

POLK REGIONAL WATER COOPERATIVE

Resolution 2025-34

A RESOLUTION OF THE POLK REGIONAL COOPERATIVE, AN INDEPENDENT SPECIAL DISTRICT OF THE STATE OF FLORIDA, RELATING TO THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING A LOAN OF UP TO \$44,000,000.00; APPROVING THE FORM OF THE LOAN AGREEMENTS; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; DELEGATING CERTAIN MATTERS TO THE CHAIRMAN OR THE VICE CHAIRMAN; PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE

The Board of Directors of the Polk Regional Water Cooperative (“Cooperative”), created pursuant to Section 373.713, Florida Statutes, and an Interlocal Agreement pursuant to Section 163.01, Florida Statutes, in lawful session and in regular order of business properly presented, finds that:

WHEREAS, Florida Statutes provide for the State of Florida Department of Environmental Protection (“Department”) Drinking Water State Revolving Fund (“SRF”) to make loans to local government agencies to finance the construction of drinking water facilities; and

WHEREAS, Florida Administrative Code requires authorization to apply for loans, to establish pledged revenues, to designate an authorized representative, to provide assurances of compliance with the loan program requirements, and to enter into a loan agreement; and

WHEREAS, on July 30, 2025, the Cooperative Board of Directors approved Resolution 2025-23 authorizing staff to apply to the Department for an SRF Loan in the amount \$44,000,000.00 additional funding the construction of a 7.5 million gallon per day water production facility and associated raw water pipelines for the Southeast Wellfield (the “Project”); and

WHEREAS, the State Revolving Fund loan priority list designates Project No. DW532003 as eligible for available funding in the amount of \$44,000,000.00 for the work described above; and

WHEREAS, the loan is secured as a Bond under Resolution No. 2022-05 adopted by the Cooperative Board of Directors on July 13, 2022, as amended and supplemented (the “Master Bond Resolution”); and

WHEREAS, the Cooperative intends to enter into the Loan Agreement in substantially the form attached hereto as **Exhibit “A”** (the “Loan Agreement”) for financing the activities associated with this Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE AS FOLLOWS:

Section 1. The foregoing findings are incorporated herein by reference and made a part hereof.

Section 2. The Cooperative is authorized to pledge for the repayment of the loan, and hereby reaffirms the pledge of, the "Pledged Revenues" as defined in the Master Bond Resolution on a parity with Bonds (as defined in the Master Bond Resolution) issued thereunder in accordance with the thereof. Such Pledged Revenues include the payments project participants of the Southeast Wellfield are obligated to make to the Cooperative under the Second Amended and Restated Implementation Agreement (Southeast Wellfield), July 21, 2022, as amended from time to time ("Implementation Agreement"). The loan will constitute a Series of Bonds (such capitalized terms are defined in the Master Bond Resolution) issued under the Master Bond Resolution, entitled to all the security and benefits thereof.

Section 3. Each of the Chairman and the Vice-Chairman, acting individually, is hereby designated as an authorized representative and signatory of the Cooperative (each an "Authorized Signatory") to provide the assurances and commitments required by the Loan Agreement.

Section 4. The Cooperative is authorized to execute the Loan Agreement with the State Revolving Fund in substantially the form attached hereto as **Exhibit "A"**. The form and terms of Loan Agreement attached hereto and any related documents (collectively, the "Loan Documents") are hereby approved, and the Authorized Signatories are authorized to execute and deliver the same, with such changes, insertions, omissions and filling of blanks as may be approved by the Authorized Signatory executing the same, such approval to be conclusively evidenced by the execution thereof by such Authorized Signatory, and there is hereby delegated to the Authorized Signatories execution of the Loan Agreement. The Authorized Signatories are hereby authorized to execute and deliver on behalf of the Cooperative the Loan Documents as provided hereby and the Secretary is hereby authorized to attest any such signatures on any such documents and to affix the Cooperative's seal thereto to the extent required by such documents. All officials and employees of the Cooperative, including, without limitation, the Authorized Signatories, are authorized and empowered, collectively or individually, to take all other actions and steps and to execute all instruments, documents, and contracts on behalf of the Cooperative as they shall deem necessary or desirable in connection with the loan and the carrying out of the intention of this Resolution, including, without limitation, paying costs related hereto. The Chairman is authorized to delegate responsibility to appropriate Cooperative staff to carry out technical, financial, and administrative activities associated with the Loan Agreement.

Section 5. The loan is not secured by the Composite Reserve Account or by any special account in the Reserve Fund.

Section 6. The legal authority to incur debt, liabilities or obligations, as necessary to construct this Project consists of Article VIII, Section 1 and 2, Constitution of the State of Florida,

Sections 163.01(7) and 373.713(2), Florida Statutes (2022), Section 2.04 of the Interlocal Agreement Relating to the Establishment of the Polk Regional Water Cooperative and Section 15 of the SEWF Implementation Agreement.

Section 7. All prior actions of officials and employees of the Cooperative, including, without limitation, the Authorized Signatories, with respect to the loan are hereby ratified, confirmed and approved.

Section 8. If a section or portion of a section of this Resolution proves to be invalid, unlawful or unconstitutional, it shall not be held to invalidate or impair the validity, force or effect of any other section or part of this Resolution.

Section 9. The Resolution shall become effective immediately upon its passage and adoption.

DONE at Auburndale, Florida this 19th day of November, 2025.

Board of Directors of the Polk Regional Water Cooperative:

Chair

Secretary/Treasurer

Approved as to Form:

Edward P. de la Parte
Legal Counsel

EXHIBIT A

**STATE REVOLVING FUND
LOAN AGREEMENT DW532003
POLK REGIONAL WATER COOPERATIVE**

[See Attached 33 Pages]

**STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

AND

POLK REGIONAL WATER COOPERATIVE

**DRINKING WATER STATE REVOLVING FUND
CONSTRUCTION LOAN AGREEMENT**

DW532003

Florida Department of Environmental Protection
State Revolving Fund Program
Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard, MS 3505
Tallahassee, Florida 32399-3000

DRINKING WATER STATE REVOLVING FUND CONSTRUCTION LOAN AGREEMENT

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**DRINKING WATER STATE REVOLVING FUND
CONSTRUCTION LOAN AGREEMENT
DW532003**

THIS AGREEMENT is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and POLK REGIONAL WATER COOPERATIVE (Project Sponsor) existing as an independent special district created pursuant to Chapter 189 Florida Statutes, Section 373.1962, Florida Statutes, and the Interlocal Agreement creating the Polk Regional Water Cooperative (“Interlocal Agreement”) entered into on June 1, 2016 pursuant to Chapter 163.01, Florida Statutes. Collectively, the Department and the Project Sponsor shall be referred to as “Parties” or individually as “Party”.

RECITALS

Pursuant to Section 403.8532, Florida Statutes and Chapter 62-552, Florida Administrative Code, the Department is authorized to make loans to finance or refinance the construction of public water systems, the planning and design of which have been reviewed by the Department; and

The Department is authorized to allow Principal Forgiveness on Loans funded by the Federal Drinking Water Act; and

The Project Sponsor has applied for financing of the Project, and the Department has determined that such Project meets all requirements for a Loan and Principal Forgiveness.

AGREEMENT

In consideration of the Department loaning money to the Project Sponsor, in the principal amount and pursuant to the covenants set forth below, it is agreed as follows:

ARTICLE I - DEFINITIONS

1.01. WORDS AND TERMS.

Words and terms used herein shall have the meanings set forth below:

- (1) “Agreement” or “Loan Agreement” shall mean this construction loan agreement.
- (2) “Authorized Representative” shall mean the official of the Project Sponsor authorized by ordinance or resolution to sign documents associated with the Loan.
- (3) “Capitalized Interest” shall mean the finance charge that accrues at the Financing Rate on Loan proceeds from the time of disbursement until six months before the first Semiannual Loan Payment is due. Capitalized Interest is financed as part of the Loan principal.
- (4) “Depository” shall mean a bank or trust company, having a combined capital and unimpaired surplus of not less than \$50 million, authorized to transact commercial banking or

savings and loan business in the State of Florida and insured by the Federal Deposit Insurance Corporation.

(5) “Final Amendment” shall mean the final agreement executed between the parties that establishes the final terms for the Loan such as the final Loan amount, the Financing Rate, Loan Service Fee, amortization schedule and Semiannual Loan Payment amount.

(6) “Final Unilateral Amendment” shall mean the Loan Agreement unilaterally finalized by the Department after Loan Agreement and Project abandonment under Section 8.06 that establishes the final amortization schedule for the Loan.

(7) “Financial Assistance” shall mean Principal Forgiveness funds or Loan funds.

(8) “Financing Rate” shall mean the charges, expressed as a percent per annum, imposed on the unpaid principal of the Loan.

(9) “Gross Revenues” shall mean all income or earnings received by the Project Sponsor pursuant to the Implementation Agreement from the Participants’ ownership or operation of the Participants’ Water System including investment income, all as calculated in accordance with generally accepted accounting principles.

(10) “Implementation Agreement” shall mean the agreement established on April 19, 2021, and amended and restated on March 16, 2022, as may be amended from time to time, by the Project Sponsor, City of Auburndale, City of Bartow, City of Fort Meade, City of Lake Alfred, City of Lakeland, City of Mulberry, City of Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton, and Polk County.

(11) “Interlocal Agreement” shall mean the agreement established on June 1, 2016 by the following members: City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, City of Polk City, City of Winter Haven, Town of Dundee and Town of Lake Hamilton and Polk County, a charter county and political subdivision of the State of Florida.

(12) “Loan” shall mean the amount of money to be loaned pursuant to this Agreement and subsequent amendments.

(13) “Loan Application” shall mean the completed form which provides all information required to support obtaining construction loan financial assistance.

(14) “Loan Debt Service Account” shall mean an account, or a separately identified component of a pooled cash or liquid account, with a Depository established by the Project Sponsor for the purposes set forth in Section 3.01.

(15) “Loan Service Fee” shall mean an origination fee which shall be paid to the Department by the Project Sponsor.

(16) “Local Governmental Entity” means a county, municipality, or special district.

(17) “Master Bond Resolution” shall mean the Polk Regional Water Cooperative Resolution No. 2022-05 providing for the issuance of water revenue bonds, additional bonds, and payment of such bonds, as well as guarantee of repayment of this loan, from revenues as specified within the resolution.

(18) “Monthly Loan Deposit” shall mean the monthly deposit to be made by the Project Sponsor to the Loan Debt Service Account.

(19) “Net Revenues” means Gross Revenues less Operation and Maintenance Expenses.

(20) “Operation and Maintenance Expense” shall mean the costs of operating and maintaining the Utility System determined pursuant to generally accepted accounting principles, exclusive of interest on any debt payable from Gross Revenues, depreciation, and any other items not requiring the expenditure of cash.

(21) “Participants” shall mean the Project Participants as defined in the Implementation Agreement.

(22) “Parity Debt” shall mean the following debt obligations issued that are on an equal commercial lien position with this Loan:

(a) Polk Regional Water Cooperative, Water Revenue Bonds, Series 2023C, issued in the amount of \$154,338,308.00 pursuant to Resolution No. 2022-05, as amended by Resolution 2023-09 and Resolution 2023-11 as supplemented by Resolution 2023-02; and

(b) Polk Regional Water Cooperative, Water Revenue Bonds, Series 2023D issued in the amount of \$222,802,928.00 and Water Revenue Bonds, Series 2023E, issued in the amount of \$82,996,513, pursuant to Resolution No. 2022-05, as amended by Resolution No. 2023-09.

(c) Polk Regional Water Cooperative, Water System Revolving Revenue Note, Series 2025A and Revolving Revenue Note, Series 2025B (Federally Taxable), issued in the amount of \$10,000,000, pursuant to Resolution No. 2022-05, as amended by Resolution No. 2023-09, as supplemented by Resolution No. 2025-04.

(d) Any refunding bonds issued to refund the obligations identified above provided such bonds shall not increase annual debt service during the repayment period of this Loan.

(23) “Pledged Revenues” shall mean the specific revenues pledged as security for repayment of the Loan and shall be the Project Sponsor’s Net Revenues allocable to the Debt Service Cost under the Project Sponsor’s Master Bond Resolution.

(24) “Principal Forgiveness” shall mean the amount of money awarded pursuant to this Agreement and subsequent amendments that is not to be repaid.

(25) “Project” shall mean the works financed by this Loan and shall consist of furnishing all labor, materials, and equipment to construct the water production facility and associated raw water pipeline in accordance with the plans and specifications accepted by the Department for the “Southeast Lower Floridian Aquifer Water Production Facility” contract.

The Project is in agreement with the planning documentation accepted by the Department effective June 29, 2020. A Florida Finding of No Significant Impact was published on June 19, 2020 and no adverse comments were received.

(26) “Semiannual Loan Payment” shall mean the payment due from the Project Sponsor to the Department at six-month intervals.

(27) “Utility System” shall mean all devices and facilities of the Water System owned by the Project Sponsor.

(28) “Water System” shall mean all facilities owned by a Participant for supplying and distributing water for residential, commercial, industrial, and governmental use.

1.02. CORRELATIVE WORDS.

Words of the masculine gender shall be understood to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the singular shall include the plural and the word “person” shall include corporations and associations, including public entities, as well as natural persons.

ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS

2.01. WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Project Sponsor warrants, represents and covenants that:

(1) The Project Sponsor has full power and authority to enter into this Agreement and to comply with the provisions hereof.

(2) The Project Sponsor currently is not the subject of bankruptcy, insolvency, or reorganization proceedings and is not in default of, or otherwise subject to, any agreement or any law, administrative regulation, judgment, decree, note, resolution, charter or ordinance which would currently restrain or enjoin it from entering into, or complying with, this Agreement.

(3) There is no material action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or, to the best of the Project Sponsor's knowledge, threatened, which seeks to restrain or enjoin the Project Sponsor from entering into or complying with this Agreement.

(4) All permits, real property interests, and approvals required as of the date of this Agreement have been obtained for construction and use of the Project. The Project Sponsor knows of no reason why any future required permits or approvals are not obtainable.

(5) The Project Sponsor shall undertake the Project on its own responsibility, to the extent permitted by law.

(6) To the extent permitted by law, the Project Sponsor shall release and hold harmless the State, its officers, members, and employees from any claim arising in connection with the

Project Sponsor's actions or omissions in its planning, engineering, administrative, and construction activities financed by this Loan or its operation of the Project.

(7) All Project Sponsor representations to the Department, pursuant to the Loan Application and Agreement, were true and accurate as of the date such representations were made. The financial information delivered by the Project Sponsor to the Department was current and correct as of the date such information was delivered. The Project Sponsor shall comply with Chapter 62-552, Florida Administrative Code, and all applicable State and Federal laws, rules, and regulations which are identified in the Loan Application or Agreement. To the extent that any assurance, representation, or covenant requires a future action, the Project Sponsor shall take such action to comply with this agreement.

(8) The Project Sponsor shall maintain records using generally accepted accounting principles generally consistent with the Governmental Accounting Standards Board. As part of its bookkeeping system, the Project Sponsor shall keep accurate records of all revenues, expenses, and expenditures relating to the Pledged Revenues, Loan disbursement receipts, and Loan Debt Service Account.

(9) The Project Sponsor hereby confirms that the Department is a third party beneficiary of the Implementation Agreement pursuant to Section 27 thereof. The Project Sponsor shall deliver to the Department a copy of any executed amendment, modification or supplement to the Implementation Agreement promptly after the execution thereof.

(10) Pursuant to Section 216.347 of the Florida Statutes, the Project Sponsor shall not use this Loan for the purpose of lobbying the Florida Legislature, the Judicial Branch, or a State agency.

(11) The Project Sponsor agrees to construct the Project in accordance with the Project schedule set forth in Section 10.07. Delays incident to strikes, riots, acts of God, and other events beyond the reasonable control of the Project Sponsor are excepted. If for any reason construction is not completed as scheduled, there shall be no resulting diminution or delay in the Semiannual Loan Payment or the Monthly Loan Deposit.

(12) The Project Sponsor covenants that this Agreement is entered into for the purpose of constructing, refunding, or refinancing the Project which will in all events serve a public purpose. The Project Sponsor covenants that it will, under all conditions, complete and operate the Project to fulfill the public need.

2.02. LEGAL AUTHORIZATION.

Upon signing this Agreement, the Project Sponsor's legal counsel hereby expresses the opinion, subject to laws affecting the rights of creditors generally, that:

(1) This Agreement has been duly authorized by the Project Sponsor and shall constitute a valid and legal obligation of the Project Sponsor enforceable in accordance with its terms upon execution by both parties; and

(2) This Agreement identifies the revenues pledged for repayment of the Loan, and the pledge is valid and enforceable.

2.03. AUDIT AND MONITORING REQUIREMENTS.

The Project Sponsor agrees to the following audit and monitoring requirements.

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

State Resources Awarded to the Project Sponsor Pursuant to this Agreement Consist of the Following:					
State Program Number	Funding Source	CSFA Number	CSFA Title or Fund Source Description	Funding Amount	State Appropriation Category
Original Agreement	Drinking Water Revolving Loan TF	37.076	Drinking Water Facility Construction	\$44,000,000	140129

(2) Audits.

(a) In the event that the Project Sponsor expends a total amount of state financial assistance equal to or in excess of \$750,000 in any fiscal year of such Project Sponsor, the Project Sponsor must have a State single audit for such fiscal year in accordance with Section 215.97, Florida Statutes; applicable rules of the Department of Financial Services; and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General. In determining the state financial assistance expended in its fiscal year, the Project Sponsor shall consider all sources of state financial assistance, including state financial assistance received from the Department of Environmental Protection, other state agencies, and other nonstate entities. State financial assistance does not include Federal direct or pass-through awards and resources received by a nonstate entity for Federal program matching requirements.

(b) In connection with the audit requirements addressed in the preceding paragraph (a); the Project Sponsor shall ensure that the audit complies with the requirements of Section 215.97(7), Florida Statutes. This includes submission of a financial reporting package as defined by Section 215.97(2), Florida Statutes, and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General.

(c) If the Project Sponsor expends less than \$750,000 in state financial assistance in its fiscal year, an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, is not required. The Project Sponsor shall inform the Department of findings and recommendations pertaining to the State Revolving Fund in audits conducted by the Project Sponsor in which the \$750,000 threshold has not been met. In the event that the Project Sponsor expends less than \$750,000 in state financial assistance in its fiscal year, and elects to have an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, the cost of the audit must be paid from the non-state entity's resources (i.e., the cost of such an audit must be paid from the Project Sponsor's resources obtained from other than State entities).

(d) The Project Sponsor is hereby advised that the Florida Single Audit Act Requirements may further apply to lower tier transactions that may be a result of this Agreement. For information regarding the Florida Catalog of State Financial Assistance (CSFA), a Project Sponsor should access the Florida Single Audit Act website located at <https://apps.fldfs.com/fsaa> for assistance.

(3) Report Submission.

(a) Copies of financial reporting packages shall be submitted by or on behalf of the Project Sponsor directly to each of the following:

(i) The Department at one of the following addresses:

By Mail:

Audit Director

Florida Department of Environmental Protection
Office of the Inspector General
3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3123

or

Electronically:

FDEPSingleAudit@dep.state.fl.us

(ii) The Auditor General's Office at the following address:

State of Florida Auditor General
Room 401, Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

(iii) Copies of reports or management letters shall be submitted by or on behalf of the Project Sponsor directly to the Department at either of the following addresses:

By Mail:

Audit Director

Florida Department of Environmental Protection
Office of the Inspector General
3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3123

or

Electronically:
FDEPSingleAudit@dep.state.fl.us

(b) Any reports, management letters, or other information required to be submitted to the Department pursuant to this Agreement shall be submitted timely in accordance with Florida Statutes, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

(c) Project Sponsors, when submitting financial reporting packages to the Department for audits done in accordance with Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to the Project Sponsor in correspondence accompanying the reporting package.

(4) Record Retention.

The Project Sponsor shall retain sufficient records demonstrating its compliance with the terms of this Agreement for a period of five years from the date of the Final Amendment, and shall allow the Department, or its designee, Chief Financial Officer, or Auditor General access to such records upon request. The Project Sponsor shall ensure that audit working papers are made available to the Department, or its designee, Chief Financial Officer, or Auditor General upon request for a period of five years from the date of the Final Amendment, unless extended in writing by the Department.

(5) Monitoring.

In addition to reviews of audits conducted in accordance with Section 215.97, F.S., as revised monitoring procedures may include, but not be limited to, on-site visits by Department staff and/or other procedures. By entering into this Agreement, the Project Sponsor agrees to comply and cooperate with any monitoring procedures/processes deemed appropriate by the Department. In the event the Department determines that a limited scope audit of the Project Sponsor is appropriate, the Project Sponsor agrees to comply with any additional instructions provided by the Department to the Project Sponsor regarding such audit. The Project Sponsor understands its duty, pursuant to Section 20.055(5), F.S., to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing. The Project Sponsor will comply with this duty and ensure that any subcontracts issued under this Agreement will impose this requirement, in writing, on its subcontractors.

ARTICLE III - LOAN REPAYMENT ACCOUNT

3.01. LOAN DEBT SERVICE ACCOUNT.

(1) General Provisions. The Project Sponsor shall establish a Loan Debt Service Account with a Depository for the purposes set forth in this section. Moneys in the Loan Debt Service Account shall be kept separate and apart from all other funds and accounts of the Project Sponsor. All such funds shall be and constitute trust funds for such purposes, and there is hereby created a lien upon such funds in favor of the Department, such other pari-passu liens approved in writing by the Department, and so long as the Project Sponsor has not adopted a master bond resolution,

and the holders of bonds and other parity obligations of the Project Sponsor, until such funds are applied as herein provided. Any funds on deposit in the Loan Debt Service Account that, in the opinion of the Project Sponsor, are not immediately necessary for expenditure, as herein provided, may be invested and reinvested in investments that are lawfully permitted and that shall mature or be redeemable at not less than par on or before the dates on which such funds are estimated to be needed. All income derived from investment of funds in the Loan Debt Service Account shall be deposited therein and shall be used to as provided herein. Moneys in the Loan Debt Service Account shall be secured at all times in the manner prescribed by the laws of the State relating to the securing of public funds and as may be provided by resolution of the Project Sponsor.

(2) RESERVED.

(3) Deposits Pursuant to the Master Bond Resolution. All Gross Revenues received by the Project Sponsor from Participants, including Debt Service Costs, shall be deposited as provided for by the Master Bond Resolution, except for the required Monthly Loan Deposits which the Project Sponsor shall deposit into the Loan Debt Service Account. Beginning six months prior to each Semiannual Loan Payment, the Project Sponsor shall make six Monthly Loan Deposits. The first five deposits each shall be at least equal to one-sixth of the Semiannual Loan Payment. The sixth Monthly Loan Deposit shall be at least equal to the amount required to make the total on deposit in the Loan Debt Service Account equal to the Semiannual Loan Payment amount, taking into consideration investment earnings credited to the account pursuant to Section 3.02.

Any month in which the Project Sponsor fails to make a required Monthly Loan Deposit, the Project Sponsor's Authorized Representative shall notify the Department of such failure. In addition, the Project Sponsor agrees to budget, by amendment if necessary, payment to the Department from other legally available non-ad valorem funds all sums becoming due before the same become delinquent. This requirement shall not be construed to give superiority to the Department's claim on any revenues over prior claims of general creditors of the Project Sponsor, nor shall it be construed to give the Department the power to require the Project Sponsor to levy and collect any revenues other than Pledged Revenues. All Gross Revenues received by the Project Sponsor from Participants, including Debt Service Costs, shall be deposited as provided in Master Bond Resolution, and the Project Sponsor shall only deposit the Monthly Loan Deposits into the Loan Debt Service Account.

3.02. INVESTMENT OF LOAN DEBT SERVICE ACCOUNT MONEYS

Moneys on deposit in the Loan Debt Service Account shall be invested pursuant to the laws of the State of Florida. Such moneys may be pooled for investment purposes. The maturity or redemption date of investments shall be not later than the date upon which such moneys may be needed to make Semiannual Loan Payments and the payments described in Section 3.01. The investment earnings shall be credited to the Loan Debt Service Account and applied toward the Monthly Loan Deposit and other payment requirements.

3.03. LOAN DEBT SERVICE ACCOUNT WITHDRAWALS.

The withdrawal of moneys from the Loan Debt Service Account shall be for the purposes set forth in Section 3.01.

3.04. ASSETS HELD IN TRUST.

The assets in all accounts created under this Loan Agreement shall be held in trust for the purposes provided herein and used only for the purposes and in the manner prescribed in this Agreement; and, pending such use, said assets shall be subject to a lien and charge as set forth in Section 3.01.

ARTICLE IV - PROJECT INFORMATION

4.01. PROJECT CHANGES.

Project changes prior to bid opening shall be made by addendum to plans and specifications. Changes after bid opening shall be made by change order. The Project Sponsor shall submit all addenda and all change orders to the Department for an eligibility determination. After execution of all construction, equipment and materials contracts, the Project contingency may be reduced.

4.02. TITLE TO PROJECT SITE.

The Project Sponsor shall have an interest in real property sufficient for the construction and location of the Project free and clear of liens and encumbrances which would impair the usefulness of such sites for the intended use.

4.03. PERMITS AND APPROVALS.

The Project Sponsor shall have obtained, prior to the Department's authorization to award construction contracts, all permits and approvals required for construction of the Project or portion of the Project funded under this Agreement.

4.04. ENGINEERING SERVICES.

A professional engineer, registered in the State of Florida, shall be employed by, or under contract with, the Project Sponsor to oversee construction.

4.05. PROHIBITION AGAINST ENCUMBRANCES.

The Project Sponsor is prohibited from selling, leasing, or disposing of any part of the Utility System which would materially reduce operational integrity or Gross Revenues so long as this Agreement, including any amendments thereto, is in effect unless the written consent of the Department is first secured. The Project Sponsor may be required to reimburse the Department for the Principal Forgiveness funded cost of any such part, taking into consideration any increase or decrease in value.

4.06. COMPLETION MONEYS.

In addition to the proceeds of this Loan, the Project Sponsor covenants that it has obtained, or will obtain, sufficient moneys from other sources to complete construction and place the Project in operation on, or prior to, the date specified in Article X. Failure of the Department

to approve additional financing shall not constitute a waiver of the Project Sponsor's covenants to complete and place the Project in operation.

4.07. CLOSE-OUT.

The Department shall conduct a final inspection of the Project and Project records. Following the inspection, deadlines for submitting additional disbursement requests, if any, shall be established, along with deadlines for uncompleted Loan or Principal Forgiveness requirements, if any. Deadlines shall be incorporated into the Loan Agreement by amendment. The Loan principal shall be reduced by any excess over the amount required to pay all approved costs. As a result of such adjustment, the Semiannual Loan Payment shall be reduced accordingly, as addressed in Section 10.05.

4.08. DISBURSEMENTS.

Disbursements shall be made only by the State Chief Financial Officer and only when the requests for such disbursements are accompanied by a Department certification that such withdrawals are proper expenditures. Disbursements shall be made directly to the Project Sponsor for reimbursement of the incurred construction costs and related services.

Disbursements for materials, labor, or services shall be made upon receipt of the following:

(1) A completed disbursement request form signed by the Authorized Representative. Such requests must be accompanied by sufficiently itemized summaries of the materials, labor, or services to identify the nature of the work performed; the cost or charges for such work; and the person providing the service or performing the work, and proof of payment.

(2) A certification signed by the Authorized Representative as to the current estimated costs of the Project; that the materials, labor, or services represented by the invoice have been satisfactorily purchased, performed, or received and applied to the project; that all funds received to date have been applied toward completing the Project; and that under the terms and provisions of the contracts, the Project Sponsor is required to make such payments.

(3) A certification by the engineer responsible for overseeing construction stating that equipment, materials, labor and services represented by the construction invoices have been satisfactorily purchased, or received, and applied to the Project in accordance with construction contract documents; stating that payment is in accordance with construction contract provisions; stating that construction, up to the point of the requisition, is in compliance with the contract documents; and identifying all additions or deletions to the Project which have altered the Project's performance standards, scope, or purpose since the issue of the Department construction permit.

(4) Such other certificates or documents by engineers, attorneys, accountants, contractors, or suppliers as may reasonably be required by the Department.

ARTICLE V - RATES AND USE OF THE UTILITY SYSTEM

5.01. RATE COVERAGE.

The Project Sponsor shall maintain rates and charges for the services furnished by the Utility System which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year.

5.02. NO FREE SERVICE.

The Project Sponsor shall not permit connections to, or furnish any services afforded by, the Utility System without making a charge therefore based on the Project Sponsor's schedule of rates, fees, and charges as provided for in the Implementation Agreement.

5.03. NO COMPETING SERVICE.

The Project Sponsor shall take action to ensure the Participants shall not allow any person to provide any services which would compete with their Water System, to the extent permitted by law, so as to materially adversely affect Gross Revenues or as otherwise provided by the Participants bond resolution or ordinance; provided, however, that this subsection shall not affect the vested rights of any persons, firms, or corporations now owning or operating such facilities; further provided that this provision shall not be deemed to require a Participant to provide service where to do so would be uneconomical.

5.04. MAINTENANCE OF THE UTILITY SYSTEM.

The Project Sponsor shall operate and maintain the Utility System and shall take action to ensure the Participants shall operate and maintain their Water Systems, all in a proper, sound and economical manner and the Project Sponsor and the Participants shall make all necessary repairs, renewals and replacements to their respective systems.

5.05. ADDITIONS AND MODIFICATIONS.

The Project Sponsor is not required under the Implementation Agreement from prohibiting the Participants from making any additions, modifications or improvements to their Water System which they deem desirable and which do not materially reduce the operational integrity of any part of their Water System. All such renewals, replacements, additions, modifications and improvements shall become part of the Participants' Water System.

5.06. COLLECTION OF REVENUES.

The Project Sponsor shall take action to ensure the Participants shall use their best efforts to collect all rates, fees and other charges due to them. The Project Sponsor shall ensure that the Participants shall establish liens on premises served by their Water System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Project Sponsor shall ensure the Participants shall, to the full extent permitted by law, cause to discontinue the services of the Water System and use their best efforts to shut off waterservice furnished to persons who are delinquent beyond customary grace periods (or repayment plans or

deferrals) in the payment of Water System rates, fees and other charges. This section shall not require action during a state of emergency.

ARTICLE VI - DEFAULTS AND REMEDIES

6.01. EVENTS OF DEFAULT.

Upon the occurrence of any of the following events (the Events of Default) all obligations on the part of Department to make any further disbursements hereunder shall, if Department elects, terminate. The Department may, at its option, exercise any of its remedies set forth in this Agreement, but Department may make any disbursements or parts of disbursements after the happening of any Event of Default without thereby waiving the right to exercise such remedies and without becoming liable to make any further disbursement:

(1) Failure to make any Monthly Loan Deposit or to make any installment of the Semiannual Loan Payment when it is due and such failure shall continue for a period of 30 days.

(2) Except as otherwise provided in Section 6.01 failure to comply with the provisions of this Agreement or failure in the performance or observance of any of the covenants or actions required by this Agreement and such failure shall continue for a period of 60 days after written notice thereof to the Project Sponsor by the Department or the Suspension of this Agreement by the Department pursuant to Section 8.11 below.

(3) Any warranty, representation or other statement by, or on behalf of, the Project Sponsor contained in this Agreement or in any information furnished in compliance with, or in reference to, this Agreement, which is false or misleading, or if Project Sponsor shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in this Agreement, or any other document given in connection with the Loan (provided, that with respect to non-monetary defaults, Department shall give written notice to Project Sponsor, which shall have 30 days to cure any such default), or is unable or unwilling to meet its obligations thereunder.

(4) An order or decree entered, with the acquiescence of the Project Sponsor, appointing a receiver of any part of the Utility System or Gross Revenues thereof; or if such order or decree, having been entered without the consent or acquiescence of the Project Sponsor, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

(5) Any proceeding instituted, with the acquiescence of the Project Sponsor, for the purpose of effecting a composition between the Project Sponsor and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from Gross Revenues of the subject Utility System.

(6) Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the Project Sponsor under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Project Sponsor, is not dismissed within 60 days after filing.

(7) Any charge is brought alleging violations of any criminal law in the implementation of the Project or the administration of the proceeds from this Loan against one or more officials of the Project Sponsor by a State or Federal law enforcement authority, which charges are not withdrawn or dismissed within 60 days following the filing thereof.

(8) Failure of the Project Sponsor to give immediate written notice of its knowledge of an Event of Default or default that with the passage of time or the giving of notice, or both, would be an Event of Default, hereunder, to the Department and such failure shall continue for a period of 30 days.

6.02. REMEDIES.

All rights, remedies, and powers conferred in this Agreement and the transaction documents are cumulative and are not exclusive of any other rights or remedies, and they shall be in addition to every other right, power, and remedy that Department may have, whether specifically granted in this Agreement or any other transaction document, or existing at law, in equity, or by statute. Any and all such rights and remedies may be exercised from time to time and as often and in such order as Department may deem expedient. Upon any of the Events of Default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by, *inter alia*, any of the following remedies:

(1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Utility System, and to require the Project Sponsor to fulfill this Agreement.

(2) By action or suit in equity, require the Project Sponsor to account for all moneys received from the Department or from the ownership of the Utility System and to account for the receipt, use, application, or disposition of the Pledged Revenues.

(3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department.

(4) By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Utility System, establish and collect fees and charges and apply the revenues as provided herein.

(5) By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus six percent, expressed as an annual interest rate, penalty of the amount due to the Department from any unobligated funds due to the Project Sponsor under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution or State law. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due with interest on overdue payments together

with all costs of collection, including attorneys' fees.

(8) By increasing the interest rate on the unpaid principal of the Loan to as much as 1.667 times the Loan interest rate for a default under Subsection 6.01(1).

(9) Make demand upon Guarantors' for amounts due up to the guaranteed amount specified in their guaranty agreement.

6.03. DELAY AND WAIVER.

No course of dealing between Department and Project Sponsor, or any failure or delay on the part of Department in exercising any rights or remedies hereunder, shall operate as a waiver of any rights or remedies of Department, and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder. No delay or omission by the Department to exercise any right or power accruing upon Events of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver or any default under this Agreement shall extend to or affect any subsequent Events of Default, whether of the same or different provision of this Agreement, or shall impair consequent rights or remedies.

ARTICLE VII - THE PLEDGED REVENUES

7.01. SUPERIORITY OF THE PLEDGE TO THE DEPARTMENT.

From and after the effective date of this Agreement, the Department shall have a lien on the Pledged Revenues, which along with any other Department State Revolving Fund liens on the Pledged Revenues, on equal priority subject to Section 7.02, and Parity Debt will be prior and superior to any other lien, pledge or assignment with the following exception. All obligations of the Project Sponsor under this Agreement shall be junior, inferior, and subordinate in all respects in right of payment and security to any additional senior obligations issued with the Department's consent pursuant to Section 7.02. The Department may release its lien on such Pledged Revenues in favor of the Department if the Department makes a determination in its sole discretion, based upon facts deemed sufficient by the Department, that the remaining Pledged Revenues will, in each Fiscal Year, equal or exceed 1.15 times the debt service coming due in each Fiscal Year under the terms of this Agreement.

7.02. ADDITIONAL DEBT OBLIGATIONS.

The Project Sponsor may issue additional debt obligations on a parity with, or senior to, the lien of the Department on the Pledged Revenues provided the Department's written consent is obtained. Such consent may be granted if the Project Sponsor demonstrates at the time of such issuance that the Pledged Revenues, which may take into account reasonable projections of growth of the Utility System and revenue increases, plus revenues to be pledged to the additional proposed debt obligations will, during the period of time Semiannual Loan Payments are to be made under this Agreement, equal or exceed the annual combined debt service requirements of this Agreement and the obligations proposed to be issued by the Project Sponsor and will satisfy the coverage requirements of all other debt obligations secured by the Pledged Revenues.

ARTICLE VIII - GENERAL PROVISIONS

8.01. DISCHARGE OF OBLIGATIONS.

The Department consents to the issuance of this Loan as a senior lien obligation pursuant to Section 7.02 of the Drinking Water State Revolving Fund Design Loan Agreement DW532001 dated August 9, 2022 (the “SE Wellfield Agreement”) and Drinking Water State Revolving Fund Design Loan Agreement DW532002 dated March 1, 2023 (the “WP Wellfield Agreement”) between the Department and the Project Sponsor. The Department and the Project Sponsor agree that the Loan hereunder shall be an Additional Bond under the Master Bond Resolution. The Department, in connection with the issuance of the Loan hereunder and as the sole holder of all obligations outstanding under the Master Bond Resolution, agrees to waive the requirements under Section 12.02 of the Master Bond Resolution for the issuance of Additional Bonds. The parties agree that the loan under the SE Wellfield Agreement is also an Additional Bond under the Master Bond Resolution.

All Semiannual Loan payments required to be made under this Agreement shall be cumulative and any deficiencies in any Fiscal Year shall be added to the payments due in the succeeding year and all years thereafter until fully paid. Payments shall continue to be secured by this Agreement until all of the payments required shall be fully paid to the Department. If at any time the Project Sponsor shall have paid, or shall have made provision for the timely payment of, the entire principal amount of the Loan and interest, the pledge of, and lien on, the Pledged Revenues to the Department shall be no longer in effect. Deposit of sufficient cash, securities, or investments, authorized by law, from time to time, may be made to effect defeasance of this Loan. However, the deposit shall be made in irrevocable trust with a banking institution or trust company for the sole benefit of the Department. There shall be no penalty imposed by the Department for early retirement of this Loan.

8.02. PROJECT RECORDS AND STATEMENTS.

Books, records, reports, engineering documents, contract documents, and papers shall be available to the authorized representatives of the Department for inspection at any reasonable time after the Project Sponsor has received a disbursement and until five years after the Final Amendment date.

8.03. ACCESS TO PROJECT SITE.

The Project Sponsor shall provide access to Project sites and administrative offices to authorized representatives of the Department at any reasonable time. The Project Sponsor shall cause its engineers and contractors to cooperate during Project inspections, including making available working copies of plans and specifications and supplementary materials.

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the Project Sponsor. The Project Sponsor shall not assign rights created by this Agreement without the written consent of the Department.

8.05. AMENDMENT OF AGREEMENT.

This Agreement may be amended, in writing, except that no amendment shall be permitted which is inconsistent with statutes, rules, regulations, executive orders, or written agreements between the Department and the U.S. Environmental Protection Agency (EPA). This Agreement may be amended after all construction contracts are executed to re-establish the Project cost, Loan amount, Project schedule, and Semiannual Loan Payment amount. A Final Amendment establishing the final Project and the Loan Service Fee based on actual Project costs shall be completed after the Department's final inspection of the Project records.

8.06. ABANDONMENT, TERMINATION OR VOLUNTARY CANCELLATION.

Failure of the Project Sponsor to actively prosecute or avail itself of this Loan (including e.g. described in para 1 and 2 below) shall constitute its abrogation and abandonment of the rights hereunder, and the Department may then, upon written notification to the Project Sponsor, suspend or terminate this Agreement.

(1) Failure of the Project Sponsor to draw on the Loan proceeds within eighteen months after the effective date of this Agreement, or by the date set in Section 10.07 to establish the Loan Debt Service Account, whichever date occurs first.

(2) Failure of the Project Sponsor, after the initial Loan draw, to draw any funds under the Loan Agreement for twenty-four months, without approved justification or demonstrable progress on the Project.

Upon a determination of abandonment by the Department, the Loan will be suspended, and the Department will implement administrative close out procedures (in lieu of those in Section 4.07) and provide written notification of Final Unilateral Amendment to the Project Sponsor.

In the event that following the execution of this Agreement, the Project Sponsor decides not to proceed with this Loan, this Agreement can be cancelled by the Project Sponsor, without penalty, if no funds have been disbursed.

8.07. SEVERABILITY CLAUSE.

If any provision of this Agreement shall be held invalid or unenforceable, the remaining provisions shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

8.08. USE AS MATCHING FUNDS.

The EPA provided a class deviation from the Provisions of 40 CFR 35.3125(b)(1) to allow these second-tier funds to be used as local matching requirements for most EPA grant funded treatment works projects, including special Appropriations Act projects.

8.09. DAVIS-BACON AND RELATED ACTS REQUIREMENTS.

(1) The Project Sponsor shall periodically interview 10% of the work force entitled to Davis-Bacon prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. Project Sponsors shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. As provided in 29 CFR 5.6(a)(5) all interviews must be conducted in confidence. The Project Sponsor must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) The Project Sponsor shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The Project Sponsor shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date of the contract or subcontract. Project Sponsors must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. In addition, during the examinations the Project Sponsor shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(3) The Project Sponsor shall periodically review contractors' and subcontractors' use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor (DOL) or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of laborers, trainees, and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in items (1) and (2) above.

(4) Project Sponsors must immediately report potential violations of the Davis-Bacon prevailing wage requirements to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm> and to the EPA Region 4 Water Division/Grants and Infrastructure Section by calling 404-562-9345. Additional information on Davis-Bacon guidance is located on the EPA website at: <https://www.epa.gov/grants/davis-bacon-and-related-acts-dbra>.

8.10. AMERICAN IRON AND STEEL REQUIREMENT.

The Project Sponsor's subcontracts must contain requirements that all of the iron and steel products used in the Project are in compliance with the American Iron and Steel requirement as described in Section 608 of the Federal Water Pollution Control Act unless the Project Sponsor has obtained a waiver pertaining to the Project or the Department has advised the Project Sponsor that the requirement is not applicable to the Project.

8.11. RESERVED.

8.12. RESERVED.

8.13. PUBLIC RECORDS ACCESS.

(1) The Project Sponsor shall comply with Florida Public Records law under Chapter 119, F.S. Records made or received in conjunction with this Agreement are public records under Florida law, as defined in Section 119.011(12), F.S. The Project Sponsor shall keep and maintain public records required by the Department to perform the services under this Agreement.

(2) This Agreement may be unilaterally canceled by the Department for refusal by the Project Sponsor to either provide to the Department upon request, or to allow inspection and copying of all public records made or received by the Project Sponsor in conjunction with this Agreement and subject to disclosure under Chapter 119, F.S., and Section 24(a), Article I, Florida Constitution.

(3) IF THE PROJECT SPONSOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE PROJECT SPONSOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE DEPARTMENT'S CUSTODIAN OF PUBLIC RECORDS AT (850)245-2118, by email at public.services@dep.state.fl.us, or at the mailing address below:

**Department of Environmental Protection
ATTN: Office of Ombudsman and Public Services
Public Records Request
3900 Commonwealth Blvd, MS 49
Tallahassee, FL 32399**

8.14. SCRUTINIZED COMPANIES.

(1) The Project Sponsor certifies that it and its subcontractors are not on the Scrutinized Companies that Boycott Israel List. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Project Sponsor or its subcontractors are found to have submitted a false certification; or if the Project Sponsor, or its subcontractors are placed on the Scrutinized Companies that Boycott Israel List or is engaged in the boycott of Israel during the term of the Agreement.

(2) If this Agreement is for more than one million dollars, the Project Sponsor certifies that it and its subcontractors are also not on the Scrutinized Companies with Activities in Sudan, Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria as identified in Section 287.135, F.S. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Project Sponsor, its affiliates, or its subcontractors are found to have submitted a false

certification; or if the Project Sponsor, its affiliates, or its subcontractors are placed on the Scrutinized Companies with Activities in Sudan List, or Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria during the term of the Agreement.

(3) The Project Sponsor agrees to observe the above requirements for applicable subcontracts entered into for the performance of work under this Agreement.

(4) As provided in Subsection 287.135(8), F.S., if federal law ceases to authorize these contracting prohibitions then they shall become inoperative.

8.15. SUSPENSION.

The Department may suspend any or all of its obligations to Loan or provide financial accommodation to the Project Sponsor under this Agreement in the following events, as determined by the Department:

(1) The Project Sponsor abandons or discontinues the Project before its completion,

(2) The commencement, prosecution, or timely completion of the Project by the Project Sponsor is rendered improbable or the Department has reasonable grounds to be insecure in Project Sponsor's ability to perform, or

(3) The implementation of the Project is determined to be illegal, or one or more officials of the Project Sponsor in responsible charge of, or influence over, the Project is charged with violating any criminal law in the implementation of the Project or the administration of the proceeds from this Loan.

The Department shall notify the Project Sponsor of any suspension by the Department of its obligations under this Agreement, which suspension shall continue until such time as the event or condition causing such suspension has ceased or been corrected, or the Department has re-instated the Agreement.

Project Sponsor shall have no more than 30 days following notice of suspension hereunder to remove or correct the condition causing suspension. Failure to do so shall constitute a default under this Agreement.

Following suspension of disbursements under this Agreement, the Department may require reasonable assurance of future performance from Project Sponsor prior to re-instating the Loan. Such reasonable assurance may include, but not be limited to, a payment mechanism using two party checks, escrow or obtaining a Performance Bond for the work remaining.

Following suspension, upon failure to cure, correct or provide reasonable assurance of future performance by Project Sponsor, the Department may exercise any remedy available to it by this Agreement or otherwise and shall have no obligation to fund any remaining Loan balance under this Agreement.

8.16. CIVIL RIGHTS.

The Project Sponsor shall comply with all Title VI requirements of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 and the Age Discrimination Act of 1975, which prohibit activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, national origin (including limited English proficiency), age, disability, or sex.

8.17. PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT.

The Project Sponsor and any contractors/subcontractors are prohibited from obligating or expending any Loan or Principal Forgiveness funds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. See Section 889 of Public Law 115-232 (National Defense Authorization Act 2019). Also, see 2 CFR 200.216 and 200.471.

ARTICLE IX - CONTRACTS AND INSURANCE

9.01. CONTRACTS.

(1) The following documentation is required to receive the Department's authorization to award construction contracts:

- (a) Proof of advertising.
- (b) Award recommendation, bid proposal, and bid tabulation (certified by the responsible engineer).
- (c) Certification of compliance with the conditions of the Department's approval of competitively or non-competitively negotiated procurement, if applicable.
- (d) Certification Regarding Disbarment, Suspension, Ineligibility and Voluntary Exclusion.
- (e) Certification that the Project Sponsor and contractors are in compliance with labor standards, including prevailing wage rates established for its locality by the DOL under the Davis-Bacon Act for Project construction.
- (f) Certification that all procurement is in compliance with Section 8.10 which states that all iron and steel products used in the Project must be produced in the United States unless (a) a waiver is provided to the Project Sponsor by the EPA or (b) compliance would be inconsistent with United States obligations under international agreements.

9.02. SUBMITTAL OF CONTRACT DOCUMENTS.

(1) After the Department's authorization to award construction contracts has been received, the Project Sponsor shall submit the following documents:

- (a) Contractor insurance certifications.
- (b) Executed Contract(s).
- (c) Notices to proceed with construction.

(2) After the Project Sponsor has awarded the professional services contract(s), the Project Sponsor shall submit the following documents:

- (a) Executed Contract(s).
- (b) Professional Services Procurement Certification.

9.03. INSURANCE REQUIRED.

The Project Sponsor shall cause the Project, as each part thereof is certified by the engineer responsible for overseeing construction as completed, and the Utility System (hereafter referred to as "Revenue Producing Facilities") to be insured by an insurance company or companies licensed to do business in the State of Florida against such damage and destruction risks as are customary for the operation of utility systems of like size, type and location to the extent such insurance is obtainable from time to time against any one or more of such risks.

The proceeds of insurance policies received as a result of damage to, or destruction of, the Project or the other Revenue Producing Facilities, shall be used to restore or replace damaged portions of the facilities. If such proceeds are insufficient, the Project Sponsor shall provide additional funds to restore or replace the damaged portions of the facilities. Repair, construction or replacement shall be promptly completed.

ARTICLE X - DETAILS OF FINANCING

10.01. PRINCIPAL AMOUNT OF LOAN.

The total amount awarded is \$44,000,000. Of that, the estimated amount of Principal Forgiveness is \$6,538,148. The estimated principal amount of the Loan to be repaid is \$38,647,652, which consists of \$37,461,852 to be disbursed to the Project Sponsor and \$1,185,800 of Capitalized Interest.

Capitalized Interest is not disbursed to the Project Sponsor, but is amortized via periodic Loan repayments to the Department as if it were actually disbursed. Capitalized Interest is computed at the Financing Rate, or rates, set for the Loan. It accrues and is compounded annually from the time when disbursements are made until six months before the first Semiannual Loan Payment is due. Capitalized Interest is estimated prior to establishing the schedule of actual disbursements.

This project is a Segmented Project. Additional State Revolving Fund financing for the Project is dependent upon the availability of additional funds. The current funding limitations and future funding priority entitlement for Segmented Projects are set forth in the Chapter 62-552 of the Florida Administrative Code.

10.02. LOAN SERVICE FEE.

The Loan Service Fee is \$880,000 for the Loan amount authorized to date. The fee represents two percent of the Loan amount excluding Capitalized Interest; that is, two percent of \$44,000,000. The Loan Service Fee is estimated at the time of execution of the loan agreement and shall be revised with any increase or decrease amendment. The Loan Service Fee is based on actual Project costs and assessed in the final loan amendment. The Project Sponsor shall pay the Loan Service Fee from the first available repayment(s) following the Final Amendment.

10.03. FINANCING RATE.

The Financing Rate on the unpaid principal of the Loan amount specified in Section 10.01 is 1.85 percent per annum. However, if this Agreement is not executed by the Project Sponsor and returned to the Department before October 1, 2025, the Financing Rate may be adjusted.

10.04. LOAN TERM.

The Loan term shall be 20 years.

10.05. REPAYMENT SCHEDULE.

Repayments shall be made semiannually (twice per year). The Semiannual Loan Payment shall be computed based upon the principal amount of the Loan less the Principal Forgiveness plus the estimated Loan Service Fee and the principle of level debt service. The Semiannual Loan Payment amount may be adjusted, by amendment of this Agreement, based upon revised information. After the final disbursement of Loan proceeds, the Semiannual Loan Payment shall be based upon the actual Project costs, the actual Loan Service Fee and the Loan Service Fee capitalized interest, if any, and actual dates and amounts of disbursements, taking into consideration any previous payments. Actual Project costs shall be established after the Department's inspection of the completed Project and associated records. The Department will deduct the Loan Service Fee and any associated interest from the first available repayments following the Final Amendment.

Each Semiannual Loan Payment shall be in the amount of \$1,186,767 until the payment amount is adjusted by amendment. The interest portion of each Semiannual Loan Payment shall be computed on the unpaid balance of the principal amount of the Loan, including Capitalized Interest. Interest also shall be computed on the unpaid balance of the Loan Service Fee. Interest shall be computed as of the due date of each Semiannual Loan Payment.

Semiannual Loan Payments shall be received by the Department beginning on August 15, 2029 and semiannually thereafter on February 15 and August 15 of each year until all amounts due hereunder have been fully paid. Funds transfer shall be made by electronic means.

The Semiannual Loan Payment amount is based on the total amount to be repaid of \$39,527,652, which consists of the Loan principal plus the Loan Service Fee with its capitalized interest.

10.06. PROJECT COSTS.

The Project Sponsor and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of construction bidding or mutually agreed upon Project changes. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Project Sponsor receives other governmental financial assistance for this Project, the costs funded by such other governmental assistance will not be financed by this Loan. The Department shall establish the final Project costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of an audit.

The Project Sponsor agrees to the following estimates of Project costs:

CATEGORY	PROJECT COSTS (\$)	AUTHORIZED LOAN AMOUNT(\$) TO DATE
Construction and Demolition	214,454,324	<i>Line items may</i>
Less SWFWMD Funding	(84,454,324)	<i>vary based on</i>
SUBTOTAL (Disbursable Amount)	130,000,000	<i>Actual Disbursements</i>
Less Principal Forgiveness	(18,239,866)	
SUBTOTAL (Loan Amount)	111,760,134	44,000,000
Capitalized Interest	1,185,800	(6,538,148)
TOTAL (Loan Principal Amount)	112,945,934	37,461,852
		1,185,800
		38,647,652

10.07. SCHEDULE.

The Project Sponsor agrees by execution hereof:

(1) This Agreement shall be effective on February 12, 2025. Invoices submitted for work conducted on or after this date shall be eligible for reimbursement.

(2) Completion of Project construction is scheduled for February 15, 2029.

(3) The Loan Debt Service Account shall be established and Monthly Loan Deposits shall begin no later than February 15, 2029.

(4) The first Semiannual Loan Payment in the amount of \$1,186,767 shall be due August 15, 2029.

10.08. SPECIAL CONDITION.

Prior to execution of this Agreement, a signed copy of the Professional Services Procurement Certification form (CCNA Certification) must be submitted.

ARTICLE XI - EXECUTION OF AGREEMENT

This Loan Agreement DW532003 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this Agreement to be executed on its behalf by the Secretary or Designee and the Project Sponsor has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Department.

for
POLK REGIONAL WATER COOPERATIVE

Chairman

Attest:

I attest to the opinion expressed in Section 2.02,
entitled Legal Authorization.

Clerk

Attorney

SEAL

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Secretary or Designee

Date