

City of St. Petersburg
Budget, Finance, and Taxation Committee
February 22, 2024 – 10:00 AM
City Hall, Room 100

Members: Committee Chair Copley Gerdes, Committee Vice-Chair Ed Montanari, Council Chair Deborah Figgs-Sanders, and Council Member Lisset Hanewicz

Alternate: Council Member Brandi Gabbard

Support Staff: Jayne Ohlman – Senior Legislative Aide

1) Call to Order

2) Approval of Agenda

3) Approval of February 8, 2024 Minutes

4) New Business – February 22, 2024

- a) Review Proposed Changes to Chapter 5 of the City Code Regarding Public Art – *Sharon Michnowicz, Assistant City Attorney*
Attachments
 - 1) Memorandum
 - 2) Draft Ordinance Amending Chapter 5, Article III, Division 1 Related to Works of Art in the City

- b) A Discussion Regarding Issuing a One-Year Note for the Public Utility to Finance its FY 24 CIP – *Tom Greene, Assistant City Administrator, and Anne Fritz, Debt Financing Director*
Attachments
 - 1) Memorandum
 - 2) PFM Recommendation with RFP Response Summary
 - 3) Draft Resolution

Upcoming Meeting Dates & Tentative Agenda Items

March 7, 2024

- a) 2024 Property Insurance Renewals – *Blaise Mazzola, Risk Manager, and Chris Guella, Human Resources Director*

March 28, 2024

- a) FY 2023 External Audit Presentation (Annual Comprehensive Financial Reports) – *Erika Langhans, Interim Chief Financial Officer, and Lauren Strobe (Cherry Bekaert)*

- b) Discussion on a Revision to the City’s Fiscal Policies on Interfund Loans in Combined Amount Not to Exceed \$5,000,000 from the Economic Stability Fund – *Tom Greene, Assistant City Administrator*

General Attachments:

Minutes of the February 8, 2024 BF&T Committee Meeting
Pending and Continuing Referral List
Weeki Wachee Project List
Agenda Item Support Material

City of St. Petersburg
Budget, Finance and Taxation Committee
February 8, 2024 Meeting Minutes
City Hall, Room 100

Present: Committee Chair Copley Gerdes, Committee Vice-Chair Ed Montanari, Council Chair Deborah Figgs-Sanders, and Council Member Lisset Hanewicz.

Absent: None

Also Present: Assistant City Administrator Tom Greene, Chief Assistant City Attorney Jeannine Williams, Budget and Management Director Liz Makofske, Budget Manager Jim Chism, City Treasurer Tom Hoffman, Financial Audit Manager David Goddu, and Deputy City Clerk Paul Traci.

Support Staff: Jayne Ohlman – Senior Legislative Aide

1. **Call to Order** – 10:50 AM
2. **Approval of Agenda** – CM Figgs-Sanders motioned for approval. All voted in favor.
3. **Approval of January 25, 2024 Minutes** – CM Montanari motioned for approval. All voted in favor.
4. **New Business – February 8, 2024**

First Quarter Budgetary Analysis & Fund Balance Reports – *Liz Makofske, Budget & Management Director*

Budget and Management Director Liz Makofske detailed the Fiscal Year 2024 first quarter budgetary analysis, fund balance report, and spotlight report.¹ For the first quarter, 35 of the 41 selected funds are operating within an acceptable variance of plus or minus 2%. The remaining two funds are projected to have year-end fund balances of 5% or more below target.

Next, Ms. Makofske explained that based on actual revenue collected as of December 31, 2023, and projections for FY 24, the general fund would collect an estimated \$372.062 million in revenue, exceeding both the adopted and amended revenue budget. In contrast, the total estimated expenditures are \$379.907 million, of which \$6.070 million were encumbrances in FY 23 but are set to become actuals in FY 24. As a result, an estimated \$1.775 million of fund balance will be used to cover current year obligations. Ms. Makofske noted that the beginning fund balance of the general fund includes \$1,792,645 of unspent or unencumbered BP resources. As of December 31, 2023, all \$6,477,796 of the initial BP resources have been appropriated, and any unspent funds will be rolled over to FY 24.²

Ms. Makofske provided an overview of the fund balance targets established by the City's fiscal policies. The first target states that the unappropriated fund balance of the general fund will be 12% of the annual appropriation in the fund, excluding any transfer to the Economic Stability Fund.³ For FY 24, the City's 12% target equals approximately \$43.178 million. Based on first-quarter estimates, the year-

¹ The spotlight report provides a snapshot of quarterly performance with selected operating funds' revenue and expense projections. The spotlight report separates the BP-funded investments and the revenues/expenditures associated with the CARES Act from the true operating revenue and expenses within the general fund.

² During the first quarter of FY 22, the City received \$1,063,567 in additional BP proceeds. The spotlight reports show the additional revenues received by the City but will not show in the expenditure estimate until a plan to spend the proceeds is approved.

³ Increased from 10% as part of the FY 24 Fiscal Policy changes.

end projection is about \$69.556 million in unappropriated fund balance, exceeding the 12% target by \$26.378 million.

The other target that applies to the general fund group of funds is to have an unappropriated fund balance in the group of funds equal to 20% of the collective appropriation. For FY 24, the 20% target equates to \$72.305 million, and the projected year-end unappropriated fund balance is \$102.174 million, exceeding the 20% target by \$29.869 million.

Ms. Makofske continued with updates on the Water, Stormwater, and Sanitation Operating Funds. The Water Resources Operating Fund is performing better than budget expectations as of the first quarter, with an estimated increase in fund balance of \$6.382 million, and it is expected to meet or exceed its fund balance target at the end of FY 24. The Stormwater Utility Operating Fund is performing below budget expectations, with an estimated use of fund balance of \$1.83 million; however, the fund is still expected to meet its fund balance target at the end of FY 24. The Sanitation Operating Fund is performing better than budget expectations, with an estimated increase in fund balance of \$828,000, and it is expected to meet or exceed its fund balance target at the end of FY 24.

Ms. Makofske concluded with the American Rescue Plan Act (ARPA) Fund status update. Ms. Makofske reminded the committee that the City received \$45,413,870, and as of the first quarter of FY 24, only \$1,250,365 remains unappropriated.

In referencing the Economic Stability Fund Balance in the Stoplight Report, Committee Vice-Chair Montanari asked for an update on all outstanding interfund loans from the stability fund. CM Montanari asked if the recent \$6 million interfund loan transfer for the Deuces Rising Townhome project is included in the stability fund's year-end estimate. Ms. Makofske responded that it is included.

In reference to the Stormwater Utility Operating Fund, Council Member Hanewicz asked Ms. Makofske to expand on why the fund is performing below budget expectations compared to the Water and Sanitation Operating Funds. Ms. Makofske explained that there are several reasons that the fund is using more of its fund balance than other utility funds, such as the anticipated rate increases when the budget is built or due to CIP projects that require more transferred funds than expected.

Committee Chair Gerdes asked if the City can better predict the net revenue increases from various sources such as sales, utility, and franchise taxes. Assistant City Administrator Tom Greene explained that they periodically review revenue sources, especially charges for services controlled internally. However, sales and utility tax revenue are more challenging to predict due to the tendency to fluctuate based on external factors; unlike budgeting for ad valorem revenue, which is driven by the statutory requirement to budget at least 95% of ad valorem taxes, the City budgets at 96%.⁴

First Quarter Financial & Investment Reports – Tom Hoffman, City Treasurer, and David Goddu, Financial Audit Manager

City Treasurer Tom Hoffman provided an overview of the City's financial results for the first quarter and the three months preceding December 31, 2023. Beginning with the investment report, Mr. Hoffman stated that the current amortized book value of all holdings governed by the City's General Investment Policy is \$1.195 billion with a corresponding market value of \$1.18 billion, resulting in an unrealized loss of \$15.3 million. Included in the calculation for total unrealized loss is the market value

⁴ Florida Statutes Section 200.065(2)(a)1.

loss of \$113,965 for the BlackRock holdings. Therefore, excluding the BlackRock holdings, the City-managed portfolio reports a \$15.2 million unrealized loss.⁵

Combining all sources of interest income earnings for the twelve months preceding December 31, 2023, the City's investment earnings were \$37.10 million, for an average return of 3.41%. The average return for the first quarter was 3.73%. During the first quarter, maturities were held for the face amount of \$124.3 million. Instruments purchased during the first quarter totaled \$205.5 million, and \$6.5 million were called.

Next, Mr. Hoffman stated that the current amortized book value of the Alternative Investment Portfolios is \$33.1 million, with a corresponding market value of \$48.1 million and a total unrealized gain of \$15 million. The total amortized book value of the General and Alternative Investment Policies combined is \$1.228 billion, and the market value is \$1.228 billion, with a total unrealized loss of \$300,000.⁶

In referencing the liquidity disclosure compliance requirements, CM Montanari asked for a reminder on how the \$125 million minimum liquidity amount was decided. Mr. Hoffman responded that the \$125 million equals approximately two months of average city expenditures and noted that the figure may need to be revisited to account for increased costs. CM Gerdes stated that the Investment Oversight Committee (IOC) plans to review a number of minimum standards soon, including the minimum liquidity figure.

Next, CM Montanari asked if there were plans to acquire more long-term holdings, as the portfolio report shows significantly more short-term holdings than long-term. CM Gerdes and Mr. Hoffman responded that the IOC explored lengthening holding durations last year; however, due to market volatility, they held off. CM Gerdes stated that the IOC is revisiting a plan to lengthen holdings during this fiscal year.

Next, Financial Auditor Manager David Goddu provided an overview of the outstanding governmental and enterprise debt as of December 31, 2023. Enterprise debt includes the following funds: Water Resources, Stormwater, Sanitation, Marina, and Equipment Replacement. The total General Governmental Debt (principal and interest) as of December 31, 2023, is \$68,337,714, a decrease from the FY 23 fourth quarter debt amount of \$79,141,262. Fiscal year-to-date principal and interest payments, \$9.8 million and \$796,019 (net of interest subsidy), respectively, are excluded from the outstanding debt summary in the quarterly report.

Mr. Goddu continued with a summary of the City's Employee Retirement Fund, Fire Pension Fund, and Police Pension Fund ("the Plans") as of December 31, 2023. Mr. Goddu noted that during the first three months of FY 24, the Plans experienced aggregate interest and dividend income earnings of approximately \$8.7 million, with realized and unrealized investment gains of \$90.3 million. In comparison, during the first three months of FY 22, the Plans experienced aggregate interest and dividend income earnings of approximately \$8 million and realized and unrealized investment gains of \$70.9 million.

CM Gerdes asked if the City is anticipating a large pension fund contribution this year and how much the return on investments will be able to help offset the City's overall contribution. Mr. Greene

⁵ The change in market value of the City's investments fluctuates daily and the change in market value will not be realized unless the instrument is sold or impaired.

⁶ The deposit and investment of all city monies is governed to the extent permitted by Section 2-102 and 2-104 of City Code, as well as the Investment Policy for Municipal Funds and the Alternate Investment Policy (Preservation Reserve Fund, Weeki Wachee Fund, Environmental Preservation Fund, Water Cost Stabilization Fund). The policies were prepared in accordance with Chapter 218.415, Florida Statutes, which governs the city's investment activities.

responded that it is difficult to predict due to market fluctuations; however, the City will have a more specific contribution amount in the coming months once the necessary actuary data is available.⁷

Next, Mr. Hoffman provided an update on the Parks Preservation (Weeki Wachee) Fund, noting that the portfolio's first-quarter book value is \$15.27 million, with a corresponding market value of \$18.05 million and an unrealized gain of \$2.78 million. In addition, Mr. Hoffman explained that during the reporting period, the fund received interest and dividend income earnings totaling \$124,531 and an unrealized investment gain of about \$1.40 million.

CM Montanari requested an update on the St. Pete Science Center property, specifically the approximately \$2 million transferred during FY 21.⁸ Mr. Greene responded that if a private entity acquires the center, the funds could stay in the Weeki Wachee project fund for use on another project. Alternatively, the funds could go back into the Weeki Wachee fund, but the City would need to liquidate securities again to pull from the fund.

Mr. Hoffman concluded with a review of the budget versus actual reporting, which includes summarized financial information for each fund, fund balance reconciliation, detailed general fund group budget versus actual data, and budget versus actual statements for all operating funds.

CM Gerdes adjourned the meeting at 11:46 AM.

⁷ The City receives two actuarial valuation reports annually. The first actuarial report utilized fulfills the financial reporting and disclosures required by accounting standards to be included in the City's Annual Comprehensive Financial Report. Accounting standards have specific requirements for the actuarial valuation to assist in comparability of pension liabilities across governmental entities in their annual financial reporting. The second actuarial report for funding status is requested by the pension boards to determine funded status and determine recommended City contributions for the fiscal year October 1, 2023 through September 30, 2024. The actuarial assumptions for financial reporting differ from the assumptions utilized by the pension boards in the funding related actuarial report, resulting in a variance of the pension actuarial liability.

⁸ City Council Resolution 21-472 (September 30, 2021) approved funding for the Science Center Project from the Weeki Wachee Funds in an amount not to exceed \$2,300,000.

Budget, Finance, & Taxation Committee Pending & Continuing Referral List						February 22, 2024	
	Topic	Return Date	Referral Date	Prior Meeting	Referred by	Staff	Notes
1	Review Proposed Changes to Chapter 5 of the City Code Regarding Public Art	2/22/2024	11/30/2023		Gerdes (Staff Request)	Sharon Michnowicz	
2	Discussion Regarding Issuing a One-Year Note for the Public Utility to Finance its FY 24 CIP	2/22/2024	2/1/2024		Gerdes (Staff Request)	Anne Fritz, Tom Greene	
3	2024 Property Insurance Renewals	3/7/2024	Annual	3/9/2023	City Code § 2-202, City Council	Blaise Mazzola, Chris Guella	
4	FY 2023 External Audit Presentation (Annual Comprehensive Financial Reports)	3/28/2024	Annual	3/23/2023	City Code § 4.05, Florida Statutes § 218.32	Erika Langhans, Lauren Strope (Cherry Bekaert)	
5	Discussion on a Revision to the City's Fiscal Policies on Interfund Loans in Combined Amount Not to Exceed \$5,000,000 from the Economic Stability Fund	3/28/2024	2/1/2024		Montanari	Tom Greene	
6	First & Second Quarter Grants Report	4/25/2024 Q1 & Q2 10/24/2024 Q3 & Q4	Semiannual		City Council	Liz Makofske	10/26/2023 - Staff to provide third and fourth quarter grants reports via email in lieu of meeting.
7	2024 Quarterly Financial Reports	Q2 - 5/9/2024 Q3 - 8/8/2024 Q4 - 11/7/2024	Quarterly	Q1 - 2/8/2024	City Fiscal Policies (Resolution 2009-247)	Liz Makofske, Erika Langhans	8/18/2022 - City Council requested that quarterly financial reports include updates on American Rescue Plan Act (ARPA) funds expenditures
8	External Auditor Selection - Review RFP Proposals & Shortlist	5/30/2024	As Needed		Resolution 99-238	Sakha Reed, Boriana Pollard, Erika Langhans	
9	FY 25 Utility Rate Program - Meeting #1	6/13/2024	Annual		City Council	Angela Miller	
10	FY 25 Utility Rate Program - Meeting #2 Review Proposed Rate Structure Changes	7/11/2024	Annual		City Council	Angela Miller	
11	Annual Review of the City's Fiscal Policies	8/8/2024	Annual	8/10/2023	City Fiscal Policies	Liz Makofske, Erika Langhans	
12	FY 2025 Management Evaluation Discussion	10/10/2024	Annual		Resolution 2012-271	Boriana Pollard	

	Topic	Return Date	Referral Date	Prior Meeting	Referred by	Staff	Notes
13	FY 2024 Budget Clean-Up	11/7/2024	Annual	11/9/2023	Florida Statutes § 166.241	Liz Makofske	
14	2025 Health Insurance Renewal - Status Update on Current Year Health Plan	12/12/2024	Annual	12/7/2023	BF&T	Jason Hall, Chris Guella, Chuck Tobin (Gallagher Benefit Services)	
15	Office of Supplier Diversity Annual Update: Small Business Enterprise (SBE) Program, Minority/Women Owned Businesses (M/WBE) Program, and Apprentices/Disadvantaged Workers Participating in Major Construction Projects	12/12/2024	Annual		Ordinance 569-H	Kourey Hendryx-Bell, Stephanie Swinson	
16	Planning & Development Services Department Management Evaluation - Progress Update	January 2025	Annual	1/11/2024	BF&T	Liz Abernethy	1/11/2024 - Matrix Consulting presented the final report for the management evaluation of the Planning & Development Services Department
17	A Discussion to Add the Acquisition of the Property Located at the Northwest Corner of 4th Street South and 18th Avenue South to the Weeki Wachee Project List	TBD	2/15/2024		Driscoll	Mike Jefferis	
18	2024 Management Evaluation - St. Petersburg Fire Rescue Department	TBD		8/24/2023 10/12/2023 1/25/2024	City Code § 4.05(g)	Sakha Reed, Boriana Pollard	10/12/2023 - Committee approved the scope of services for the management evaluation of SPFR & authorized the Administration to issue the RFP. 1/25/2024 - Committee shortlisted & recommended to the full City Council to authorize BFT Chair/City Admin to negotiate an agreement with Matrix Consulting.
19	Stormwater, Pavement, and Traffic Operations (SPTO) Management Evaluation - Progress Update	TBD	1/28/2021	1/28/2021 10/28/2021 5/26/2022 7/13/2023	BF&T	Claude Tankersley, Marshall Hampton	
20	Discussion on Co-Op Grocery and Businesses	TBD	9/24/2020 (COW)		Muhammad (Previously Gabbard)		1/26/2023 - Chair Gabbard requested that the sponsorship of this item be placed under CM Muhammad moving forward.

Upcoming 2024 BF&T Dates: 3/7, 3/28, 4/11, 4/25, 5/9, 5/30, 6/13, 7/11, 7/25, 8/8, 8/22, 9/12, 9/26, 10/10, 10/24, 11/7, 11/21, 12/12

Updated: 2/16/2024

**BUDGET, FINANCE & TAXATION COMMITTEE
WEEKI WACHEE PROJECT LIST**

February 22, 2024

TOPIC	DATE REFERRED	REFERRED BY	RETURN DATE	STAFF RESPONSIBLE	SPECIAL NOTES
Jack Puryear Park Expansion Project	March 12, 2020	Montanari		Mike Jefferis	
Carter G. Woodson African American Museum – Outdoor Event Green Space Beautification Project	August 5, 2021	Figgs-Sanders		David Wirth Chris Ballestra	

MEMORANDUM

BF&T Meeting of February 22, 2024

TO: Budget, Finance, and Taxation Committee

FROM: Sharon Michnowicz, Assistant City Attorney

RE: Changes to City Code, Chapter 5, Article III related to Works of Art in the City

Chapter 5, Article III of the City Code creates a mechanism for funding public art by requiring a percentage of construction costs for any public works project (i.e., a project paid for wholly or in part by the City to construct, rehabilitate, renovate, remodel or improve any facility) to be set aside and deposited into the Art in Public Places Fund (hereinafter, the "Fund"). This set aside is required regardless of whether the public works project is on City-owned property.

The expressed intent of this Article, as set forth in Section 5-55, is that the money set aside for a public works project go toward art to be placed at or adjacent to the same location of that public works project (or another facility utilized by the department from which the money was derived). Other provisions in this Article provide, however, that art acquired utilizing money from the Fund may only be placed on City-owned property, and title to that art must vest in the City.

More flexibility may be needed in this Article to ensure that art can be placed at the same site as the public works project for which money was deposited into the Fund for public works projects that are not located on City-owned property. The attached draft ordinance provides that flexibility by adding that art may be placed on any property that is the location of a public works project from which funds have been set aside and deposited into the Fund. Additionally, it allows for City Council, by a resolution receiving at least five affirmative votes, to waive the requirement that the City have title to all art acquired with money from the Fund.

Attachment: Proposed Ordinance

Ordinance No. _____

AN ORDINANCE AMENDING CHAPTER 5, ARTICLE III, DIVISION 1 RELATED TO WORKS OF ART IN THE CITY; EXPANDING WHERE WORKS OF ART ACQUIRED WITH MONEYS FROM THE ART IN PUBLIC PLACES FUND CAN BE DISPLAYED AND EXPANDING OWNERSHIP OPTIONS FOR SUCH WORKS OF ART; CLARIFYING PROVISIONS; AND PROVIDING AN EFFECTIVE DATE.

THE CITY OF ST. PETERSBURG CITY COUNCIL ORDAINS THE FOLLOWING:

SECTION ONE. Section 5-56 of the St. Petersburg City Code is hereby amended to read as follows:

Sec. 5-56. Ownership and authority to contract.

- (a) All works of art acquired pursuant to this article shall be acquired in the name of the City and title shall vest in the City unless City Council waives this provision by a resolution receiving at least five affirmative votes.
- (b) All contracts for the acquisition of works of art under this article must be approved by ~~the~~ City Council.
- (c) All works of art acquired with moneys from the fund shall be displayed in or on (i) city-City-owned property or (ii) property that is the location of a public works project or facility for which funds have been set aside pursuant to this division. Works of art acquired with moneys from the fund shall not be installed on ~~city-owned property which-that~~ is subject to a lease unless the lessee expressly allows the installation of a work of art. This provision ~~shall does~~ not affect works of art installed before a property is leased nor artwork installed by the lessee.
- (d) ~~Because of the terms set forth in the ground lease agreement with the Salvador Dali Museum, Inc., which placed certain restrictions on a portion of lot 4 and all of lots 5 and 6 at the center for the arts (those lots are shown in exhibits B and C to the ground lease agreement), that portion of lots 4 and all of lots 5 and 6 shall be considered to be leased and shall be subject to the prohibition contained in subsection (c) of this section.~~ The following City-owned property, which is adjacent to the City-owned property leased to the Dali Museum, shall be treated as "property that is subject to a lease" for purposes of subsection (c): lots 4, 5, & 6, block 1, of the Center for the Arts plat recorded in Pinellas County plat book 134 at pages 98-102.

SECTION TWO. Section 5-62(d)(1) of the St. Petersburg City Code is hereby amended to read as follows:

(d) *Allocation of funds.*

- (1) If it would be inappropriate to display a work of art at a City facility, if the funds set aside from any public works project are not sufficient to acquire a work of art appropriate for the City, or if the Commission deems it appropriate to pool funds to provide for works of art of greater cost or a larger, more intricate or detailed work of art at another facility, then such monies shall be used for the acquisition of a work of art for display in or on ~~City-owned~~ property other than the property where the facility being constructed is located.

SECTION THREE. Section 5-63(a) of the St. Petersburg City Code is hereby amended to read as follows:

- (a) A percentage of the construction cost from all public works projects exceeding \$100,000.00 shall be set aside and deposited into the fund for the acquisition of works of art, which shall be displayed in ~~or on City-owned property~~ accordance with this article, and for such administrative, insurance, or repair and maintenance costs reasonably attributable to those works of art.

SECTION FOUR. The provisions of this ordinance are deemed severable. The unconstitutionality or invalidity of any word, sentence, or portion of this ordinance will not affect the validity of the remaining portions.

SECTION FIVE. As used in this ordinance, language appearing in struck-through type is language to be deleted from the City Code, and underlined language is language to be added to the City Code, in the section, subsection, or other location where indicated. Language in the City Code not appearing in this ordinance continues in full force and effect unless the context clearly indicates otherwise. Sections of this ordinance that amend the City Code to add new sections or subsections are generally not underlined.

SECTION SIX. COMPLIANCE WITH § 166.041(4), FLORIDA STATUTES. Pursuant to City Council resolution 2023-507, a business impact estimate was prepared for this ordinance and posted on the City's website no later than the date the notice of the proposed ordinance was published.

SECTION SEVEN. In the event that this ordinance is not vetoed by the Mayor in accordance with the City Charter, it shall become effective after the fifth business day after adoption unless the Mayor notifies the City Council through written notice filed with the City Clerk that the Mayor will not veto the ordinance, in which case the ordinance shall take effect immediately upon filing such written notice with the City Clerk. In the event this ordinance is vetoed by the Mayor in accordance with the City Charter, it shall not become effective unless and until the City Council overrides the veto in accordance with the City Charter, in which case it shall become effective immediately upon a successful vote to override the veto.

Approved as to form and content:

City Attorney (designee)

00726115

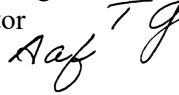
ST. PETERSBURG BUDGET, FINANCE, AND TAXATION COMMITTEE

Meeting of February 22, 2024

TO: Copley Gerdes, Chair, and members of the Budget, Finance, and Taxation Committee

FROM: Tom Greene, Assistant City Administrator

Anne A. Fritz, Debt Financing Director



SUBJECT: Public Utility financing selected through request for proposals and requesting recommendation to City Council of a resolution authorizing the issuance of a not to exceed \$53,000,000 City of St. Petersburg FL Public Utility Subordinate Lien Bond Anticipation Note, Series 2024.

Per the City's FY24 Capital Improvement Plan, there was planned debt financing in the amount of \$44,287,000 for Water Resources, and \$8,409,500 for Stormwater.

Upon analysis of the market conditions, city financing schedule, and in consultation with Public Financial Management (PFM), the City, through PFM, issued a Request for Proposals for such note. Based upon the six proposals received, and the recommendation of PFM (see attached PFM recommendation memorandum), the City selected Truist as the offer most favorable to the City.

Based on the terms of the City's State Revolving Fund Loan with the Florida Department of Environmental Protection (FDEP), the City is required to get consent from FDEP for this transaction. In order to obtain such consent from FDEP, the City, as part of the RFP negotiation process, requested that Truist Bank modify its proposal so the loan term would extend over two fiscal years, based to the FDEP loan test calculations. Such test which would have added the full principal repayment and interest on the note in one fiscal year, without the ability to add the expected bond proceeds as operating revenues. Taking the term to cover two fiscal years allowed the City to successfully receive consent from FDEP. In order to include such additional timing and allow the City the flexibility to prepay the debt earlier than the stated term, the City and Truist Bank mutually agreed to add certain language within the resolution, including adding language that that city will proceed in good faith to issue the takeout financing, and pledging system net revenues on a junior and subordinate lien basis with respect to Senior Lien Bonds, and any additional parity obligations (Section 4 of the resolution). The City Attorney's Office, City's Bond Counsel (Bryant Miller Olive) and the City's finance team including PFM have reviewed the language which is consistent with prior transactions between the City and Truist Bank.

Recommendation: The City staff recommends approval of the resolution authorizing the issuance of not to exceed \$53,000,000 million City of St Petersburg Public Utility Subordinate Lien Bond Anticipation Note, Series 2024.

Attachments:

- 1.) PFM Recommendation Memorandum with RFP Response Summary
- 2.) Draft Resolution



February 6, 2024

Recommendation Memorandum

To: Anne Fritz, Director, Debt Financing – City of St. Petersburg
From: Jay Glover, Managing Director – PFM Financial Advisors LLC
Re: Public Utility Subordinate Lien Bond Anticipation Note, Series 2024 – Recommendation Memorandum

PFM Financial Advisors LLC (“PFM”) was engaged by the City of St. Petersburg, Florida (the “City”) to serve as financial advisor for the City’s proposed issuance of a not to exceed \$53,000,000 Public Utility Subordinate Lien Bond Anticipation Note, Series 2024 (the “2024 Note”) for the purpose of (i) providing funds on an interim basis, to pay for capital expenditures relating to acquiring, constructing and erecting improvements to the City’s public utilities system, prior to the issuance of long term senior lien bonds and (ii) paying the related costs of issuance. Given the current interest rate environment and expectation for the Federal Reserve to start lowering interest rates at some point during the year, PFM recommended the City pursue interim funding via a privately placed direct bank loan, which in today’s market was expected to be an efficient and cost-effective method of financing. The Note was originally structured to have a final maturity one (1) year from the closing date giving the City the ability to issue senior lien takeout bonds to repay the Note prior to maturity.

At the City’s direction, PFM distributed a request for proposals (“RFP”) on January 5, 2024, to a list of local, regional and national financial institutions to identify the institution that could provide the City with a tax-exempt, term loan at the lowest overall borrowing cost, pursuant to certain conditions as determined by the City. Prior to the submittal deadline (2:00 pm on January 26, 2024) the City received six (6) proposals from the following institutions: Bank of America, JP Morgan, Raymond James, RBC Capital Markets, Truist and Wells Fargo. A summary of the proposals is included in **Exhibit A**.

Based on PFM’s review and discussions with City staff and Bond Counsel, it was determined that Truist’s proposal provided the best combination of interest rate and terms most favorable to the City. Truist proposed a fixed interest rate of 4.16% that would be locked through March 15, 2024, thus eliminating the risk of an increase in the interest rate during the current volatile market conditions between now and closing. Truist also provides the City the ability to prepay the 2024 Note six (6) months prior to closing, which gives the City flexibility on the timing of the senior lien takeout bonds.

As part of the issuance process, the City is also required to request consent to the issuance of additional debt from the Florida Department of Environmental Protection (FDEP) per the terms of outstanding SRF loans. Based on feedback from FDEP, the structure of the Note had to be modified to spread the scheduled repayment over two (2) fiscal years to meet the additional bonds test. The revised final maturity is November 1, 2025. This modification resulted in an increase to the Truist interest rate to 4.24%, which is the final locked interest rate being recommended.

Based on the fixed interest rate and acceptable terms and conditions provided in their proposal, PFM recommends selecting Truist as the loan provider for the 2024 Note. If you have any questions, please feel free to contact me at 407-406-5760 or gloverj@pfm.com.



Exhibit A
Summary of Proposals



City of St. Petersburg
Public Utility Subordinate Lien Bond Anticipation Note, Series 2024
RFP Summary

	Bank of America	JP Morgan	Raymond James
Contact Information	Holly Kuhlman Senior Vice President (239) 598-8805 holly.kuhlman@bofa.com	John T McAuley Managing Director 813-483-8253 john.t.mcauley@jpmorgan.com	Cord D. King Tax-Exempt Lending Manager 727.567.2055 cord.king@raymondjames.com
Type of Facility	Non-Revolving Credit Agreement: The Borrower shall have the option to draw the entire amount of the credit facility at closing at either the variable rate or a fixed rate. The Borrower shall also have the option to draw a portion of the credit facility at closing at a fixed rate with subsequent draws available at a variable rate.	A single maturity Non-Bank Qualified Tax-Exempt Bond Anticipation . The proceeds of the Facility would be fully drawn on the date of issuance.	The obligation shall be in the form of a tax-exempt fixed rate loan evidenced by a Public Utility Subordinate Lien Bond Anticipation Note, Series 2024
Tax-Exempt, Non-Bank Qualified Interest Rate	Variable Rate: 4.68% Fixed Rate: 4.29% (Indicative)	Variable Rate: 4.73% Fixed Rates: a) 4.24% b) 4.33%	Fixed Rate: 4.88% (Indicative)
Rate Set Calculation	Variable Rate: (80% * Daily SOFR Rate) + .42% Daily SOFR is 5.32% Fixed Rate: 12-Month Swap + (- .49%)	Variable Rate: (80% * Adjusted Term SOFR) +.38% Term SOFR is 5.34% (Adjustment is +0.10%) Fixed Rate: Not Provided	See proposal for rate setting/lock requirements
Rate Locked to Closing, or Date to be Set	Rate set 2 business days prior to closing	The fixed interest rates are indicative and are subject to change daily until a written rate lock letter agreement is executed	Rate can be locked up to 30 days before closing
Prepayment Provisions	Variable Rate Option: No Prepayment Penalty Fixed Rate Option: Prepayable in full or in part at any time, subject to prepayment fee	Variable Rate: Prepayable without penalty on SOFR reset date a) No optional redemption b) Prepayable 10/1/24 with no penalty	Prepayable in whole, but not in part at any time upon 30 days' prior written notice at 100% of the then outstanding principal amount, plus any accrued interest
Legal/Other Fees	Commitment Fee: 25 basis points on the actual daily unused amount of the Bank's commitment, paid quarterly in arrears Bank Counsel: Estimated legal fees of \$15,000, capped at \$20,000 Administrative Fees: \$2,500 plus attorney's fees and expenses	Legal Fees: \$8,500	Lender's Counsel: \$12,500 Original issue discount of 0.25% (\$132,500)
Other Conditions & Notes	a) Proposal expires on 2/9/2024 b) Default Rate: Drawn Rate + 6%; 7% if taxable c) Cross-up language in the event of taxability d) The loan document shall contain an additional bonds test for the issuance of additional subordinated debt which shall be defined as net revenues remaining after the payment of senior debt obligations divided by maximum annual debt service on subordinated debt. e) CAFR due within 210 days of fiscal year end f) Downgrade of parity bonds below Ba2/BBB/BBB (or the equivalent) by Moody's, S&P or Fitch, respectively shall not be an Event of Default but shall cause the Default Rate to apply. g) Subject to final credit approval	a) Proposal expires on 2/15/2024 b) Default Rate: Interest Rate + 4.00% c) ACFR within 180 days of fiscal year end; Budget within 60 days of adoption d) City to maintain sufficient capacity under its ABT to refinance the BAN at maturity. e) Cross-up language in the event of taxability	a) Default Rate: Greater of Federal Reserve Bank's Prime Rate +3%, the Federal Funds Rate +5%, or 12% b) The City shall covenant to establish fees sufficient for Net Revenues to cover all debt service requirements not less than 1.15x. Additional Debt may not be issued unless Net Revenues cover pro forma Maximum Annual Debt Service a minimum of 1.15x. c) Cross-up language in the event of taxability - Taxable Rate 6.63% d) ACFR within 270 days of fiscal year end; Budget within 30 days of adoption



City of St. Petersburg
 Public Utility Subordinate Lien Bond Anticipation Note, Series 2024
 RFP Summary

	RBC Capital Markets	Truist	Wells Fargo
Contact Information	Alex Bugallo Director (407) 867-6372 alex.bugallo@rbccm.com	Adam L. Horn Senior Vice President 813-224-2552 adam.horn@truist.com	Vincent Mattio Director (813) 285-0745 Vincent.Mattio@wellsfargo.com
Type of Facility	RBCCM's proposal is to place the Series 2024 Note with Vanguard (the "Purchaser" or "Lender"), who, in its capacity as investment advisor to certain funds, would be interested in participating in a private placement of the Series 2024 Note	The Loan will be funded in a single drawdown on the closing date.	The Notes will be issued pursuant to the Resolution and purchased by the Bank pursuant to a Note Purchase Agreement ("NPA") between the Bank and the City.
Tax-Exempt, Non-Bank Qualified Interest Rate	Coupon Rate: 4.50% Fixed Rate: 3.90% (Equates to 4.25% All In TIC - includes structuring and counsel fees)	Variable Rate: 4.50% Fixed Rate: a) 4.16% b) 3.90%	Fixed Rates: a) 4.45% (Indicative) b) 4.14% (Indicative)
Rate Set Calculation	N/A	79% * (One-Month Term SOFR + 0.36%) Term SOFR is 5.34%	Not Provided
Rate Locked to Closing, or Date to be Set	Rate is locked until the earlier of the Closing Date or 3/8/2024, if award is given by 1/29/2024	Rates available through 3/15/024	Rates are indicative as of January 25, 2024 market close. The actual Fixed Rate shall be determined on a date mutually agreeable to the Obligor and the Bank ("Rate Set Date").
Prepayment Provisions	October 1, 2024 at par	Variable Rate: Prepayable anytime Fixed Rate: a) 6 months from closing w/ no penalty b) Non-Callable	a) Prepayable on 10/1/2024 at 100% of par plus accrued interest b) Non-callable
Legal/Other Fees	Purchaser's Counsel Fee: Not to exceed \$25,000 Structuring Fee: \$50,000 (Includes DTC and CUSIP fee)	Lender's Legal Counsel: \$12,500	Bank Counsel Fee: \$20,000
Other Conditions & Notes	a) The City will remit to the Purchaser annual audited financial statements within 270 days of fiscal year end. b) The Purchaser requires the Series 2024 Note to be DTC eligible. A CUSIP will also be required and will be requested by RBCCM. The Series 2024 Note will be subject to \$100,000 minimum denominations and will be placed with qualified institutional buyers subject to certain transfer restrictions.	a) Term Sheet Expiration: 3/25/2024, if notified by 2/2/2024 b) Default Rate: Prime + 4% c) ACFR due within 270 days of fiscal year end; Budget due within 30 days of adoption	a) Default Rate: Greatest of Bank's Prime Rate plus 4.00%, Federal Funds Rate plus 5.00%, or 10.00% b) Financial covenants contained in the Obligor's other debt instruments including the Rate Covenant and Additional Bonds Test. c) ACFR due within 180 days of fiscal year end; Budget due within 60 days of fiscal year end

RESOLUTION NO. 2024-_____

A RESOLUTION AUTHORIZING THE ISSUANCE OF A NOT TO EXCEED \$53,000,000 CITY OF ST. PETERSBURG, FLORIDA PUBLIC UTILITY SUBORDINATE LIEN BOND ANTICIPATION NOTE, SERIES 2024, TO FINANCE AND/OR REIMBURSE THE ACQUISITION, CONSTRUCTION AND ERECTION OF ADDITIONS, IMPROVEMENTS, AND EXTENSIONS TO THE CITY'S PUBLIC UTILITY SYSTEM; PROVIDING FOR THE PAYMENT OF SUCH NOTE FROM A FIRST LIEN ON PROCEEDS OF A SERIES OF SENIOR LIEN BONDS EXPECTED TO BE ISSUED ON OR PRIOR TO THE MATURITY DATE OF SUCH NOTE AND NET REVENUES OF THE CITY'S PUBLIC UTILITY SYSTEM ON A JUNIOR AND SUBORDINATE LIEN BASIS, IN ALL RESPECTS, WITH RESPECT TO CERTAIN BONDS HERETOFORE ISSUED BY THE CITY, AND ON A PARITY LIEN BASIS WITH RESPECT TO LOAN AGREEMENT WW520630 ENTERED INTO WITH THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION; PROVIDING FOR THE SALE AND APPROVAL OF THE FORM OF SUCH NOTE; APPOINTING A PAYING AGENT AND REGISTRAR FOR SUCH NOTE; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City St. Petersburg, Florida (the "City Council"), has previously adopted Resolution No. 99-227 on April 22, 1999, as amended and supplemented from time to time, as particularly amended by Resolution No. 2005-559 adopted by the City Council on October 20, 2005, Resolution No. 2008-256 adopted by the City Council on May 15, 2008, and Resolution No. 2013-400 adopted by the City Council on October 3, 2013, and as may be further amended and supplemented from time to time (collectively, the "Senior Lien Bond Resolution"); and

WHEREAS, pursuant to the Senior Lien Bond Resolution, the City of St. Petersburg, Florida (the "Issuer") has previously issued its Public Utility Revenue Bonds, Series 2014A, Public Utility Refunding Revenue Bonds, Series 2014B, Public Utility Revenue Bonds,

Series 2015, Public Utility Refunding Revenue Bond, Series 2016A, Public Utility Refunding Revenue Bonds, Series 2016B, and Public Utility Revenue Bonds, Series 2016C, Public Utility Refunding Revenue Bonds, Series 2018, Public Utility Revenue Bonds, Series 2019A, Public Utility Refunding Revenue Bonds, Series 2019B, Public Utility Revenue Bonds, Series 2021A, Taxable Public Utility Refunding Revenue Bonds, Series 2021B, Public Utility Refunding Revenue Bond, Series 2022 and Public Utility Revenue Bonds, Series 2022B (collectively, the "Senior Lien Bonds"); and

WHEREAS, the Senior Lien Bonds and any Additional Parity Obligations hereafter issued under the Senior Lien Bond Resolution are secured by a first lien on the Net Revenues of the System; and

WHEREAS, the Issuer intends to issue a series of Additional Parity Obligations and/or may apply to an authority for a financing pursuant to 163.09, Florida Statutes (the "Takeout Refinancing") to refinance the hereinafter defined Bond Anticipation Note; and

WHEREAS, the Issuer has also previously entered into Clean Water State Revolving Fund Loan Agreement WW520630 with the Florida Department of Environmental Protection (the "Parity Lien Loan Agreement"); and

WHEREAS, the Parity Lien Loan Agreement is secured by a lien on the Net Revenues of the System, on a junior and subordinate lien basis, in all respects, with respect to the Senior Lien Bonds and any Additional Parity Obligations hereafter issued; and

WHEREAS, the Senior Lien Bonds and the Parity Lien Loan Agreement are the only obligations currently outstanding with respect to the System; and

WHEREAS, it is necessary and urgent that funds be made immediately available to commence the acquisition, construction and erection of additions, improvements and extensions to the System (the "Project"); and

WHEREAS, the City Council now desires to adopt this resolution to authorize its Public Utility Subordinate Lien Bond Anticipation Note, Series 2024 (the "Bond Anticipation Note") to finance and/or reimburse the costs of the Project in anticipation of the Takeout Refinancing which is expected to occur on or prior to November 1, 2025; and

WHEREAS, the Issuer in good faith intends to issue the Takeout Refinancing within that timeframe; and

WHEREAS, the Bond Anticipation Note shall be secured by a first lien on proceeds of the Takeout Refinancing, and Net Revenues on a junior and subordinate lien basis, in all respects, with respect to the Senior Lien Bonds, and on a parity lien basis with respect to the Parity Lien Loan Agreement; and

WHEREAS, the Bond Anticipation Note shall constitute "Subordinated Debt" for all purposes of the Senior Lien Bond Resolution; and

WHEREAS, following a competitive solicitation of bank loan proposals conducted by the Issuer's financial advisor, the Issuer has determined to accept the proposal from Truist Commercial Equity, Inc. (the "Lender") to purchase the Bond Anticipation Note; and

WHEREAS, the Issuer has determined that it is necessary and desirable to adopt this resolution to provide for various details and other matters with respect to the Bond Anticipation Note.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. PETERSBURG, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the Constitution and laws of the State of Florida, Chapter 166, Part II, Florida Statutes, Chapter 159, Part I, Florida Statutes, Section 215.431, Florida Statutes, the municipal Charter of the Issuer, and other applicable provisions of law, and the Senior Lien Bond Resolution.

SECTION 2. DEFINITIONS. All capitalized undefined terms shall have the same meaning as set forth in the Senior Lien Bond Resolution. In addition, the following terms, unless the context otherwise requires, shall have the meanings specified in this Section. Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Business Day" shall mean any day except any Saturday or Sunday or day on which banking institutions within the State are authorized or required by law to remain closed.

"Chief Financial Officer" shall mean the Interim Chief Financial Officer of the Issuer, or her designee.

"City Administrator" shall mean the City Administrator of the Issuer, or his designee.

"City Attorney" shall mean the City Attorney or any Assistant City Attorney of the Issuer.

"City Clerk" shall mean the City Clerk or any Deputy City Clerk of the Issuer.

"City Council" shall mean the City Council of the Issuer.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations, whether temporary, proposed or final, promulgated thereunder or applicable thereto.

"Debt Financing Director" shall mean the Debt Financing Director, or her designee.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Holder" shall mean any persons who shall be the registered owner of the Bond Anticipation Note.

"Maturity Date" shall mean November 1, 2025.

"Mayor" shall mean the Mayor of the Issuer, or his designee. The Mayor is authorized, but is not bound, to designate the City Administrator, the Chief Financial Officer and/or the Debt Financing Director to execute certificates, agreements and all other documents in connection with the issuance of the Bond Anticipation Note.

"Note Counsel" means Bryant Miller Olive P.A, or any other nationally recognized bond counsel firm.

"Paying Agent" shall mean the Paying Agent for the Bond Anticipation Note appointed pursuant to Section 11 hereof and any successors and assigns.

"Permitted Lender" means any affiliate of the Lender or any bank, trust company, savings institution, insurance company or qualified institutional buyer under Rule 144A promulgated under the Securities Act of 1933.

"Project" shall have the meaning ascribed thereto in the WHEREAS clauses above.

"Registrar" shall mean the Registrar for the Bond Anticipation Note appointed pursuant to Section 11 hereof and any successors and assigns.

SECTION 3. FINDINGS. It is hereby ascertained, determined and declared that:

A. The Issuer deems it beneficial and in its best financial interest to finance and/or reimburse the costs of the Project through the issuance of the Bond Anticipation Note. The issuance of the Bond Anticipation Note to finance and/or reimburse the Project satisfies a public purpose.

B. The principal of and interest on the Bond Anticipation Note and other payments required hereunder shall be payable from a first lien on proceeds of the Takeout Refinancing, and Net Revenues on a junior and subordinate lien basis, in all respects, with respect to the Senior Lien Bonds, and on a parity lien basis with respect to the Parity Lien Loan Agreement. The Issuer shall never be required to levy ad valorem taxes on any real property therein to pay the principal of and interest on the Bond Anticipation Note or to make any other payments specified herein. The Bond Anticipation Note shall not constitute a lien upon any property owned by or located within the boundaries of the Issuer other than the sources of security described herein.

C. The estimated Net Revenues and the proceeds of the Takeout Refinancing will be sufficient to pay all principal of and interest on the Senior Lien Bonds, Bond Anticipation Note and the Parity Lien Loan Agreement, as the same become due, and to make all required Debt Service Fund, reserve or other payments required by the Senior Lien Bond Resolution.

D. The Issuer has received an offer from the Lender to purchase the Bond Anticipation Note.

E. The Issuer is not in default in the carrying out of any of the obligations assumed under the Senior Lien Bond Resolution and the Parity Lien Loan Agreement, and all payments required by the Senior Lien Bond Resolution and the Parity Lien Loan Agreement to be made into the funds and accounts established thereunder have been made to the full extent required.

F. The Bond Anticipation Note shall constitute "Subordinated Debt" for all purposes of the Senior Lien Bond Resolution.

SECTION 4. AUTHORIZATION OF TAKEOUT REFINANCING; AUTHORIZATION OF PROJECT AND AUTHORIZATION OF BOND ANTICIPATION NOTE. For the purposes of Section 215.431, Florida Statutes, the Issuer hereby authorizes the issuance in the future of the Takeout Refinancing in a principal amount of not to exceed \$53,000,000 pursuant to the provisions of the Senior Lien Bond Resolution, further details to be determined pursuant to a supplemental resolution to be adopted by the City Council. The Issuer intends in good faith to issue the Takeout Financing on or prior to November 1, 2025.

The proceeds of any such Takeout Refinancing are hereby pledged to the payment of principal of and interest on the Bond Anticipation Note. The Issuer covenants and agrees to apply the proceeds of such Takeout Refinancing to the payment of the principal of and interest on the Bond Anticipation Note upon its maturity or earlier redemption. In addition, the Net Revenues of the System are hereby pledged to the payment of principal of and interest on the Bond Anticipation Note on a junior and subordinate lien basis, in all respects, with respect to the Senior Lien Bonds and any Additional Parity Obligations hereafter issued.

Subject and pursuant to the provisions of the Senior Lien Bond Resolution and this resolution and in anticipation of the closing of the Takeout Refinancing, an obligation of the Issuer to be known as the "Public Utility Subordinate Lien Bond Anticipation Note, Series 2024," herein defined as the "Bond Anticipation Note," is authorized to be issued in the original principal amount of not to exceed \$53,000,000 for the purpose of financing and/or reimbursing the cost of the Project and paying the cost of issuing the Bond Anticipation Note.

Because of the characteristics of the Bond Anticipation Note, prevailing market conditions, and additional savings to be realized from an expeditious sale of the Bond Anticipation Note, it is in the best interest of the Issuer to accept the offer of the Lender to purchase the Bond Anticipation Note at a private negotiated sale, which was based upon a competitive selection process. Prior to the issuance of the Bond Anticipation Note, the Issuer shall receive from the Lender a Purchaser's Certificate, the form of which is attached hereto as Exhibit B and the Disclosure Letter containing the information required by Section 218.385, Florida Statutes, the form of which is attached hereto as Exhibit C.

SECTION 5. THIS RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bond Anticipation Note authorized to be issued hereunder by those who shall hold the same from time to time, this resolution shall be deemed to be and shall constitute a contract between the Issuer and such Holder.

SECTION 6. DESCRIPTION OF BOND ANTICIPATION NOTE. The Bond Anticipation Note shall be dated the date of its execution and delivery, which shall be a date agreed upon by the Issuer and the Lender, subject to the following terms:

A. Interest Rate. The initial fixed interest rate on the Bond Anticipation Note shall equal 4.24% (calculated on a 30/360 day count basis). Such interest rate is subject to change upon conditions set forth in the Bond Anticipation Note.

B. Principal and Interest Payment Dates. Principal and interest on the Bond Anticipation Note shall be paid in accordance with the terms in the Bond Anticipation Note.

C. Prepayment of the Bond Anticipation Note. The Bond Anticipation Note shall be subject to early prepayment as provided in the Bond Anticipation Note.

D. Form, Execution and Delivery of the Bond Anticipation Note. The Bond Anticipation Note is to be in substantially the form set forth in Exhibit A attached hereto, together with such non-material changes as shall be approved by the Mayor, such approval to be conclusively evidenced by the execution thereof by the Mayor. The Bond Anticipation Note shall be executed on behalf of the Issuer with the manual signature of the Mayor and the official seal of the Issuer, approved as to form and correctness by the City Attorney, and be attested with the manual signature of the City Clerk. In case any one or more of the officers of the Issuer who shall have signed or sealed the Bond Anticipation Note shall cease to be such officer of the Issuer before the Bond Anticipation Note so signed and sealed has been actually sold and delivered, such Bond Anticipation Note may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond Anticipation Note had not ceased to hold such office. The Bond Anticipation Note may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond Anticipation Note shall hold the proper office of the Issuer, although, at the date of such Bond Anticipation Note, such person may not have held such office or may not have been so authorized.

E. Original Denomination. The Bond Anticipation Note shall originally be issued in a single denomination in an amount that equals the original principal amount authorized and issued hereunder.

F. No Reserve Account. The Bond Anticipation Note is not secured by any reserve fund or account.

G. Other Terms. The Bond Anticipation Note shall bear interest from the date on which it is issued.

H. No additional Subordinated Debt in excess of \$5,000,000 may be issued without the written consent of the Holder.

The principal of and interest on and redemption premium, if any, on the Bond Anticipation Note shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts and shall be paid when due by the Paying Agent to the person appearing on the registration books of the Issuer by wire transfer to the Holder of the Bond Anticipation Note in accordance

with wire transfer instructions provided by the Holder of the Bond Anticipation Note to the Paying Agent and Issuer. Presentment of the Bond Anticipation Note shall not be required, but the Holder of the Bond Anticipation Note agrees that promptly following the payment in full of the Bond Anticipation Note it shall return the Bond Anticipation Note marked "paid in full" to the Issuer.

SECTION 7. APPLICATION OF PRIOR COVENANTS OF THE ISSUER. The covenants and pledges contained in the Senior Lien Bond Resolution shall be deemed to be for the benefit, protection and security for the payment of the Bond Anticipation Note and for the Holder thereof in like manner as applicable to the Senior Lien Bonds; provided, however, no reserve requirements applicable to the Senior Lien Bonds shall apply to the Bond Anticipation Note. Such covenants and pledges shall be applicable to the Bond Anticipation Note herein authorized and are incorporated by reference herein to the same extent as if set forth in full herein.

SECTION 8. REGISTRATION AND EXCHANGE OF THE BOND ANTICIPATION NOTE; PERSONS TREATED AS HOLDER OF THE BOND ANTICIPATION NOTE. The Bond Anticipation Note is initially registered to the Lender, as the original purchaser of the Bond Anticipation Note. So long as the Bond Anticipation Note shall remain unpaid, the Issuer will keep books for the registration and transfer of the Bond Anticipation Note. The Bond Anticipation Note shall be transferable only upon such registration books. Notwithstanding anything herein to the contrary, the Lender may in the future make transfers of the Bond Anticipation Note or sell participations to Permitted Lenders without the consent of the Issuer; provided, however, such transfers or participations shall not be for less than a \$1,000,000 denomination or the principal amount outstanding if less than \$1,000,000.

The person in whose name the Bond Anticipation Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal and interest on such Bond Anticipation Note shall be made only to or upon the written order of the Holder of the Bond Anticipation Note. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond Anticipation Note to the extent of the sum or sums so paid or the principal amount outstanding.

SECTION 9. APPLICATION OF PROCEEDS OF BOND ANTICIPATION NOTE. The proceeds received from the sale of the Bond Anticipation Note shall be applied by the Issuer simultaneously with the delivery of the Bond Anticipation Note to the Lender, as follows:

A. To the extent not reimbursed therefor by the Lender, the Issuer shall pay all costs and expenses in connection with the preparation, issuance and sale of the Bond Anticipation Note.

B. The remaining proceeds of the Bond Anticipation Note shall be deposited into the "City of St. Petersburg, Florida Public Utility Subordinate Lien Bond Anticipation Note, Series 2024, Construction and Acquisition Fund," which is hereby created and established (the "2024 Construction and Acquisition Fund"), and which may be used to finance and/or reimburse the costs of the Project. Such 2024 Construction and Acquisition Fund shall constitute a trust fund for the Holder of the Bond Anticipation Note. The Issuer is permitted to invest amounts on deposit in the 2024 Construction and Acquisition Fund in investments permitted by applicable law and the Issuer's investment policies. All income received from investment of monies in the 2024

Construction and Acquisition Fund can be used to pay costs of the Project. The Holder of the Bond Anticipation Note shall have a lien on the proceeds of the Bond Anticipation Note until expended.

SECTION 10. BOND ANTICIPATION NOTE MUTILATED, DESTROYED, STOLEN OR LOST. In case the Bond Anticipation Note shall become mutilated or be destroyed, stolen or lost, the Issuer shall issue and deliver a new bond anticipation note of like tenor as the Bond Anticipation Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond Anticipation Note upon surrender and cancellation of such mutilated Bond Anticipation Note, or in lieu of and substitution for the Bond Anticipation Note destroyed, stolen or lost, and upon the Holder furnishing the Issuer proof of its ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. The Bond Anticipation Note so surrendered shall be canceled by the Issuer.

SECTION 11. APPROVAL OF PAYING AGENT AND REGISTRAR. The Issuer is hereby appointed Paying Agent and Registrar for the Bond Anticipation Note.

SECTION 12. TAX COVENANTS. The Issuer covenants to the Holder of the Bond Anticipation Note provided for in this resolution that the Issuer will not make any use of the proceeds of the Bond Anticipation Note at any time during the term of the Bond Anticipation Note which would cause the Bond Anticipation Note to be an "arbitrage bond" within the meaning of the Code. The Issuer will comply with the requirements of the Code and any valid and applicable rules and regulations promulgated thereunder necessary to ensure the exclusion of interest on the Bond Anticipation Note from the gross income of the Holder for purposes of federal income taxation.

SECTION 13. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this resolution or of the Bond Anticipation Note issued thereunder.

SECTION 14. GENERAL AUTHORITY. The members of the City Council, the Mayor, the City Administrator, the Chief Financial Officer and the Debt Financing Director and the Issuer's officers, attorneys and other agents and employees are hereby authorized to perform all acts and things required of them by this resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bond Anticipation Note and this resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Note Counsel or the Lender to effectuate the sale of the Bond Anticipation Note. All action taken to date by the members of the City Council, the Mayor, the City Administrator, the Chief Financial Officer and the Debt Financing Director and the Issuer's officers, attorneys and other agents and employees in furtherance of the issuance of the Bond Anticipation Note is hereby approved, confirmed and ratified.

SECTION 15. BUSINESS DAYS. In any case where the due date of interest on or principal of a Bond Anticipation Note is not a Business Day, then payment of such principal or interest need not be made on such date but may be made on the next succeeding Business Day, provided that credit for payments made shall not be given until the payment is actually received by the Holder of the Bond Anticipation Note.

SECTION 16. SPECIAL OBLIGATION OF ISSUER. The Bond Anticipation Note shall not be or constitute a general obligation or indebtedness of the Issuer as a "bond" within the meaning of the Constitution of Florida, but shall be payable from a first lien on proceeds of the Takeout Refinancing, and Net Revenues on a junior and subordinate lien basis, in all respects, with respect to the Senior Lien Bonds, and on a parity lien basis with respect to the Parity Lien Loan Agreement. The Bond Anticipation Note is also secured by amounts on deposit in the 2024 Construction and Acquisition Fund until such moneys have been expended. The Holder of the Bond Anticipation Note shall never have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form of any real property therein to pay such principal and interest from any other funds of the Issuer, except in the manner provided herein.

SECTION 17. CAPTIONS. The captions and headings in this resolution are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this resolution.

SECTION 18. FINANCIAL INFORMATION. Not later than 270 days following the close of each Fiscal Year, the Issuer shall provide the Holder with an electronic copy of its Comprehensive Annual Financial Report including annual financial statements for each Fiscal Year of the Issuer, prepared in accordance with applicable law and generally accepted accounting principles. In addition, the Issuer shall provide to the Holder the Issuer's annual budget ordinance within 30 days of its adoption, and such other financial and budget information as may be reasonably requested by the Holder from time to time. All accounting terms not specifically defined or specified herein shall have the meanings attributed to such terms under generally accepted accounting principles as in effect from time to time, consistently applied.

SECTION 19. NO THIRD-PARTY BENEFICIARIES. Except such other persons as may be expressly described in this resolution or in the Bond Anticipation Note, nothing in this resolution or therein, expressed or implied, is intended or shall be construed to confer upon any person, other than the Issuer and the Holder, any right, remedy or claim, legal or equitable, under and by reason of any provision hereof or thereof, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and a person who shall from time to time be the Holder.

SECTION 20. MEMBERS OF THE CITY COUNCIL NOT LIABLE. No covenant, stipulation, obligation or agreement contained in this resolution shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future elected or appointed official, agent or employee of the Issuer in his or her individual capacity, and neither the members of the City Council nor any person executing the Bond Anticipation Note shall be liable personally on the Bond Anticipation Note or this resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution of the Bond Anticipation Note or this resolution.

SECTION 21. GOVERNING LAW; APPLICABLE LAW AND VENUE; JURY TRIAL WAIVER. This resolution and the Bond Anticipation Note shall be governed by the laws of the State of Florida. The Issuer and the Lender, by acceptance of the Bond Anticipation Note, knowingly, voluntarily, and intentionally waive any right either may have to a trial by jury, with respect to any litigation or legal proceedings based on or arising out of this resolution or the Bond Anticipation Note. In the event of any legal proceeding arising out of or related to the Bond Anticipation Note, the Issuer and the Lender, by acceptance of the Bond Anticipation Note, each waive any objections to venue for any action brought in state court lying in Pinellas County, St. Petersburg Division. The Issuer and the Lender, by acceptance of the Bond Anticipation Note, also each waive any objection to venue for any action brought in federal court lying in the Middle District of Florida, Tampa Division. The Holder of the Bond Anticipation Note, upon taking possession of the Bond Anticipation Note, and the Issuer each consent to the personal jurisdiction of the aforementioned courts and irrevocably waive any objections to said jurisdiction, agree to waiver of jury trial and the laws of the State of Florida governing this resolution and the Bond Anticipation Note.

SECTION 22. NO ADVISORY OR FIDUCIARY RELATIONSHIP. In connection with all aspects of the transaction contemplated hereunder (including in connection with any amendment, waiver or other modification hereof or of any other documents related hereto), the Issuer acknowledges and agrees, that: (a) (i) it has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, (ii) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and any other loan documents, (iii) the Lender is not acting as a municipal advisor or financial advisor to the Issuer and (iv) the Lender has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Lender has provided other services or is currently providing other services to the Issuer on other matters); (b)(i) the Lender is and has been acting solely as a principal in an arm's length commercial lending transaction and has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Issuer, or any other person and (ii) the Lender has no obligation to the Issuer, with respect to the transaction contemplated hereby except those obligations expressly set forth in this resolution and in the Bond Anticipation Note; (c) notwithstanding anything herein to the contrary, it is the intention of the Issuer and the Lender that the loan documents represent a commercial loan transaction not involving the issuance and sale of a municipal security, and that any bond, note or other debt instrument that may be delivered to the Lender is delivered solely to evidence the repayment obligations of the Issuer hereunder; and (d) the Lender may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and the Lender has no obligation to disclose any of such interests to the Issuer. To the fullest extent permitted by law, the Issuer hereby waives and releases any claims that it may have against the Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of the transaction contemplated hereby. The Issuer has engaged PFM Financial Advisors LLC as a municipal advisor in this transaction with legal fiduciary duties to the Issuer. The transaction contemplated herein and the Bond Anticipation Note is delivered, pursuant to and in reliance upon the bank exemption and/or the institutional buyer exemption provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq, to the extent that such rules apply to the transaction contemplated hereunder; *provided*, however, the Issuer makes no representation with respect to the applicability of such rules.

SECTION 23. PATRIOT ACT NOTICE. The Issuer hereby acknowledges that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 signed into law October 26, 2001) (the "Patriot Act"), the Lender may be required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Lender to identify the Issuer in accordance with the Patriot Act.

SECTION 24. SUPERSEDING OF INCONSISTENT RESOLUTIONS. This resolution supersedes all prior action of City Council inconsistent herewith. All resolutions or parts thereof in conflict herewith are hereby superseded to the extent of such conflict.

SECTION 25. EVENTS OF DEFAULT.

A. The following shall be Events of Default under this resolution:

1. The Issuer shall fail to make a payment of the principal of or interest on the Bond Anticipation Note or any other amount due hereunder when such payment becomes due.

2. If the Issuer shall default in the performance or compliance with any term or covenant contained in this resolution or the Bond Anticipation Note or any representation or warranty made in writing by or on behalf of the issuer in this resolution or the Bond Anticipation Note.

3. Failure by the Issuer to observe and perform any covenant, condition or agreement on its part to be observed or performed under this resolution or the Senior Lien Bond Resolution for a period of thirty (30) days after the earlier of (i) the date written notice specifying such failure and requesting that it be remedied is given to the Issuer by the Holder or (ii) the date the Issuer was required to give notice of the event or condition to the Holder pursuant to paragraph B below, unless the Holder shall agree in writing to an extension of such time prior to its expiration.

4. There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as bankrupt.

B. Notice of Defaults. The Issuer shall within five (5) days after it acquires knowledge thereof, notify the Holder in writing (a) upon the happening, occurrence, or existence of any Event of Default, and (b) any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Holder, with such written notice, a detailed statement by a responsible officer of the Issuer of all relevant facts and the action being taken or proposed to be taken by the Issuer with respect thereto. Regardless of the date of receipt of such notice by the Holder, such date shall not in any way modify the date of occurrence of the actual Event of Default.

C. Within five (5) days after it acquires knowledge thereof, the Issuer shall notify the Holder in writing of any payment default under the Senior Lien Bond Resolution or any payment default on any Subordinated Debt.

SECTION 26. MODIFICATION OR AMENDMENT. No modification or amendment of this resolution or any resolution amendatory or supplemental hereto may be made without the written consent of the Holder.

SECTION 27. EFFECTIVE DATE. This resolution shall become effective upon its adoption.

LEGAL:



DEPARTMENT:

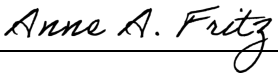


EXHIBIT A

FORM OF BOND ANTICIPATION NOTE

\$53,000,000

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF PINELLAS
CITY OF ST. PETERSBURG
PUBLIC UTILITY SUBORDINATE LIEN BOND ANTICIPATION NOTE, SERIES 2024

MATURITY DATE	INTEREST RATE	DATED DATE
November 1, 2025	4.24% (subject to adjustment)	March 8, 2024

REGISTERED OWNER: TRUIST COMMERCIAL EQUITY, INC.

PRINCIPAL AMOUNT: FIFTY-THREE MILLION AND NO/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the City of St. Petersburg, Florida (hereinafter called "Issuer"), for value received, hereby promises to pay to the order of the Registered Owner identified above, as herein provided, on the Maturity Date identified above, from the revenues hereinafter mentioned, the Principal Amount identified above, and to pay solely from said sources, to the Registered Owner hereof, interest on said Principal Amount at the Interest Rate per annum identified above, subject to adjustment as herein provided, on the Maturity Date. Notwithstanding anything herein to the contrary, the Interest Rate shall never exceed the maximum rate allowed by applicable law. All payments due hereunder shall be paid to the Registered Owner by wire transfer in accordance with wire transfer instructions provided by such Registered Owner to the Paying Agent and Issuer.

Interest on this Bond Anticipation Note shall be paid semi-annually on each May 1 and November 1, commencing on November 1, 2024. Unless earlier prepaid, principal on this Note shall be paid as follows:

<u>Date</u>	<u>Principal Installment</u>
May 1, 2025	\$26,500,000
November 1, 2025	26,500,000

"Interest Rate" means a fixed per annum rate equal to 4.24%, prior to a Determination of Taxability (as such term is defined below). Except as otherwise provided herein, in the event of a Determination of Taxability, and for as long as this Bond Anticipation Note remains outstanding, the Interest Rate shall be converted to the Taxable Rate and this adjustment shall survive payment on this Bond Anticipation Note until such time as the federal statute of limitations under which the interest on this Bond Anticipation Note could be declared taxable under the Code shall have expired. In addition, upon an Determination of Taxability, the Issuer shall, immediately upon

demand, pay to the Registered Owner (or prior holders, if applicable) (i) an additional amount equal to the difference between (A) the amount of interest actually paid on this Bond Anticipation Note during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had this Bond Anticipation Note borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Registered Owner as a result of the Determination of Taxability. Notwithstanding the foregoing, however, after, and during the continuance of, an Event of Default, "Interest Rate" shall mean the Default Rate.

"Determination of Taxability" means, solely as a result of action or inaction of the Issuer, the occurrence after the date hereof of a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on all or a portion of this Bond Anticipation Note is or was includable in the gross income of the Registered Owner for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity at the Issuer's own expense to contest the same, either directly or in the name of the Registered Owner, and until the conclusion of any appellate review, if sought. For all purposes of this definition, the effective date of any Determination of Taxability will be the first date as of which interest is deemed includable in the gross income of the Registered Owner.

"Prime Rate" shall mean the per annum rate which the Lender's affiliate Truist Bank announces from time to time to be its prime rate, as in effect from time to time. The Prime Rate is a reference or benchmark rate, is purely discretionary and does not necessarily represent the lowest or best rate charged to borrowing customers. The Lender's affiliate Truist Bank may make commercial loans or other loans at rates of interest at, above or below the Prime Rate. Each change in the Prime Rate shall be effective from and including the date such change is announced as being effective.

"Taxable Period" means the period of time between (a) the date that interest on this Bond Anticipation Note is deemed to be includable in the gross income of the Registered Owner for federal income tax purposes as a result of the Determination of Taxability, and (b) the date of the Determination of Taxability and after which this Bond Anticipation Note bears interest at the Taxable Rate.

"Taxable Rate" means the interest rate per annum that shall provide the Registered Owner with the same after tax yield that the Registered Owner would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Owner as a result of such Determination of Taxability. The Registered Owner shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer.

Upon and during the continuance of an Event of Default, in addition to the remedies set forth in the hereinafter described Resolutions, notwithstanding anything herein to the contrary, this Bond Anticipation Note shall bear interest at the Default Rate. For purposes of this Bond

Anticipation Note, the term "Default Rate" means the lesser of (i) the sum of the Prime Rate plus 4% per annum or (ii) the maximum interest rate permitted by applicable law.

Interest on this Bond Anticipation Note shall be calculated using a 360-day year consisting of twelve 30-day months.

On or after September 9, 2024, the Issuer may prepay the principal of this Bond Anticipation Note in whole or in part without penalty on any Business Day upon at least two (2) Business Days prior notice to the Registered Owner, plus accrued interest to the date fixed for prepayment.

Prior to September 9, 2024, this Bond Anticipation Note may be prepaid in whole or in part on any Business Day subject to the terms hereof and upon at least two Business Days' prior written notice to the Registered Owner specifying the amount of prepayment. The Issuer shall, at the time of any prepayment under this paragraph, pay to the Registered Owner the interest accrued to the date of prepayment on the principal amount being prepaid plus an additional fee or redemption premium equal to the present value of the difference between (1) the amount that would have been realized by the Registered Owner on the prepaid amount for the remaining term of the loan at the rate for fixed-rate payers in U.S. Dollar interest rate swaps as quoted by Bloomberg (the "Swap Rate") for a term corresponding to the term of this Bond Anticipation Note, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to the issuance date of this Bond Anticipation Note, and (2) the amount that would be realized by the Registered Owner by reinvesting such prepaid funds for the remaining term of the loan at the Swap Rate for rates for fixed-rate payers in U.S. Dollar interest rate swaps, interpolated to the nearest month, that was in effect three Business Days prior to the loan repayment date; both discounted at the same interest rate utilized in determining the applicable amount in (2). Should the present value have no value or a negative value, the Issuer may prepay under this paragraph with no additional fee or redemption premium. Should the Bloomberg no longer release rates for fixed-rate payers in U.S. Dollar interest rate swaps, the Issuer may substitute the Bloomberg Index for rates for fixed-payers in U.S. Dollar interest rate swaps with another similar index as determined by the Registered Owner (or an affiliate thereof). If a prepayment is made pursuant to this paragraph, the Registered Owner shall provide the Issuer with a written statement explaining the calculation of the premium due, which statement shall, in absence of manifest error, be conclusive and binding. The application of such fee or prepayment premium is not intended to, and shall not be deemed to be, an increase in the Interest Rate.

Any partially prepaid amount on this Bond Anticipation Note shall be applied in the sole discretion of the Registered Owner.

The authorized principal amount of this Bond Anticipation Note is \$53,000,000. This Bond Anticipation Note is being issued to finance and/or reimburse the costs of the Project, under (i) the authority of and in full compliance with the Constitution and laws of the State of Florida, Chapter 166, Part II, Florida Statutes, Chapter 159, Part I, Florida Statutes, Section 215.431, Florida Statutes, the municipal Charter of the Issuer, and other applicable provisions of law, and (ii) by Resolution No. 99-227 adopted by the City Council on April 22, 1999, as amended and supplemented from time to time, as particularly amended by Resolution No. 2005-559 adopted by

the City Council on October 20, 2005, Resolution No. 2008-256 adopted by the City Council on May 15, 2008, Resolution No. 2013-400 adopted by the City Council on October 3, 2013 (the "Senior Lien Bond Resolution"), and by a resolution adopted by the City Council on February 29, 2024 (the "Subordinate Lien Note Resolution," and together with the Senior Lien Bond Resolution, the "Resolutions"), and is subject to all the terms and conditions of such Resolutions. All capitalized undefined terms used herein shall have the meaning set forth in the Resolutions.

This Bond Anticipation Note is payable from a first lien on proceeds of the Takeout Refinancing, and Net Revenues on a junior and subordinate lien basis, in all respects, with respect to the Senior Lien Bonds, and on a parity lien basis with respect to the Parity Lien Loan Agreement.

This Bond Anticipation Note does not constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and it is expressly agreed by the Registered Owner of this Bond Anticipation Note that such Registered Owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer for the payment of the principal of and interest on this Bond Anticipation Note or the making of any sinking fund, reserve or other payments specified in the Resolutions.

It is further agreed between the Issuer and the Registered Owner of this Bond Anticipation Note that this Bond Anticipation Note and the indebtedness evidenced thereby shall not constitute a lien upon the System, or any part thereof, or on any other property of or in the Issuer, other than the sources of security as described herein and in the Subordinate Lien Note Resolution, all in the manner provided therein.

The Issuer in the Resolutions has covenanted and agreed with the Registered Owner of the Bond Anticipation Note to fix, establish, revise from time to time whenever necessary, maintain and collect such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide Adjusted Net Revenues in each year of not less than 115% of all Bond Service Requirements becoming due in such year on the outstanding Senior Lien Bonds; and that such rates, fees, rentals and other charges will not be reduced so as to be insufficient to provide Gross Revenues for such purposes. The Issuer has entered into certain further covenants with the Registered Owner of this Bond Anticipation Note for the terms of which reference is made to the Resolutions.

This Bond Anticipation Note is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities of the State of Florida.

All payments by the Issuer pursuant to this Bond Anticipation Note shall apply first to accrued interest, then to other charges due the Registered Owner, and the balance thereof shall apply to the principal sum due.

This Bond Anticipation Note may be exchanged or transferred by the Registered Owner hereof but only upon the registration books maintained by the Issuer and in the manner provided in the Resolutions; provided, however, this Bond Anticipation Note may be transferred to Permitted Lenders in the future without the consent of the Issuer so long as such transfers shall not

be for less than a \$1,000,000 denomination or the principal amount outstanding if less than \$1,000,000.

The transfer of this Bond Anticipation Note is registrable by the Registered Owner hereof in person or by his attorney or legal representative at the office of the Registrar but only in the manner and subject to the conditions provided in the Subordinate Lien Note Resolution and upon surrender and cancellation of this Bond Anticipation Note.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond Anticipation Note exist, have happened and have been performed in regular and due form and time as required by the Statutes and Constitution of the State of Florida applicable thereto; and that the issuance of this Bond Anticipation Note does not violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of St. Petersburg, Florida, has issued this Bond Anticipation Note and has caused the same to be executed by its Mayor, attested by its City Clerk, approved as to form and correctness by its Managing Assistant City Attorney, and the corporate seal of the City, or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon, all as of the date set forth above.

CITY OF ST. PETERSBURG, FLORIDA

(SEAL)

Kenneth T. Welch, Mayor

ATTESTED:

Chan Srinivasa, City Clerk

APPROVED AS TO FORM AND CORRECTNESS

Macall D. Dyer, Managing Assistant City Attorney

EXHIBIT B

FORM OF PURCHASER'S CERTIFICATE

This is to certify that Truist Commercial Equity, Inc. (the "Purchaser") has not required the City of St. Petersburg, Florida (the "Issuer") to deliver any offering document and has conducted its own investigation, to the extent it deems satisfactory or sufficient, into matters relating to business affairs or conditions (either financial or otherwise) of the Issuer in connection with the issuance of the \$53,000,000 City of St. Petersburg, Florida Public Utility Subordinate Lien Bond Anticipation Note, Series 2024 (the "Bond Anticipation Note"), and no inference should be drawn that the Purchaser, in the acceptance of said Bond Anticipation Note, is relying on Note Counsel or the City Attorney as to any such matters other than the legal opinion rendered by Note Counsel, Bryant Miller Olive P.A. and by the Managing Assistant City Attorney, Macall D. Dyer, Esq. ("Issuer's Counsel"). Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in Resolution No. 99-227 adopted by the City Council on April 22, 1999, as amended and supplemented from time to time, as particularly amended by Resolution No. 2005-559 adopted by the City Council on October 20, 2005, Resolution No. 2008-256 adopted by the City Council on May 15, 2008, Resolution No. 2013-400 adopted by the City Council on October 3, 2013 (the "Senior Lien Bond Resolution"), and by a resolution adopted by the City Council on February 29, 2024 (the "Subordinate Lien Note Resolution," and together with the Senior Lien Bond Resolution, the "Resolutions"), and is subject to all the terms and conditions of such Resolutions.

We are aware that the loan of the proceeds of the Bond Anticipation Note involves various risks, that the Bond Anticipation Note is not a general obligation of the Issuer or payable from ad valorem tax revenues, and that the payment of the Bond Anticipation Note is secured solely from the sources described in the Resolutions (the "Note Security").

We have made such independent investigation of the Note Security as we, in the exercise of sound business judgment, consider to be appropriate under the circumstances.

We have been provided access to and have reviewed all information about the Issuer we deemed necessary. In making our lending decision, we have relied upon the accuracy of information which has been provided to us by the Issuer and PFM Financial Advisors LLC, the Issuer's financial advisor (the "Financial Advisor"). We acknowledge that the Financial Advisor is not acting as a placement agent. Documentation for the Bond Anticipation Note will be provided by Note Counsel. We have knowledge and experience in financial and business matters and are capable of evaluating the merits and risks of our purchase of the Bond Anticipation Note and can bear the economic risk of our purchase of the Bond Anticipation Note.

We acknowledge that the Resolutions are not being qualified under the Trust Indenture Act of 1939, as amended, and are not being registered, in reliance upon the exemption from registration under Section 3(a)(2) of the Securities Act of 1933, Section 517.051(1), Florida Statutes, and/or Section 517.061(7), Florida Statutes, and that neither the Issuer, Note Counsel nor Issuer's Counsel shall have any obligation to effect any such registration or qualification.

We acknowledge that no CUSIP numbers or credit ratings have been obtained with respect to the Bond Anticipation Note. We are not acting as a broker or other intermediary, and are purchasing the Bond Anticipation Note for our own account and not with a present view to a resale or other distribution to the public. We acknowledge that the Bond Anticipation Note may be transferred only in whole and not in part; provided, however, we acknowledge that the Bond Anticipation Note may only be transferred in accordance with the limitations set forth in the Resolutions.

We are a bank (or wholly-owned subsidiary of a bank), trust company, savings institution, insurance company, dealer, investment company, pension or profit-sharing trust, or qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes. We are not purchasing the Bond Anticipation Note for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

We are an "accredited investor" within the meaning of the Securities Act of 1933, as amended, and Regulation D thereunder.

DATED this 8th day of March, 2024.

TRUIST COMMERCIAL EQUITY, INC.

Name: Adam Horn
Title: Authorized Agent

EXHIBIT C

FORM OF DISCLOSURE LETTER

Following a competitive selection process, the undersigned, as purchaser, proposes to negotiate with the City of St. Petersburg, Florida (the "Issuer") for the private purchase of its City of St. Petersburg, Public Utility Subordinate Lien Bond Anticipation Note, Series 2024 (the "Bond Anticipation Note") in the principal amount of \$53,000,000. Prior to the award of the Bond Anticipation Note, the following information is hereby furnished to the Issuer:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to us (the "Lender") in connection with the issuance of the Bond Anticipation Note (such fees and expenses to be paid by the Issuer):

\$12,500
Holland & Knight, Lender's Counsel
Legal Fees

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Lender in connection with the issuance of the Bond Anticipation Note to any person not regularly employed or retained by the Lender (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Lender, as set forth in paragraph (1) above.

(b) No person has entered into an understanding with the Lender, or to the knowledge of the Lender, with the Issuer, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bond Anticipation Note.

3. The amount of the underwriting spread expected to be realized by the Lender is \$0.

4. The management fee to be charged by the Lender is \$0.

5. Truth-in-Bonding Statement. The following information is provided pursuant to Section 218.385(2), Florida Statutes and does not evidence or alter the terms of the Bond Anticipation Note:

You have disclosed to us that the Bond Anticipation Note is being issued primarily to finance and/or reimburse the costs of the Project as such term is defined in the hereinafter defined Resolutions.

Unless earlier prepaid, the Bond Anticipation Note is expected to be repaid no later than November 1, 2025; at an interest rate of 4.24%, total interest paid over the life of the Bond Anticipation Note is estimated to be \$3,139,837.78.

The Bond Anticipation Note will be payable solely from amounts pledged and described in Resolution No. 99-227 adopted by the City Council on April 22, 1999, as amended and supplemented from time to time, as particularly amended by Resolution No. 2005-559 adopted by the City Council on October 20, 2005, Resolution No. 2008-256 adopted by the City Council on May 15, 2008, Resolution No. 2013-400 adopted by the City Council on October 3, 2013 (the "Senior Lien Bond Resolution"), and by a resolution adopted by the City Council on February 29, 2024 (the "Subordinate Lien Note Resolution," and together with the Senior Lien Bond Resolution, the "Resolutions"), and is subject to all the terms and conditions of such Resolutions. Any capitalized undefined terms used herein not otherwise defined shall have the meaning set forth in the Resolutions. Issuance of the Bond Anticipation Note is expected to result in an annual average of approximately \$34,081,520.41 of revenues of the Issuer not being available to finance the services of the Issuer during the life of such Bond Anticipation Note.

6. The name and address of the Lender is as follows:

Truist Commercial Equity, Inc.
401 East Jackson Street, 20th Floor
Tampa, Florida 33602

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Lender this 8th day of March, 2024.

TRUIST COMMERCIAL EQUITY, INC.

Name: Adam Horn
Title: Authorized Agent