

RESOLUTION NO. 2026-__

WHEREAS, Polk County, Florida (the "County") adopted a Resolution on December 16, 2025 (the "General Resolution"), authorizing the sale of its Waverly Utility System (as defined below) to the City of Lake Wales ("Lake Wales"); and

WHEREAS, the County owns and operates a potable water supply treatment, transmission, and distribution system, and a wastewater collection, transmission, treatment, and disposal system (collectively, the "Waverly Utility System") located within the Waverly area of unincorporated Polk County within the County's East Regional Utility Service Area; and

WHEREAS, the County commissioned and received a system valuation report (the "Raftelis Report") from Raftelis Financial Consultants, Inc. ("Raftelis") dated June 17, 2024 to provide that the fair market value of the Waverly Utility System is \$5,300,000; and

WHEREAS, in 2025 the County commissioned and received a report from its technical advisors which assessed the financial and operational condition of the Waverly Utility System; and

WHEREAS, upon consideration of their respective reports and investigations of the Waverly Utility System, the County and Lake Wales staffs negotiated a proposed Agreement for Purchase and Sale of Water System and Wastewater System Assets By & Between the City of Lake Wales & Polk County, Florida (the "Sales Agreement"); and

WHEREAS, the County duly noticed and conducted a public hearing as required by Section 125.3401, Florida Statutes, regarding the proposed sale of the Waverly Utility System to Lake Wales in accordance with the Sales Agreement; and

WHEREAS, the Board of County Commissioners has among other matters considered the factors stated in Section 125.3401, Florida Statutes, as stated on the Memorandum from the Utilities Division Director dated December 16, 2025 (the "Memorandum"), which was attached to and made a part of the General Resolution as Exhibit "A"; and

WHEREAS, Raftelis is a Qualified Independent Consultant in accordance with Ordinance No. 85-34 of the County enacted on December 17, 1985 and Resolution No. 91 -03 adopted by the Board of County Commissioners of the County (the "Board") on September 24, 1991, as amended and restated in its entirety by Resolution No. 04-157 adopted by the Board on November 3, 2004, as supplemented and amended (collectively, the "Master Resolution"), including, without limitation, as supplemented by Resolution No. 2020-013 adopted by the Board on February 4, 2020 (the "2020 Resolution"), and Resolution No. 2024-129 adopted by the Board on July 16, 2024 (the "2024 Resolution" and together with the 2020 Resolution and the Master Resolution, collectively, the "Bond Resolution"); and

WHEREAS, the County has determined that the fair market value of the Waverly Utility System (as determined by Raftelis in the Raftelis Report), together with the fair market value of all property previously sold or disposed of in this Fiscal Year, does not exceed 2% of the undepreciated book value of the System (as defined in the Bond Resolution); and

WHEREAS, having considered the Section 125.3401 factors, the Memorandum, the Raftelis Report, the proposed Sales Agreement, public comment, and other competent and substantial evidence produced at the public hearing or previously provided to the Board regarding the Waverly Utility System, the Board approved the General Resolution and determined that it is in the public's interest to transfer ownership of the Waverly Utility System to Lake Wales and finds, determines and ratifies its determinations that the Waverly Utility System is no longer necessary or useful in the operations of the County; and

WHEREAS, in anticipation of the proposed sale of the Waverly Utility System and in furtherance of the County's obligations to take all remedial actions necessary to preserve the accuracy and continued validity of prior tax representations, certifications, and covenants associated with the financing of the Waverly Utility System, the County intends to execute a Supplement to Certificates Relating to Tax, Arbitrage and Other Matters relating to the County's following bonds were used to finance or refinance the Waverly Utility System: (i) Utility System Revenue Bonds, Series 2010 (Federally Taxable-Build America Bonds-Direct Subsidy) which were refunded with a portion of the proceeds of the County's Utility System Revenue and Revenue Refunding Bonds, 2024 (the "2024 Bonds"), (ii) the Utility Systems Revenue and Refunding Bonds, Series 2013 which were refunded with a portion of the County's Utility System Revenue and Revenue Refunding Bonds, 2020, and (iii) the 2024 Bonds (the "Supplement Certificate"); and

WHEREAS, all capitalized undefined terms used herein shall have the meanings provided in the General Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSIONERS OF POLK COUNTY, FLORIDA THAT:

Section 1. The County anticipates the potential private business use or private ownership of the Waverly Utility System after its sale to Lake Wales under Section 141 of the Internal Revenue Code of 1986, as amended (the "Code") and is taking anticipatory remedial action under Section 1.141-12(d)(3) of the Treasury Department Regulations (the "Regulations") with respect to such anticipated private business use of the Waverly Utility System. The County intends to take the proceeds received from the sale exclusively for cash of the Waverly Utility System in the amount of \$5,300,000 (the "Disposition Proceeds") and apply them to an alternative qualifying use under Section 1.141-12(e) of the Regulations within two years of the date hereof to pay for the capital projects (the "Project") listed on Exhibit A of the Supplement to Certificates Relating to Tax, Arbitrage and Other Matters (the "Supplemental Tax Certificate") attached as Exhibit "A" hereto.

Section 2. The Chairman of the Board, the County Administrator, the Clerk, and any such other officers and employees of the County as may be designated by the Chairman are hereby authorized to take all actions necessary or convenient in order to comply with the Code. Any authorized officers of the County are hereby authorized to execute the Supplemental Certificate.

Section 3. This Resolution shall be fully effective immediately upon adoption.

Passed and duly adopted in public session of the Board of County Commissioner of Polk County, Florida on the 3rd day of March, 2026.

BOARD OF COUNTY COMMISSIONERS
OF POLK COUNTY, FLORIDA

By: _____
Chairman

ATTESTED:

STACY BUTTERFIELD, Clerk of the
Circuit Court and Ex-Officio Clerk
of the Board of County Commissioners
of Polk County, Florida

By: _____
Deputy Clerk

EXHIBIT "A"

SUPPLEMENTAL TAX CERTIFICATE

**SUPPLEMENT TO
CERTIFICATES RELATING TO TAX,
ARBITRAGE AND OTHER MATTERS
REGARDING REMEDIAL ACTION**

Polk County, Florida

Dated as of [_____], 2026

Relating To

Polk County, Florida

Utility System Revenue and Revenue Refunding Bonds, 2020

and

Utility System Revenue and Revenue Refunding Bonds, 2024

SUPPLEMENT TO
CERTIFICATES RELATING TO TAX,
ARBITRAGE AND OTHER MATTERS
REGARDING REMEDIAL ACTION

THIS SUPPLEMENT TO CERTIFICATES RELATING TO TAX, ARBITRAGE AND OTHER MATTERS (the "Supplement") is made and dated as of [_____], 2026 by Polk County, Florida (the "County"), supplementing (i) the Certificate Relating to Tax, Arbitrage and Other Matters, dated March 12, 2020 (the "Series 2020 Certificate"), relating to the County's Utility System Revenue and Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), and (ii) the Certificate Relating to Tax, Arbitrage and Other Matters, dated September 19, 2024 (the "Series 2024 Certificate" and together with the Series 2020 Certificate, the "Original Tax Certificates"), relating to the County's Utility System Revenue and Revenue Refunding Bonds, Series 2024 (the "Series 2024 Bonds" and together with the Series 2020 Bonds, the "Bonds").

W I T N E S E T H:

WHEREAS, the Bonds were issued pursuant to Ordinance No. 85-34 of the County enacted on December 17, 1985 and Resolution No. 91-03 adopted by the Board of County Commissioners of the County (the "Board") on September 24, 1991, as amended and restated in its entirety by Resolution No. 04-157 adopted by the Board on November 3, 2004, as supplemented and amended (collectively, the "Master Resolution"), including, without limitation, as supplemented by Resolution No. 2020-013 adopted by the Board on February 4, 2020 (the "2020 Resolution"), and Resolution No. 2024-129 adopted by the Board on July 16, 2024 (the "2024 Resolution" and together with the 2020 Resolution and the Master Resolution, collectively, the "Bond Resolution").

WHEREAS, the County owned and operated a potable water supply treatment, transmission, and distribution system, and a wastewater collection, transmission, treatment, and disposal system (collectively, the "Waverly Utility System") located within the Waverly area of unincorporated Polk County within the County's East Regional Utility Service Area. Certain improvements to the Waverly Utility System were financed or refinanced with portions of the Bonds. The County transferred ownership of the Waverly Utility System pursuant to an Agreement for Purchase and Sale of Water System and Wastewater System Assets by and between the City of Lake Wales, Florida ("Lake Wales"), and the County, dated as of [_____], 2026 (the "Agreement"). Pursuant to the Agreement, the County received proceeds from the sale of the Waverly Utility System in the amount of \$5,300,000 and desires to deposit such proceeds into the Renewal and Replacement Fund established under the Bond Resolution to then use such proceeds to finance or refinance certain capital projects as further described on Exhibit A within two years of the date hereof. The County and Lake Wales desire to amend or waive certain provisions related to the Agreement in a manner that may result in private business use or private ownership of the Waverly Utility System (the "Change in Use"). The County and Lake Wales desire to take anticipatory remedial action under Section 1.141-12(d)(3) of the Treasury Department Regulations (the "Regulations") (the "Remedial Action");

WHEREAS, the County executed each of the Original Tax Certificates to ensure compliance by the County with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the Regulations thereunder; and

WHEREAS, to ensure that interest on the Bonds will remain excludable from gross income under the Code, the restrictions contained in the Original Tax Certificates as supplemented by this Supplement must be satisfied.

NOW THEREFORE, the County warrants, represents and covenants as follows:

ARTICLE I REMEDIAL ACTION

Section 1.1 The County will utilize the remedial action provisions under Section 1.141-12(d) of the Regulations to prevent the Change in Use of the Waverly Utility System from being treated as a deliberate action resulting in private business use of the proceeds of the Bonds relating to the Waverly Utility System.

Section 1.2 As stated in each of the Original Tax Certificates, at the time of issuance of each of the Bonds, the County reasonably expected that the Bonds would not have private business use in excess of the limitations under Section 141 of the Code.

Section 1.3 As stated in each of the Original Tax Certificates, as of the respective dates of issue of the Bonds, the weighted average maturity of the applicable series of Bonds did not exceed 120 percentage of the average reasonably expected economic life of the property financed or refinanced with the proceeds of the applicable series of Bonds.

Section 1.4 The sale price for the Waverly Utility System was exclusively for cash and reflected its fair market value as determined based on the system valuation report from Raftelis Financial Consultants, Inc. dated June 17, 2024 (the "Raftelis Report").

Section 1.5 The County will treat the proceeds from the sale of the Waverly Utility System (\$5,300,000) (the "Disposition Proceeds") as gross proceeds of the Bonds for purposes of Section 148 of the Code until expended. The Disposition Proceeds will be invested at a yield not in excess of the lower of the yield on the Series 2020 Bonds and the Series 2024 Bonds. Such yield limitation may be accomplished through the use of yield reduction payments under Section 1.148-5(c) of the Regulations.

Section 1.6 The portions of the proceeds of the Bonds, allocable to the Waverly Utility System, have already been expended to finance the capital improvements to the Waverly Utility System prior to the date of the Change in Use.

Section 1.7 The County reasonably expects, as of the date hereof, that it will apply the remedial action provisions under Section 1.141-12(d) of the Regulations relating to the use of the Disposition Proceeds (together with other available funds of the County not derived from the sale of tax-exempt obligation under Section 103 of the Code) to finance certain capital projects as further described on Exhibit A within two years of the date of the Change in Use.

[Signature page follows]

IN WITNESS WHEREOF, the County has caused this Supplement to be executed by its duly authorized representative, all as of the day and year first written above.

POLK COUNTY, FLORIDA

By: _____
Chairman, Board of County Commissioners of
Polk County, Florida

[Signature Page to Supplement to Certificates Relating to Tax, Arbitrage and Other Matters]

EXHIBIT A
PROJECTS

- 6822015 Upgrade and expansion of Northeast Regional Wastewater Treatment Facility to 9 MGD AADF.