north of the City.

Education

The Sarasota County School System operates as a separate political entity with its own taxing authority. The Sarasota County School Board is an elected body of five members which establishes educational policy. An appointed superintendent reports to the Sarasota County School Board and is responsible for the administration of the system.

Sarasota County is home to two main four-year institutions: New College of Florida and Ringling College of Art and Design. Additionally, State College of Florida, Manatee-Sarasota offers four-year bachelor's degrees. A regional campus of University of South Florida is also located in Sarasota.

Cultural and Recreational Facilities

Venice has been listed in many publications as being the "Shark's Tooth Capital of the World." It hosts an annual festival, the Shark's Tooth Festival, to celebrate the abundance of fossilized shark's teeth that can be found on its coastal shores.

Venice has more than 30 parks ranging in size from tiny pocket parks to the beach along the Gulf of Mexico. Some of the more unique parks include Paw Park, where dogs may romp on the beach, and Venetian Waterway Park, where people may bike and hike on a 5-mile stretch along both sides the Intracoastal Waterway. The Venice Train Depot renovated in 2002-03 is at the northeast end of the park and is home to a Sarasota County Area Transit bus system hub. More history is available at the Historic Spanish Point in Osprey, an attraction that provides insight into the life and times of early pioneers.

Sarasota, about 30 minutes north of the City, is known as a cultural hub with numerous performing arts venues and museums. Key attractions include the Sarasota Opera House, Ringling Museum of Art, Sarasota Ballet, Sarasota Orchestra, Asolo Repertory Theatre, and the Venice Theatre, one of the largest community theaters in the US

Sport fishing attracts numerous enthusiasts to the area.

Tax and Demographic Statistics

The following is information on the City's tax and demographic profile. Unless otherwise indicated, the source of each of the following is the City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2024.

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended 09/30	Real Property	Personal Property	Less Tax-Exempt Property	Total Taxable Assessable Value	Total Direct Tax Rate
2024	\$7,484,492,746	\$402,429,630	\$1,284,647,330	\$6,602,275,046	4.310
2023	6,553,365,089	376,900,144	1,202,403,565	5,727,861,668	4.829
2022	5,398,873,191	299,888,680	874,982,536	4,823,779,335	4.917
2021	5,060,396,490	231,884,065	789,303,582	4,502,976,973	4.957
2020	4,821,442,291	202,954,751	772,165,133	4,252,231,909	4.320
2019	4,581,568,812	211,641,179	737,407,454	4,055,802,537	4.338
2018	4,323,513,339	213,745,524	717,323,755	3,819,935,108	4.278
2017	4,026,844,232	203,020,521	682,711,628	3,547,153,125	3.766
2016	3,643,753,887	195,366,001	610,975,231	3,228,144,657	3.277
2015	3,417,689,098	192,979,601	586,116,448	3,024,552,251	3.292

Note: The basis of assessed value required by the state is 100% of actual value. For each Fiscal Year ending September 30, property is valued as of the preceding January 1st.

Source: City of Venice, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.

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**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year Ended 09/30	City of Venice			Overlapping Rates			Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Sarasota County	School District	SWFWMD	
				Total County Millage	Total School Millage	Total SWFWMD Millage	
2024	3.904	0.406	4.310	4.520	6.180	0.204	15.214
2023	4.360	0.469	4.829	4.528	6.272	0.226	15.855
2022	4.360	0.557	4.917	4.538	6.709	0.254	16.418
2021	4.360	0.597	4.957	4.541	6.975	0.267	16.740
2020	3.700	0.620	4.320	5.175	6.943	0.280	16.718
2019	3.700	0.638	4.338	5.133	7.003	0.296	16.770
2018	3.600	0.678	4.278	5.133	7.209	0.313	16.933
2017	3.600	0.166	3.766	5.143	7.433	0.332	16.674
2016	3.100	0.177	3.277	5.143	7.763	0.349	16.532
2015	3.100	0.192	3.292	5.177	7.777	0.366	16.612

Source: City of Venice, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended 09/30	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2024	\$28,455,805	\$27,659,463	97.2%	\$-	\$27,659,463	97.2%
2023	27,659,844	26,794,977	96.9	153	26,795,130	96.9
2022	23,718,523	22,879,205	96.5	6,519	22,885,724	96.5
2021	22,321,257	21,506,496	96.3	5,775	21,512,271	96.4
2020	18,369,642	17,693,372	96.3	19,755	17,713,127	96.4
2019	17,594,071	16,986,409	96.5	22,301	17,008,710	96.7
2018	16,341,682	15,748,855	96.4	16,779	15,765,634	96.5
2017	13,358,579	12,850,227	96.2	8,254	12,858,481	96.3
2016	10,578,630	10,244,464	96.8	1,963	10,246,427	96.9
2015	9,956,826	9,601,711	96.4	7,385	9,609,096	96.5

Source: City of Venice, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of the tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes are sold at public auction prior to June 1 each year, and the proceeds collected are remitted to the City.

**Demographic and Economic Statistics
Last Ten Years**

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2024	28,967	\$2,077,658,075	\$71,725	3.7%
2023	27,793	1,993,452,925	71,725	3.4
2022	26,728	1,789,733,608	66,961	2.5
2021	26,103	1,236,055,359	47,353	3.7
2020	24,016	1,137,229,648	47,353	5.2
2019	23,315	993,079,110	42,594	2.9
2018	22,781	970,333,914	42,594	2.9
2017	22,306	945,216,750	42,375	3.3
2016	21,849	899,829,216	41,184	4.7
2015	21,418	852,821,924	39,818	5.0

(1) Bureau of Economic and Business Research (BEBR), University of Florida. Resident population used by the City's Planning and Zoning Department.

(2) Determined by multiplying population by per capita personal income.

(3) U.S. Census Bureau - For Fiscal Year 2023 and Fiscal Year 2024 (in 2022 dollars), 2018-2022; U.S. Census Bureau - For Fiscal Year 2022 (in 2021 dollars), 2017-2021; U.S. Census Bureau - For Fiscal Year 2020 and Fiscal Year 2021 (in 2019 dollars), 2015-2019; U.S. Census Bureau - American FactFinder, 2013-2017 5-year American Community Survey (in 2017 inflation-adjusted dollars).

(4) U.S. Department of Labor, Bureau of Labor Statistics - Local Area Unemployment Statistics.

NOTES: Statistics for unemployment rate are not available for City of Venice. Therefore, figures from North Port-Sarasota-Bradenton, FL Metropolitan Statistical Area were used.

Source: City of Venice, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.

**Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago**

	2024			2015		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed		Total Taxable	Assessed		Total Taxable
<u>Taxpayer</u>	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
MHC Bay Indies LLC	\$116,217,228	1	1.76%	\$53,709,100	2	1.78%
SW Florida Retirement Center, Inc	72,829,600	2	1.10	17,684,275	6	0.59
JLLX Reserve at Venice Dst	56,627,300	3	0.86	-		0.00
PGT Industries, Inc	54,943,803	4	0.83	43,822,980	3	1.45
Venice FL Senior Housing	51,998,100	5	0.79	41,762,125	4	1.38
TGVF	49,603,900	6	0.75	-		0.00
Watermark at Venice Pinebrook FL, LLC	38,451,800	7	0.58	-		0.00
Heartis Venice LLC	31,916,000	8	0.48	-		0.00
Venice Health Partners	28,691,700	9	0.43	-		0.00
MedProperties Venice, LLC	26,978,500	10	0.41	-		0.00
Venice Regional Medical Center	-		-	66,840,119	1	2.21
Florida Power & Light	-		-	26,308,153	5	0.87
Tervis	-		-	16,029,685	7	0.50
Publix Supermarkets	-		-	14,967,322	8	0.53
WCI Communities, Inc.	-		-	11,905,397	9	0.39
CSH-ING Bella Vita LP	-		-	11,862,600	10	0.39
Totals	<u>\$528,257,931</u>		<u>7.99%</u>	<u>\$304,891,756</u>		<u>10.09%</u>
Total taxable assessed value –						
City of Venice	<u>\$6,602,275,046</u>			<u>\$3,020,689,268</u>		

Source: City of Venice, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.

**Principal Employers
Current Year and Nine Years Ago**

	2024			2015		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Sarasota Memorial Hospital	10,597	1	5.40%	3,099	3	1.84%
School Board of Sarasota County	6,445	2	3.29	5,564	1	3.30
Publix Super Markets, Inc.	4,620	3	2.36	1,335	5	0.79
Sarasota County Government	2,812	4	1.43	3,447	2	2.04
PGT Innovations	2,615	5	1.33	1,700	4	1.01
Walmart	1,442	6	0.74	-	-	-
City of North Port	900	7	0.46	-	-	-
City of Sarasota	875	8	0.45	-	-	-
Target	636	9	0.32	-	-	-
Lowe's Home Centers	555	10	0.28	-	-	-
Venice Regional Medical Center	-		-	1,200	6	0.71
FCCI Insurance Group	-		-	720	7	0.43
Sun Hydraulics Corporation	-		-	702	8	0.42
Goodwill Industries	-		-	682	9	0.40
Goodwill Industries	-		-	650	10	0.39
	<u>31,497</u>		<u>16.06%</u>	<u>19,099</u>		<u>11.33%</u>
Total Sarasota County Employment:	<u>196,174</u>			<u>168,673</u>		

Source: City of Venice, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024.

Note: Statistics are for Sarasota County; not available for City of Venice.

Property Tax Reform

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the City has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "*Constitutional Exemptions. – Recent Constitutional Amendments.*" below.

Constitutional Exemptions.

Exempt Entities/Exempt Purposes. The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly

for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes, shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than one thousand dollars and to every widow or widower or person who is blind or totally and permanently disabled, property not less than five hundred dollars. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$5,000 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire 10 years from the date of approval by the electors of the county or municipality, and may be renewable by referendum as provided by general law and that exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. The City has enacted an ordinance granting the exemption described in this paragraph.

Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or the property no longer qualifies for the exemption. The City has enacted an ordinance granting the exemption described in this paragraph.

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

tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated In Perpetuity for Conservation. The State Constitution provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. The State Constitution also provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes, such amount shall be adjusted annually on January 1 of each year for inflation. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following homestead exemptions are authorized by State law.

Certain Persons 65 or Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption of (i) not exceeding \$50,000 for persons who has the legal or equitable title to real estate and maintains thereon the permanent residence of the owner and has attained age 65 or older with household income that does not exceed the statutory income limitation of \$20,000 (as increased by the percentage increase in the average cost of living index each year since 2001) or (ii) the assessed value of the property to a person who has the legal or equitable title to real estate with a just value less than \$250,000, as determined the first tax year that the owner applies and is approved, for any person 65 or older who has maintained the residence as his or her permanent residence for not less than 25 years and whose household income does not exceed the statutory income. The City has enacted an ordinance providing for the exemption from ad valorem taxes described in this paragraph.

In addition, veterans 65 or older who are partially or totally permanently disabled may receive a discount from tax on homestead property if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs. A Surviving Spouse of a veteran who died from service while on active duty as a member of the United States Armed Forces is allowed the same ad valorem tax discount on homestead property for combat-disabled veterans age 65 or older to transfer to the surviving spouse of a veteran receiving the discount if the surviving spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry.

Deployed Military Personnel. The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the

Legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the Legislature divided by the number of days in that year.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

Certain Totally and Permanently Disabled Persons. Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Surviving Spouse of Veterans. Any real estate that is owned and used as a homestead by the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces, the Legislature may provide ad valorem tax relief equal to the total amount or a portion of the ad valorem tax otherwise owed on homestead property.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

Save Our Homes Portability Affected by Storm Damage (SOH). Owners of homestead property that was significantly damaged or destroyed as a result of a named tropical storm or hurricane can elect to have the property deemed abandoned if the owner establishes a new homestead by January 1 of the third year immediately following the storm or hurricane. This will allow the owner of the homestead property to keep their SOH benefit if they move from the significantly damaged or destroyed property to establish a new homestead by the end of the year following the storm. The constitutional amendment passed by the voters on November 3, 2020, extended the period from its original two years to three years.

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

Recent Legislation and Constitutional Amendments Relating to Ad Valorem Taxation

During the 2021 State legislative session, State Senate Bill 7061 was passed by the Senate and the House and signed into law by the Governor. This law exempts fully from ad valorem taxation certain affordable

housing properties that previously received a 50% discount from ad valorem taxes, along with certain other insignificant or indeterminate modifications to State law regarding ad valorem taxes.

During the 2022 State legislative session, State House Bill 7071 was passed by the Senate and the House and signed into law by the Governor. This law contains provisions for tax relief and changes to tax policy including, but not limited to, the following: providing property tax relief for residential property rendered uninhabitable for 30 days or more due to a catastrophic event; providing property tax relief for property owners affected by the sudden and unforeseen collapse of a residential building; increasing the widows, widowers, blind, or totally and permanently disabled property tax exemption from \$500 to \$5,000; providing an alternative assessment methodology for land used in the production of aquaculture products; clarifying the extent of the homestead exemption on classified lands; updating the qualifying operations for the deployed service member property tax exemption; and providing alternative dates from which to calculate the 15-year required term of an affordable housing agreement for establishing qualification for a property tax exemption. This law took effect on July 1, 2022. Further, State House Bill 777 was passed by the Senate and the House, which would require a local government seeking voter approval to levy certain optional local taxes to be held at a general election. The bill applies to the following local option taxes: tourist development taxes; tourist impact taxes; ad valorem taxes levied by a children's services independent special district; county, municipal and school district voted millage increase and local option fuel taxes and took effect on October 1, 2022.

During the 2023 State legislative session, State House Bill 7063 was passed by the Senate and the House and signed into law by the Governor. This law makes property tax exemptions for veterans, first responders and surviving spouses more accessible by eliminating certain requirements related to residency and property ownership, and revises the definition of "first responder" to include federal law enforcement officers and their surviving spouses. Additionally, this law creates a property tax exemption for certain leased property used for educational purposes. State House Bill 7063 also provides that property that is used as a parsonage, burial grounds or tomb and is owned by an exempt organization that owns a house of public worship is exempt for a religious purpose.

During the 2024 State legislative session, State House Joint Resolution 7017 was passed by the Senate and the House and signed by officers of the State and filed with Secretary of State. State House Joint Resolution 7017 proposed an amendment to Article VII, Section 6(a) of the State Constitution requiring the existing \$25,000 assessed value amount, which is exempt from all ad valorem taxes other than school district taxes, be adjusted annually for positive inflation growth. This inflation adjustment provision applies to any future homestead exemption applying only to ad valorem taxes, other than school district taxes. The inflation adjustment was approved by more than sixty percent (60%) of the voters at the 2024 general election. State House Bill 7019 was also passed by the Senate and the House during the 2024 State legislative session which amends Section 196.031, Florida Statutes, to add the annual positive inflation adjustment. State House Bill 7019 creates Section 218.136, Florida Statutes, requiring the Florida Legislature to appropriate funds to offset reductions in ad valorem tax revenue experienced by fiscally constrained counties as a result of the annual positive inflation adjustment. The bill provides emergency rulemaking authority to the Department of Revenue to administer the provisions of the act.

In 2025, the Florida Legislature passed Committee Substitute for House Joint Resolution 1215 ("CS/HJR 1215") which would create a property tax exemption for certain agricultural tangible personal property from ad valorem taxation. CS/HJR 1215 is not subject to the Governor's veto power but is subject to approval by 60 percent of voters during the 2026 general election, if passed the bill will take effect on January 1, 2027. The Florida Legislature also passed House Bill 7031 which includes new or expanded

exemptions for affordable housing which will apply to the 2026 tax rolls. The Series 2025 Bonds are not secured by ad-valorem property taxes and the City does not believe such proposed legislation, if it becomes law, would impact its ability to pay debt service on the Series 2025 Bonds.

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

Select Committee on Property Taxes. On April 29, 2025, the Speaker of the Florida House of Representatives announced the creation of the Select Committee on Property Taxes (the "Select Committee") to consider various property tax reforms in the State. On May 2, 2025, the Select Committee convened for its first meeting to discuss five proposals regarding providing property tax relief, including (i) eliminating foreclosures on homestead properties due to property tax liens, (ii) requiring a referendum on eliminating property taxes on homestead properties, (iii) creating a \$500,000 homestead exemption for non-school property taxes, which would increase to \$1 million for residents age 65 and older or those who have had a homestead in the State for 30 years or more, (iv) authorizing the legislature to increase the homestead exemption to any value by general law, and (v) changing the caps on annual increases for homestead property. Recommendations from the Select Committee are expected to be considered during the 2026 regular Florida legislative session and, if enacted, placed on the November 26 general election ballot. There can be no assurance that any such proposals, or similar or additional proposals, will not be introduced or enacted by the legislature or approved by the electors, if applicable, in the future that would or might apply to, or may have a material adverse effect upon, the City's finances in general or the City's ad valorem taxing power, the amount of ad valorem tax revenues collected by the City, and the City's ability to pay debt service on the Series 2025 Bonds.

APPENDIX B

Annual Comprehensive Financial Report of the City for the Fiscal Year Ended September 30, 2024

APPENDIX C

Form of Resolution

APPENDIX D

Form of Bond Counsel Opinion

APPENDIX E

Form of Continuing Disclosure Certificate