



POLK REGIONAL WATER COOPERATIVE Request for Proposals for Line of Credit

The Polk Regional Water Cooperative (“PRWC”) is seeking proposals to provide a non-bank qualified tax-exempt revolving Line of Credit (the “Line”) in a principal amount not exceeding \$6 million outstanding at any time to fund engineering, design, and capital improvements for a period of three to five years. Below is the anticipated timing for this Request for Proposals (“RFP”).

<u>Preliminary Timeline</u>	<u>Deadline</u>
1. RFP Released	August 16, 2017
2. Proposals due	September 6, 2017
3. Provider selection recommendation	September 12, 2017
4. Distribute 1st draft of line documents	September 29, 2017
5. Agenda Deadline for line resolution and loan agreement	October 10, 2017
6. Board Meeting to approve line resolution and loan agreement	October 18, 2017
7. Closing	October 25, 2017

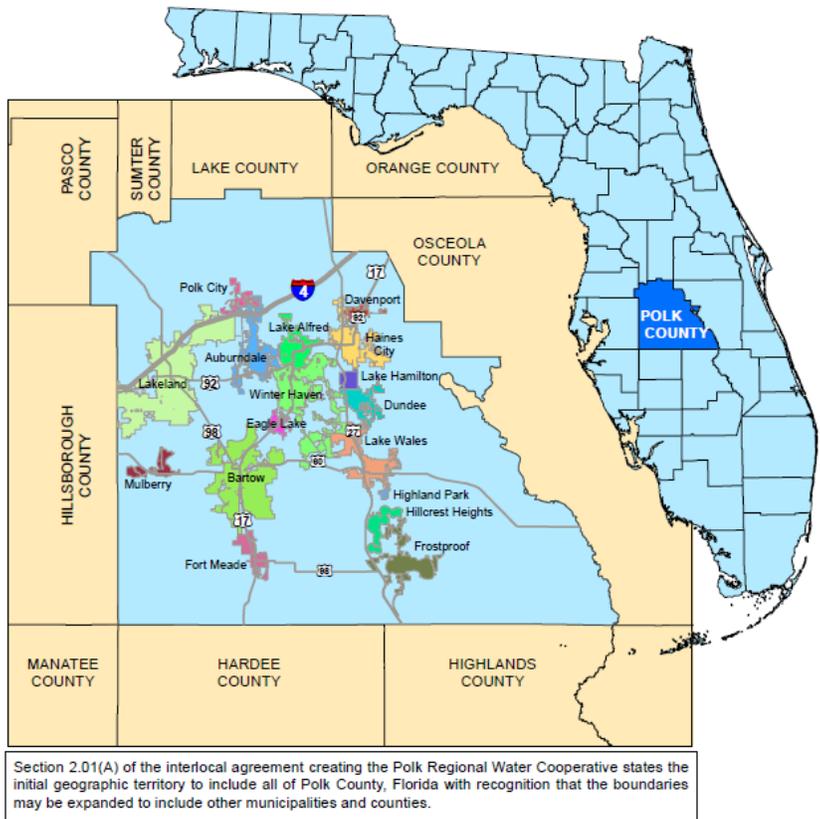
All proposals should be emailed to Gene Heath, Coordinator, Polk Regional Water Cooperative, (GeneHeath@prwcwater.org), no later than 4:00 PM on Wednesday, September 6, 2017. Please direct any questions to Gene Heath at 813-361-7427 or email GeneHeath@PRWCwater.org. RBC Capital Markets is serving as Financial Advisor to PRWC. This RFP is posted on PRWC website www.PRWCwater.org.

I. THE ISSUER

The PRWC was established on June 1, 2016 by an Interlocal Agreement (the “Interlocal Agreement”) as a separate legal entity, public agency and unit of special purpose local government pursuant to Section 163.01(7)(g) and 373.713 Florida Statutes by and among the City of Auburndale, the City of Bartow, the City of Davenport, the City of Eagle Lake, the City of Fort Meade, the City of Frostproof, the City of Haines City, the City of Lake Alfred, the City of Lakeland, the City of Lake Wales, the City of Mulberry, the City of Polk City, the City of Winter Haven, the Town of Dundee, the Town of Lake Hamilton, and Polk County.

The purpose of the PRWC is to provide for the planning, acquisition, development, management, operation, improvement, and maintenance of water projects, support the right of its member governments to keep their existing permitted allocations and otherwise advocate on behalf of its member governments with federal, state, regional, or local authorities regarding water supply matters within the scope of the Interlocal Agreement. **Because traditional water resources are limited, the PRWC’s role is to proactively identify alternative water resources and projects that ensure the future sustainability of the regional water supply. The PRWC will specifically identify sustainable water sources, develop strategies that meet water demands, determine and finance needed infrastructure, and establish consistent rules.**

POLK REGIONAL WATER COOPERATIVE BOUNDARY



The PRWC is funded by member contributions and is pursuing and/or has received funding commitments from the Southwest Florida Water Management District (the "SWFWMD") and Department of Environmental Protection State Revolving Loan Funds (the "SRF"). The PRWC and the SWFWMD, the South Florida Water Management District (the "SFWMD"), and the St. Johns River Water Management District (the "SJRWMD") (together, the "Districts"), have estimated the region's water quantity needs and projected deficits through the year 2035.

The PRWC has currently approved three Alternative Water Supply Projects (the "Projects") to mitigate these deficits and is in the process of moving forward in determining the feasibility of each of the Projects. The PRWC and the Districts have estimated a total need of 118 million gallons of potable water per day ("MGD") by 2035 with only 72 MGD available, leaving a deficit of 46 MGD. Conservation efforts are estimated to provide 4 MGD. A summary of the Projects and their estimated water production to complete the estimated remaining water supply needs currently includes the following:

- 1) West Polk County LFA Wellfield – brackish, lower Floridan aquifer groundwater supply which may yield 15 MGD
- 2) Southeast Wellfield – Lower Floridan aquifer groundwater supply with permitted yield of 30 MGD
- 3) Peace Creek Integrated Water Supply – wetland rehydration/recharge project which may yield 5 MGD

Combined Projects Participants	2035 Deficits	Cost Share
	MGD	Percent of Total (%)
Auburndale	3.29	7.07%
Bartow	3.22	6.92%
Davenport	0.43	0.92%
Dundee	1.04	2.25%
Eagle Lake	0.62	1.34%
Fort Meade	0.26	0.55%
Frostproof	0.19	0.42%
Haines City	2.39	5.15%
Lake Alfred	0.79	1.70%
Lake Hamilton	0.02	0.05%
Lake Wales	1.89	4.06%
Lakeland	11.63	25.00%
Mulberry, City of	0.36	0.77%
Polk City, City of	0.78	1.68%
Polk County Utilities - CRUSA	0.79	1.70%
Polk County Utilities - ERUSA	0.87	1.87%
Polk County Utilities – NERUSA (SWFWMD & SFWMD)	7.29	15.68%
Polk County Utilities - NWRUSA	2.27	4.87%
Polk County Utilities - SERUSA	0.74	1.60%
Polk County Utilities - SWRUSA	3.19	6.87%
Winter Haven, City of	4.43	9.53%
TOTAL	46.52	100.00%

Following are preliminary costs of Phases I and II for the Projects.

- Phase 1: Feasibility (all projects)
 - West Polk LFA Wellfield...\$9,300,000
 - Southeast Wellfield...\$11,800,000
 - Peace Creek Integrated Water Supply...\$1,900,000
 - **GRAND TOTAL: \$23,000,000**
- Phase 2: Construction (selected projects)
 - West Polk LFA Wellfield...\$157,454,000
 - Southeast Wellfield...\$340,585,000
 - Peace Creek Integrated Water Supply...\$118,985,000
 - **GRAND TOTAL: \$617,024,000**

The PRWC and its members have entered into the Combined Projects Implementation Agreement (the "Implementation Agreement") with an Effective Date of May 1, 2017 which describes the Projects, the Phase I scope of work, the cost sharing table which determines each participating member's funding obligation, and sets up the Project Board of Directors to make decisions for the Projects' implementation. All of the PRWC members except for the City of Frostproof have executed the Implementation Agreement. Because the City of Frostproof has not signed the Implementation Agreement, it will receive no benefits from the Projects and has no obligations to make payments on the Projects unless it signs the Implementation Agreement in the future. Under the Interlocal Agreement, the City of Frostproof will continue to pay administration and other fees related to the PRWC's mission.

The SWFWMD has approved funding for Phase I and has provided for the SWFWMD and the PRWC to enter into Cooperative Funding Agreements for \$11.45 million, which matches the members' cost sharing obligation of \$11.45 million, for a total project cost of \$22.9 million for Phase I. The Cooperative Funding Agreements are expected to be approved by the PRWC at its August 15, 2017 meeting.

Following are the estimated Phase I annual and total Cost Allocations per the Cooperative Funding Agreements as of May 2017:

FY 2017 - 2018 Phase 1 Annual Cost Allocation by Participating Member-Governments					
Member-Government	FY 2017	FY 2018	Member-Government	FY 2017	FY 2018
Auburndale	\$ 1,999.19	\$ 169,520.10	Lake Alfred	\$ 480.05	\$ 40,705.43
Bartow	\$ 1,956.66	\$ 165,913.29	Lake Hamilton	\$ 12.15	\$ 1,030.52
Davenport	\$ 261.29	\$ 22,156.12	Lake Wales	\$ 1,148.47	\$ 97,383.89
Dundee	\$ 631.96	\$ 53,586.90	Lakeland	\$ 7,067.06	\$ 599,245.82
Eagle Lake	\$ 376.75	\$ 31,946.04	Mulberry	\$ 218.76	\$ 18,549.31
Fort Meade	\$ 157.99	\$ 13,396.73	Polk City	\$ 473.97	\$ 40,190.18
Frostproof	\$ 115.45	\$ 9,789.91	PCU	\$ 9,206.01	\$ 780,616.87
Haines City	\$ 1,452.30	\$ 123,146.82	Winter Haven	\$ 2,691.92	\$ 228,259.59
			Total	\$ 28,250.00	\$ 2,395,437.50
			Total w/o Frostproof	\$ 28,134.55	\$ 2,385,647.59

Phase 1 Cost Allocation Summary by Participating Member-Governments					
Member-Government	Combined Projects Total	50/50 Pro-rata Share of Combined Projects	Member-Government	Combined Projects Total	50/50 Pro-rata Share of Combined Projects
Auburndale	\$1,627,662	\$813,831	Lake Alfred	\$390,837	\$195,418
Bartow	\$1,593,031	\$796,515	Lake Hamilton	\$9,895	\$4,947
Davenport	\$212,734	\$106,367	Lake Wales	\$935,040	\$467,520
Dundee	\$514,519	\$257,260	Lakeland	\$5,753,710	\$2,876,855
Eagle Lake	\$306,733	\$153,366	Mulberry	\$178,103	\$89,051
Fort Meade	\$128,630	\$64,315	Polk City	\$385,889	\$192,945
Frostproof	\$93,999	\$46,999	PCU	\$7,495,160	\$3,747,580
Haines City	\$1,182,405	\$591,202	Winter Haven	\$2,191,654	\$1,095,827
			Total	\$23,000,000	\$11,500,000
			Total w/o Frostproof	\$22,906,001	\$11,453,001

The PRWC has also applied to the SRF for funding assistance in the amount of up to \$11.45 million to provide its matching portion of Project funding. PRWC members also have the alternative to self-fund their portion of the Projects, a decision which is anticipated to be made at the August 15, 2017 Board meeting. The SRF funds, if available, could be used at the members' option for their portion of Phase I funding. The SRF has accepted the PRWC's request for inclusion on its priority list for funding and will formalize this action at the SRF's August 9, 2017 meeting. SRF funds, if available, may also be used for a portion of Phase II funding in the future.

It is anticipated that long term bonds and potentially SRF loans will be issued for the estimated \$617 million needed for final design and construction of Phase II, which may occur in 2020. The purpose of the Line is to provide engineering, design, and capital improvements for the Projects as needed until a Phase II decision is made. **The SWFWMD has determined, in coordination with the PRWC, that a Phase II solution is critical to meet the region's projected water needs through 2035.**

Summary of Estimated Phases 1 and 2 Costs		
Phase	Estimated Project Costs	Member-Government Share*
Phase 1	\$23,000,000	11,500,000
Phase 2	617,024,000	308,512,000
Total	640,024,000	320,012,000

* Values assume SWFWMD 50/50 Cost Share

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The Interlocal Agreement and the Implementation Agreement are available on the PRWC's website at <http://www.prcwater.org/Documents.aspx>, in addition to many other documents which may be of assistance in evaluating this RFP. Attached are two recent presentations that summarize the needs of the PRWC and the potential Projects.

II. PROPOSAL REQUIREMENTS

The Line will be used to fund, on an interim basis, the design, acquisition and construction of various capital improvements necessary for the implementation of the Projects and/or begin construction on other alternative water supply projects until revenue bonds and/or other sources of long-term funding such as SRF loans are issued to pay for the Projects and pay off the Line. **If a project does not move forward, the member's obligation for the full PRWC's \$11.45 million remains as does the \$11.45 million funded by the SWFWMD Cooperative Funding Agreements for any amount of the total \$22.9 million spent.** The SWFWMD's payment of its \$11.45 million in funding is contingent on project plans for each of the projects being completed.

III. SECURITY

The Line will be made pursuant to the terms of a Loan Agreement substantially in the form of Exhibit A hereto. Any requested changes to such Loan Agreement should be set forth in the response provided. The PRWC will provide a lien upon "Pledged Revenues" as security for the Line as defined in the form of Loan Agreement.

IV. LINE OF CREDIT

The PRWC is requesting proposals for a non-bank qualified tax-exempt revolving Line in an amount not to exceed \$6 million outstanding at any time for a three year term. It is anticipated that funding in the amount of up to \$6 million outstanding at any time will be needed over the next three to five years. **SWFWMD and SRF funding only provide for reimbursement of costs already incurred and paid by PRWC, so the Line will serve as an initial funding source until reimbursement is received from these or other funding sources.** There may also be some costs which are not eligible for reimbursement and thus the participating members will be obligated to pay their respective shares of these costs as part of their funding commitment.

Adjacent are the estimated annual funding needs which may be provided by the Line beginning in 2018. The timing and amounts of these requirements are preliminary and subject to change.

Phase I Annualized Cost Sharing Obligation - Summary		
Phase 1 Summary by Year (PRWC Portion)		
	Obligation* (Est. May 2017)	Percent of Total
FY 2017	28,250	0.2%
FY 2018	2,395,438	20.8%
FY 2019	3,035,938	26.4%
FY 2020	2,399,938	20.9%
FY 2021	3,640,437.5	31.7%
Total	\$ 11,500,000	100%

* Values assume SWFWMD 50/50 Cost Share

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V. SUBMITTAL

Submittals must be concise, and must specifically address the issues of this Request for Proposal. Unnecessarily elaborate brochures or other presentations beyond those sufficient to present a complete and effective submittal to this solicitation are not desired. Each submittal should address the following:

1. Provide formulas for interest rates for non-bank qualified tax-exempt draws and the bank's undrawn fee, if any. Provide these interest rates and fees for the revolving Line for an amount not to exceed \$6 million outstanding at any time for a 36 month term. If you believe that a different term is more cost-effective and/or feasible for you to provide the Line, please specify such alternative(s). The PRWC would like to have the ability in the Loan Agreement (draft attached) to extend the Line beyond the initial term subject to mutual agreement of both parties to the Line.
2. Considering that the PRWC's Bond Counsel (Holland and Knight) will prepare all financing documents, please provide any legal fees and expenses to be paid by the PRWC. Please disclose any other fees and expenses associated with the Line. The PRWC will be responsible for its own costs of issuance.

3. Provide a summary of all terms and conditions under which your proposal is made.

PRWC is not responsible for any expense of respondents related to the preparation or presentation of their proposals. PRWC reserves the right to reject any and all proposals and also to waive irregularities and accept proposals that are not specifically requested. Nothing in this RFP, the responses, or PRWC's acceptance of any response in whole or in part, shall obligate PRWC to complete negotiations with the related respondent. PRWC reserves the right to end, in its sole discretion, negotiation with a respondent at any time up to the consummation of the transaction arising from this RFP.

Thank you for your consideration and we look forward to receiving your response.