



Polk Regional Water Cooperative Meeting

Agenda - Final

April 26, 2023

POLK REGIONAL WATER COOPERATIVE
Lake Myrtle Sports Complex

Zoom Meeting

[https://us02web.zoom.us/j/84542601618?](https://us02web.zoom.us/j/84542601618?pwd=cFdSN1R3MHNZeVltOE9jc3BJUEkrZz09)

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- A. Call To Order - 2:00 p.m.**
- B. Recognition of new primary/alternate appointees of members**
- C. Agenda Revisions**
- D. Public Comments (Limited to 3 minutes)**
- E. Consent Items**
- F. Regular BOD Items**
- G. Recess Regular BOD/Commence Projects BOD**
 - G.1. Adopt Resolution 2023-09 Amending Resolution 2022-05 Approving the PRWC Master Bond Resolution - Action Item
 - G.2. Adopt Resolution 2023-08 to approve the PRWC Investment Policy - Action Item
- H. Recess Combined Projects BOD/Commence Southeast Wellfield BOD**
 - H.1. Adopt Resolution 2023-09 Amending Resolution 2022-05 Approving the PRWC Master Bond Resolution - Action Item
 - H.2. Adopt Resolution 2023-10 to Approve the EPA Water Infrastructure and Finance Innovation Act (WIFIA) Loan No. 19139FL for the SE Wellfield and Loan No. 19239FL for the West Polk Wellfield - Action Item
 - H.3. Adopt Resolution 2023-11 to Approve the Truist Loan - Action Item
 - H.4. Adopt Resolution 2023-08 to approve the PRWC Investment Policy - Action Item

H.5. Adopt Resolution 2023-12 Parcel Resolution of Necessity to Acquire Specified Parcels to Implement the Southeast Lower Floridan Aquifer Water Production Facility and Southeast Transmission Line Projects - Action Item

I. Recess Southeast Wellfield BOD/Commence West Polk BOD

I.1. Adopt Resolution 2023-09 Amending Resolution 2022-05 Approving the PRWC Master Bond Resolution - Action Item

I.2. Adopt Resolution 2023-10 to Approve the EPA Water Infrastructure and Finance Innovation Act (WIFIA) Loan No. 19139FL for the SE Wellfield and Loan No. 19239FL for the West Polk Wellfield - Action Item

I.3. Adopt Resolution 2023-11 to Approve the Truist Loan - Action Item

I.4. Adopt Resolution 2023-08 to approve the PRWC Investment Policy - Action Item

J. Recess West Polk BOD/Commence Regular BOD

K. Open Discussion

L. Chair / Executive Director Report

M. Adjournment

In accordance with the American with Disabilities Act, persons with disabilities needing special accommodations to participate in this proceeding should contact the Polk County Communications Office not later than forty eight hours prior to the proceeding. Their offices are located in the Neil Combee Administration Building, 330 West Church Street in Bartow. Telephone (863) 534-6090, TDD (863) 534-7777 or 1-800-955-8771, Voice Impaired 1-800-955-8770 via Florida Relay Service.

If a person decides to appeal any decision made by the board with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.



SUBJECT

Adopt Resolution 2023-09 Amending Resolution 2022-05 Approving the PRWC Master Bond Resolution - Action Item

DESCRIPTION

Michael Wiener, Partner, Holland & Knight LLP will provide a summary of the amendments to the Master Bond Resolution.

One of the primary purposes of the Master Bond Resolution is to pool all the revenues under the Implementation Agreements and provide a comprehensive structure for securing all of the PRWC's debts and loans. This means that some provisions that would typically be in the stand-alone loan agreements with individual lenders will be replaced by equivalent provisions in the Master Bond Resolution, although the individual loan agreements may contain covenants that are more stringent than the ones in the Master Bond Resolution, if required by a particular lender.

As part of the process of entering into the loan with WIFIA and Truist Bank certain changes have been required by the WIFIA lender and other changes are being made to more clearly define certain provisions that are applicable to the flexible structure being provided by Truist Bank. The changes are reflected in the amendment with double underlining indicating additions and ~~strikethroughs~~ indicating deletions. A general summary of the changes are reflected in the attached memo.

RECOMMENDATION

Staff recommends approval of the Master Bond Resolution

FISCAL IMPACT

No fiscal impact for this item

CONTACT INFORMATION

Michael Wiener
Holland and Knight
863.499.5362

Summary of Changes to the Bond Resolution

- Bond Service Requirement, paragraph (5) was revised to better match the definition of Designated Maturity Bond indicating that the Bond may only be a single maturity, amortization installment or tender date of an Option Bond.

- Definitions:
 - "Implementation Agreement" modified to more closely match the WIFIA application and project scope.
 - "Pledged Revenues" Additional clarification that the Construction Funds secure the series of Bonds which funded such account.
 - "Southeast Wellfield" modified to more closely match the WIFIA application and project scope.
 - "Southeast Wellfield Project" clarifying change to add specific reference to the Southeast Wellfield.
 - "West Polk Wellfield" modified to more closely match the WIFIA application and project scope.
 - "West Polk Wellfield Project" clarifying change to add specific reference to the West Polk Wellfield.

- Section 8.02 revised to add additional clarification that the Construction Fund is included expressly in the definition of Pledged Revenues.

- Section 11.05 changed to expressly define the date that PRWC will be subject to the Rate Covenant.

- Section 12.02
 - (a) Revised to reflect defined terms.
 - (b) Adds additional flexibility to issue additional bonds in the future without the requirement of a consultants report.

RESOLUTION NO. 2023-09

A RESOLUTION AMENDING RESOLUTION NO. 2022-05 DULY ADOPTED BY THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE ON JULY 13, 2022; DELEGATING CERTAIN ACTIONS WITH RESPECT TO SUCH AMENDMENTS AND ALL OTHER DOCUMENTS RELATED THERETO; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Commission staff is negotiating additional Financing Documents as defined in the Interlocal Agreement establishing the Polk Regional Water Cooperative (the "Issuer") for submission to this Board on a later date;

WHEREAS, such Financing Documents are expected to require payments in accordance with their terms before, during and after construction of the Southeast Wellfield Project and the West Polk Wellfield Project, and the Interlocal Agreement and this Resolution will require the setting of rates and the imposition and collection thereof to satisfy the terms of those Financing Documents, which rates the applicable project participants are obligated to timely pay under the respective Implementation Agreements so as to satisfy the Issuer's obligations under the Financing Documents;

WHEREAS, these amendments to the Resolution are for, among other purposes, accommodating those Financing Documents with further clarity;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE, THAT:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Section 163.01 and Chapter 189, Florida Statutes, the Interlocal Agreement (as defined in the hereafter described Bond Resolution), the Constitution of the State and other applicable provisions of law and the Bond Resolution.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On July 13, 2022, the Issuer adopted Resolution No. 2022-05, as previously amended (the "Bond Resolution").

B. The Issuer now desires to further amend the Bond Resolution upon receiving requisite consent to make certain technical amendments and clarifications, including the provisions relating to the issuance of Additional Bonds.

C. Pursuant to the provisions of Section 15.02 of the Bond Resolution, the Bond Resolution as amended hereby shall become effective upon the Issuer obtaining the consent of the Holders of not less than a majority of the Bond Obligation and until such time the Bond Resolution shall remain in effect without such amendments.

D. All capitalized terms not otherwise defined herein shall have such meanings as given in the Bond Resolution.

SECTION 3. AMENDMENTS OF THE BOND RESOLUTION. Pursuant to the provisions of Section 15.02 of the Bond Resolution, the Bond Resolution is hereby amended in the following respects, such amendments to become effective upon the Issuer obtaining the consent of the Holders of not less than a majority of the Bond Obligation (the owners of Additional Bonds, by acceptance of such Additional Bonds, are deemed to have expressly and irrevocably consented to these amendments in writing):

(A) Each of paragraphs (c)(3) and (c)(5) of the definition of "Bond Service Requirement" in Section 2.01 of the Bond Resolution is hereby amended to read in its entirety as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"(3) ~~If Bonds are subject to purchase by the Issuer at the option of the Bondholder and a Liquidity Facility is available with~~ With respect thereto to provide for the purchase of such Bonds at the time calculation of interest rates is to be made ~~Option Bonds~~, the optional tender or "put" date or dates(s) and amount(s) shall be ignored and the stated maturity ~~dates~~date(s) of such Option Bonds shall be used for the purposes of this calculation unless the Issuer has received notice of a tender or put from the applicable Bondholder."

"(5) For purposes of calculating the Bond Service Requirement with respect to Designated Maturity Bonds, the unamortized principal thereof coming due on ~~the final the applicable~~ maturity date, amortization installment or tender date of Option Bonds thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget and/or a certificate of the Chief Financial Officer, shall not be included, and in lieu thereof there shall be included in the Bond Service Requirement for the Bond Year in which such final maturity occurs and other Bond Years only the principal amount thereof the Issuer certifies that it reasonably anticipates to become due in each such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Bonds."

(B) Each of the following definitions are hereby amended in their entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"Implementation Agreement" means, individually and collectively as the context may require, (a) the Implementation Agreement dated as of the effective date thereof between the Issuer and such members of the Issuer that have entered into such agreement ~~for to implement~~ the design, construction and, operation, maintenance and funding of the Cost of the Southeast Wellfield Project, (b) the Implementation Agreement dated as of the effective date thereof between the Issuer and such members of the Issuer that have entered into such agreement to implement the design, construction, operation, maintenance and funding of the Cost of the West Polk Wellfield Project, and (c) any other implementation agreement entered into by the Issuer and one or more of its members after the date of this Resolution and designated by the Issuer in a supplemental resolution as an Implementation Agreement hereunder, each as amended and restated from time to time.

"Pledged Revenues" means the Gross Revenues and, until applied in accordance with the provisions of this Resolution, all other amounts, including investments thereof, held in the funds and accounts established hereunder, except (i) funds held in the Rebate Fund and ~~except~~(ii) funds held in (x) an account in the Reserve Fund or (y) any

account in the Construction Fund, in each case of (x) and (y) for a specific Series of Bonds, which will be held solely for the Series of Bonds for which each such account was created.

"Southeast Wellfield" means the lower Floridan aquifer public water supply wellfield ~~to be~~, water production facility, and water transmission system with related transmission lines to connect to existing distribution systems in Polk County, in each case located in southeast Polk County. For the avoidance of doubt, this definition of "Southeast Wellfield" is synonymous with (and, in the case of any conflict, supersedes) the definition of "Southeast Wellfield" in the Implementation Agreement for the Southeast Wellfield.

"Southeast Wellfield Project" means the project for the Southeast Wellfield, as further described in the Implementation Agreement for the Southeast Wellfield.

"West Polk Wellfield" means the lower Floridan aquifer public water supply wellfield ~~to be~~, water production facility, and water transmission system with related transmission lines to connect to existing distribution systems in Polk County, in each case located in west Polk County. For the avoidance of doubt, this definition of "West Polk Wellfield" is synonymous with (and, in the case of any conflict, supersedes) the definition of "West Polk Wellfield" in the Implementation Agreement for the West Polk Wellfield.

"West Polk Wellfield Project" means the project for the West Polk Wellfield, as further described in the Implementation Agreement for the West Polk Wellfield.

(C) Section 8.02 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and strikethrough indicates deletions):

Section 8.02. Pledge of Revenues. The payment of the principal of, premium, if any, and interest on the Bonds and the payment of Hedge Obligations shall be secured forthwith equally and ratably by an irrevocable, valid and binding lien on and security interest in the Pledged Revenues, including, without limitation, moneys deposited into the funds and accounts created by this Resolution (other than moneys in the Rebate Fund), and all earnings thereon, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Pledged Revenues and, as provided herein, the Issuer does hereby irrevocably pledge, in the manner and to the extent provided herein, the Pledged Revenues, all to the payment of the principal of, premium, if any, and interest on the Bonds, the payment of Hedge Obligations. The Pledged Revenues shall immediately be subject to the lien and pledge of this Resolution without any physical delivery hereof or further act. Notwithstanding the foregoing, however, Hedge Obligations shall not be secured by funds on deposit in the Reserve Fund and nothing herein provided shall be deemed to grant or create a lien on any account in the Reserve Fund or the Construction Fund created only with respect to a particular Series of Bonds in favor of the owners of Bonds of any other Series. In addition, nothing herein shall be deemed to grant

or create a lien on any funds, including investments and investment earnings in the Rebate Fund."

(D) The first paragraph of Section 11.05 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

~~Commencing October 1, 2023,~~ The Issuer covenants with the Bondholders, during each Bond Year beginning with the Bond Year commencing on October 1, 2023, to fix, establish, revise from time to time whenever necessary, maintain and collect rates, fees and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year (excluding for purposes of this Section 11.05 all Hedge Receipts) such that the amount of Gross Revenues to be received in such Bond Year shall not be less than the sum of one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year, plus one hundred fifteen percent (115%) of the Bond Service Requirement for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Reserve Fund (including the various accounts therein). Without limiting the foregoing, the fees, rates rentals and other charges may be set forth in or provided for by the Implementation Agreement.

(E) Paragraph (B) of Section 12.02 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"(B) There shall have been filed with the Issuer:

(1) a certificate of the Chief Executive Officer demonstrating that the requirements of Section 11.05 were met in the last complete Fiscal Year for which the audited financial statements of the Issuer are available; and

(2) either:

(x) a report of the Qualified Independent Consultant setting forth for each of the three Fiscal Years following the Fiscal Year in which the Chief Executive Officer estimates the completion of the Project to be financed by such Additional Bonds (a) estimates of Gross Revenues to be received by the Issuer from the System including the Project to be financed with the Additional Bonds; (b) estimates of Cost of Operating and Maintenance for such Fiscal Years; (c) the Maximum Bond Service Requirement including the Additional Bonds then proposed to be issued; and (d) that Net Revenues will be sufficient to pay 115% of the Maximum Bond Service Requirement including the Additional Bonds then proposed to be issued in each such Fiscal Year, and 100% of any amounts required by the terms hereof to be deposited in the Reserve ~~Account~~ Fund or with the issuer of any Reserve Product Account ~~Letter of Credit or Reserve Account Insurance Policy,~~ or

(y) a certificate of the Chief Executive Officer demonstrating that (i) during any twelve (12) consecutive months designated by the Issuer within the eighteen (18) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made or (ii) for the most recently completed fiscal

year for which audited financial statements are available, the Net Revenues equal at least 115% of the Maximum Bond Service Requirement on all Bonds to be Outstanding as of the date of such issuance including the Additional Bonds then proposed, and 100% of any amounts required by the terms hereof to be deposited in the Reserve Fund or with the issuer of any Reserve Product."

SECTION 4. GENERAL AUTHORITY. The members of the Board and the officers, attorneys and other agents and employees of the Issuer are hereby authorized to do all acts that required by the Bond Resolution or are desirable or consistent with the requirements hereof and/or of the Bond Resolution for the full punctual and complete performance of all the terms, covenants and agreements contained herein, and each member of the Board, employee, attorney and officer of the Issuer and the Secretary are hereby authorized and directed to execute and deliver any and all papers and instruments, and to be and cause to be done any and all acts and things necessary or proper for carrying out the provisions and intent of this Resolution.

SECTION 5. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

[Signature Page Follows]

Passed and duly adopted by the Polk Regional Water Cooperative on the 26th day of April, 2023.

(SEAL)

POLK REGIONAL WATER COOPERATIVE
BOARD OF DIRECTORS/COMBINED
PROJECTS BOARD

By: _____
Chairman

ATTESTED:

By: _____
Secretary

APPROVED AS TO FORM AND CORRECTNESS

By: _____
Edward P. de la Parte, Jr., Legal Counsel

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SUBJECT

Adopt Resolution 2023-08 to approve the PRWC Investment Policy - Action Item

DESCRIPTION

The PRWC is in the process of securing a WIFIA loan in the amount of \$305,799,441 to fund eligible project costs through the anticipated five-year construction period. As an alternative to drawing from the WIFIA loan upon closing, Truist Bank submitted a proposal to the PRWC for a not-to-exceed \$175,000,000 (\$154,338,308 estimated loan amount) fixed-rate tax-exempt bank loan with a first Put Date of November 13, 2025 to be used as an interim financing and make project draws through November 2025. The Truist loan would be fully funded at closing, allowing for loan proceeds to be invested in authorized eligible investments (fully collateralized depository account). Under these circumstances, it is recommended that the PRWC develop and approve an Investment Policy that would ensure investments are made in accordance with state statute and in prudent fashion.

Just like the investment policies adopted by the Clerk of the Court and/or legislative bodies in your municipalities, the proposed Investment Policy will provide definitive guidelines for the initial and ongoing investment of public funds under the control of the PRWC, including funds in excess of those required to meet current expenses, as well as management of and reporting of those investments. The primary goals of the proposed policy are the safety of principal, liquidity of funds to meet projected needs and the optimization of investment return, within the limitation of prudent business judgment. The Investment Policy limit investments to certain prescribed securities and requires diversification of those securities in the PRWC's portfolio in order to reduce risk. The PRWC management will ensure that Truist's collateral used for its depository account meets the investment policy requirements.

This proposed policy will apply to all surplus funds owned by the PRWC or otherwise under management control of the PRWC to the extent that application of this policy does not conflict with the requirements of any Cooperative bond resolution. In the event of a conflict, the bond resolution shall govern.

RECOMMENDATION

Approve Resolution 2023-08 to approve the PRWC Investment Policy.

FISCAL IMPACT

No direct fiscal impact is associated with this item.

CONTACT INFORMATION

Ed de la Parte

Eric DeHaven

POLK REGIONAL WATER COOPERATIVE

Resolution 2023-08

RESOLUTION PROVIDING FOR INVESTMENT OF POLK REGIONAL WATER COOPERATIVE FUNDS, DESIGNATING THE EXECUTIVE DIRECTOR AS CUSTODIAN OF THE POLK REGIONAL WATER COOPERATIVE FUNDS, PROVIDING FOR USE OF SECURITIES DEALERS AND BANKS, REQUIRING INTERNAL CONTROLS AND REPORTS ON INVESTMENTS, PROVIDING FOR AN INVESTMENT POOL AND DISPOSITION OF INTEREST EARNINGS, PROVIDING FOR TRANSFER OF FUNDS THROUGH THE FEDERAL RESERVE WIRE SYSTEM, PROVIDING FOR AN EFFECTIVE DATES

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, in 2016, the Cooperative, the City of Auburndale, the City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, the City of Frostproof, the City of Haines City, the Village of Highland Park, the City of Lake Alfred, the City of Lake Wales, the City of Lakeland, City of Mulberry, Polk City, the City of Winter Haven, the Town of Dundee, the Town of Lake Hamilton and Polk County entered into the Interlocal Agreement Relating to the Establishment of the Polk Regional Water Cooperative (“Formation Agreement”) with an effective date of May 1, 2016; and

WHEREAS, in 2017, the Cooperative, the City of Auburndale, the City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, the City of Haines City, the Village of Highland Park, the City of Lake Alfred, the City of Lake Wales, the City of Lakeland, City of Mulberry, Polk City, the City of Winter Haven, the Town of Dundee, the Town of Lake Hamilton and Polk County entered into the Combined Projects Implementation Agreement (“Combined Projects Agreement”) with an effective date of May 1, 2017; and

WHEREAS, on July 13, 2022 the Cooperative, the City of Auburndale, the City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, the City of Haines City, the City of Lake Alfred, the City of Lake Wales, City of Lakeland, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County entered into the Second Amended and Restated Implementation Agreement – Southeast Wellfield (“SEWF Agreement”) with an effective date of July 22, 2022; and

WHEREAS, on July 13, 2022 the Cooperative, the City of Auburndale, the City of Lakeland, Polk City, the City of Mulberry, the City of Lake Alfred, the City of Winter Haven, the City of Bartow, the Town of Dundee, Town of Lake Hamilton, the City of Fort Meade and Polk County entered into the Second Amended and Restated Implementation Agreement – West Polk Lower Florida Aquifer Wellfield (“WPLFA Agreement”) with an effective date of July 21, 2022; and

WHEREAS, the Formation Agreement, Combined Projects Agreement, SEWF Agreement and the WPLFA Agreement are known collectively as the “Governing Agreements;” and

WHEREAS, pursuant to Section 163.01, Florida Statutes, Section 218.415, Florida Statutes and the Governing Agreements the Cooperative has the authority to adopt an Investment Policy consistent with the Cooperative’s Governing Agreements and statutory guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the Investment Policy be and hereby is adopted effective as of April 26, 2023 to read substantially in the form of the Investment Policy of the Polk Regional Water Cooperative attached hereto.

DONE at Auburndale, Florida this 26st day of April, 2023

Polk Regional Water Cooperative Board of Directors:

Chair

Secretary/Treasurer

Approved as to Form:

Edward P. de la Parte
Legal Counsel

INVESTMENT POLICY
Polk Regional Water Cooperative
Polk COUNTY, FLORIDA

RESOLUTION 2023-08: INVESTMENT POLICY
PRESENTED FOR BOARD CONSIDERATION 04/26/2023



Polk Regional
Water Cooperative

PREPARED BY:

Legal Counsel and Financial Advisor

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Investment Policy
for
Polk Regional Water Cooperative

I. PURPOSE AND RESPONSIBILITY

The purpose of this Investment Policy (hereinafter “Policy”) is to provide definitive guidelines for the initial and ongoing investment of public funds under the control of the Polk Regional Water Cooperative, (hereinafter the “Cooperative”) in excess of those required to meet current expenses, as well as management of and reporting of those investments. The primary priority of the policy is the safety of principal and liquidity of funds to meet projected needs. The optimization of investment return, within the limitation of prudent business judgment, as set forth in Section 218.415, Florida Statutes, and other documents containing investment constraints such as revenue bond resolutions and interlocal agreements, shall be secondary to the requirements for safety of principal and liquidity.

The Executive Director shall be responsible for establishing policies and procedures governing investments. The Board of Directors shall approve statements of policy.

II. SCOPE [Sec. 218.415(1), F.S.]

This policy applies to all surplus funds owned by the Cooperative or otherwise under management control of the Cooperative to the extent that application of this policy does not conflict with the requirements of any Cooperative bond resolution. In the event of a conflict, the bond resolution shall govern.

III. INVESTMENT OBJECTIVES [Sec. 218.415(1), F.S.]

Safety of Principal

The foremost objective of this investment program is the safety of the principal of the funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

From time to time, securities may be traded for other similar securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:

- A. The yield has been increased, or
- B. The maturity has been reduced or lengthened, or
- C. The quality of the investment has been improved.

Credit Risk

The Cooperative will minimize credit risk of loss with respect to investment of securities by:

- A. Limiting investments to the authorized investments in the Policy.
- B. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Cooperative will do business.
- C. Diversifying the investment portfolio to protect against losses on individual securities.
- D. Performing initial and ongoing credit analysis and review of all credit-sensitive securities held in the portfolio.

Interest Rate Risk

The Cooperative will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- A. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity.
- B. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
- C. Limiting the maximum duration of the overall portfolio to five (5) years.

Maintenance of Liquidity

The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodic cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

Return on Investment

Investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active management where the Cooperative utilizes a total return strategy (which includes both realized and unrealized gains and losses in the portfolio). This total return strategy seeks to increase the value of the portfolios through reinvestment of income and capital gains. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

IV. DELEGATION OF AUTHORITY

The Cooperative's Governing Board shall be responsible for approving changes to the Cooperative's Policy. The responsibility for providing guidance and approval of the Cooperative's investment strategy, within the parameters of the Policy, resides with the Cooperative's Executive

Director. The management responsibility for all Cooperative funds in the Portfolio and investment transactions is delegated to the Cooperative's Executive Director or designee, as appropriate, and its third-party Investment Advisor. Under the direction of the Executive Director, the Senior Finance Manager or Finance Manager and Investment Advisor shall provide active management for the Cooperative's designated funds. The Cooperative's Investment Advisor must be registered under the Investment Advisors Act of 1940. The Executive Director shall establish written procedures for the operation of the Investment Portfolio and a system of internal accounting and administrative controls to regulate the activities of employees.

V. STANDARDS OF PRUDENCE

The standard of prudence to be used by investment officials shall be the "Prudent Person" standard and shall be applied in the context of managing the overall investment program. Investment officers acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported to the Board of Directors in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy. The "Prudent Person" rule states the following (see Sec. 218.415(4), Fla. State.):

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by investment officials who are officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

The Cooperative shall take due care to insure that personnel responsible for making investment decisions have developed sufficient understanding of and have the expertise necessary to evaluate and manage such investments.

The Executive Director or designee, when acting in accordance with written procedures and the Policy and exercising due diligence, shall be relieved of personal responsibility for the performance of any individual security provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

VI. ETHICS AND CONFLICTS OF INTERESTS

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions. Also, investment officials

and employees involved in the investment process shall disclose to the Board of Directors any material financial interests in financial institutions that conduct business with the Cooperative, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Cooperative's investment program. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Cooperative.

VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES [Sec. 218.415(13), F.S.]

The responsibility to invest and manage the Cooperative's funds is delegated to the Executive Director. The Executive Director shall establish a system of internal controls and operational procedures that are in writing and made a part of the Cooperative's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery vs. payment" procedures. The written procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as authorized under the terms of this Policy. These procedures are intended to reduce the relatively low risk that material losses may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

VIII. CONTINUING EDUCATION [Sec. 218.415(14), F.S.]

The Executive Director, management designee and/or appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS [Sec. 218.415(9), F.S.]

Investment activity shall be conducted only with Issuers, Dealers and/or Financial Institutions authorized by any two of the Chairman of the Board, Vice-Chairman of the Board or Executive Director. Accounts established with institutions/issuers/dealers will be approved by at least two (2) of the following: the Chairman of the Board, Vice-Chairman of the Board or Executive Director after evaluation and favorable recommendation by the Cooperative's Investment Advisor. Securities shall be purchased only from financial institutions which are qualified public depositories as defined in Section 280.02(23), Florida Statutes or from SIPC broker/dealers who have, or whose parent company has, a long term issuer rating in the "A" category or higher from Standard & Poor's Rating Service and Moody's Investors Service.

The Cooperative's Investment Advisor(s) shall utilize and maintain its own list of approved primary and non-primary securities dealers.

X. MATURITY AND LIQUIDITY REQUIREMENTS [Sec. 218.415(6), F.S.]

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.

Investments of bond reserves, construction funds, and other non-operating funds (“core funds”) shall have a term appropriate to the need for funds and in accordance with bond resolutions, but in no event shall exceed five (5) years. Maturities longer than five (5) years require the written approval of the Board

XI. RISK AND DIVERSIFICATION

Assets held shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments are bought and sold. The Executive Director or management designee and the Investment Advisor shall determine diversification strategies within the established guidelines as outlined by this Investment Policy.

XII. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS [Sec. 218.415(12), F.S.]

After the Executive Director, management designee or the Investment Advisor has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) Qualified Institutions and/or Primary Dealers must be contacted and asked to provide bids/offers on securities in questions. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

- A. Tradweb Information System
- B. Bloomberg Information Systems
- C. Wall street Journal or a comparable nationally recognized financial publication providing daily market pricing
- D. Daily market pricing provided by the Cooperative’s custodian or their correspondent institutions.

The Executive Director or the Investment Advisor shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Executive Director or the Investment Advisor, competitive bidding would inhibit the selection process.

Examples of when it is appropriate to use the comparison to current market value method include:

- A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
- B. When no active market exists for the issue being traded due to the age or depth of the issue
- C. When a security is unique to a single dealer, for example, a private placement

D. When the transaction involves new issues or issues in the “when issued” market

Overnight sweep investments or repurchase agreements will not be bid, but may be placed with the Cooperative’s depository bank relating to the demand account for which the sweep investments or repurchase agreement was purchased.

XIII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION [Sec. 218.415(7)(8)(16), F.S.]

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the Cooperative’s needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Executive Director or management designee may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the Cooperative’s custodian or banks.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the Cooperative. The Executive Director or management designee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this Policy are prohibited.

The securities listed below are authorized securities for all funds to the extent this does not conflict with any of the Cooperative’s bond resolutions. In the event of a conflict, the bond resolution will prevail.

The allocation limits are intended as a general guide for management of funds under the direct control of Cooperative staff. Investment of debt proceeds and related earnings including, but not limited to, Construction Funds, Trust Funds, Capitalized Interest and Debt Service Reserves may be invested by the Board by resolution in any amounts and as governed by applicable bond resolution.

If securities owned by the Cooperative are downgraded by an NRSRO to a level below the quality required by this investment policy, it will be the Cooperative’s policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

- If a security is downgraded, the Executive Director or management designee will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
- If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board.
- If the Cooperative utilizes the services of an Investment Advisor, the Investment Advisor shall assist the Cooperative in monitoring the credit ratings of securities in the portfolio and shall notify the Executive Director or management designee of any such downgrade.

Security Type	Minimum Rating Requirement	Maturity Limits	Maximum Allocation Limit	Maximum Issuer Limit
United States Government Securities	N/A	5 Years	100%	N/A
United States Government Agencies (full faith and credit of the United States Government)	N/A	5 Years	50%	25%
Federal Instrumentalities (United States Government Sponsored Enterprises (GSE) which are non-full faith and credit of the United States Government)	N/A	5 Years	80%	25%
Mortgage-Backed Securities (MBS) *	N/A	5 Years	20%	15%
Non-Negotiable Interest Bearing Time Certificates of	N/A	2 Years	65%	35%/25%
Repurchase Agreements	N/A	60 Days	50%	25%
Commercial Paper	P-1/A-1	270 Days	25%	5%
Corporate Notes	single "A" category by any two NRSROs	5 Years	25%	5%
Bankers' Acceptances	P-1/A-1	180 Days	25%	5%
State and/or Local Government Taxable and/or Tax-Exempt Debt	Single "A" category by two NRSROs	5 Years	20%	5%
Supranationals	AA by two NRSROs	5 years	15%	5%
Registered Investment Companies (Money Market Mutual Funds)	AAAm	N/A	50%	25%
Intergovernmental Investment Pool	AAA	N/A	25%	N/A
Local Government Pools	AAAm	N/A	50%	N/A

*The combined total of available funds invested in Federal Instrumentalities and Mortgage- Backed Securities cannot be more than 80%.

A. United States Government Securities

1. Purchase Authorization

Authorized Staff may invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:

Cash Management Bills
Treasury Securities – State and Local Government Series (SLGS)
Treasury Bills
Treasury Notes
Treasury Bonds
Treasury Strips

2. Portfolio Composition

A maximum of 100% of available funds may be invested in the United States Government Securities.

3. Maturity Limitations

The maximum length to maturity of any direct investment in the United States Government Securities is five (5) years from the date of purchase.

B. United States Government Agencies (full faith and credit of the United States Government)

1. Purchase Authorization

Authorized Staff may invest in bonds, debentures or notes issued or guaranteed by the United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:

Government National Mortgage Association (GNMA)
United States Export – Import Bank
 Direct obligations or fully guaranteed certificates of beneficial ownership
Farmer Home Administration
 Certificates of beneficial ownership
Federal Financing Bank
 Discount notes, notes and bonds
Federal Housing Administration Debentures
General Services Administration
New Communities Debentures
 United States Government guaranteed debentures
United States Public Housing Notes and Bonds
 United States Government guaranteed public housing notes and bonds
United States Department of Housing and Urban Development
 Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of available funds may be invested in United States Government agencies.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations

The maximum length to maturity for an investment in any United States Government agency security is five (5) years from the date of purchase.

C. Federal Instrumentalities (United States Government Sponsored Enterprises (GSE) which are non-full faith and credit).

1. Purchase Authorization

Authorized Staff may invest in bonds, debentures or notes issued or guaranteed by United States Government Sponsored Enterprises (GSE) (Federal Instrumentalities which are non-full faith and credit agencies) limited to the following:

Federal Farm Credit Bank (FFCB)

Federal Home Loan Bank or its District banks (FHLB)

Federal National Mortgage Association (FNMA)

Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal Home Loan Mortgage Corporation participation certificates

2. Portfolio Composition

A maximum of 80% of available funds may be invested in Federal Instrumentalities. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested in any one issuer.

4. Maturity Limitations

The maximum length to maturity for an investment in any Federal Instrumentality is five (5) years from the date of purchase.

D. Mortgage-Backed Securities (MBS)

1. Purchase Authorization

Authorized Staff may invest in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or GSE for payment of principal and a guarantee of timely payment.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in MBS. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.

3. Limits of Individual Issuers

A maximum of 15% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any MBS is five (5) years from the date of purchase.

The maturity of mortgage securities shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security's description.

E. Bank Accounts and Non-Negotiable Interest Bearing Time Certificates of Deposit

1. Purchase Authorization

Authorized Staff may invest in non-negotiable interest bearing time certificates of deposit or cash (savings, Demand Deposit Account, money market, etc.) accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes and provided that the bank's Long Term debt is rated BBB or higher by at least two of the primary rating agencies and the Short Term debt is rated A-1 or higher by at least two of the primary rating agencies.

2. Portfolio Composition

A maximum of 65% of available funds may be invested in bank accounts and/or non-negotiable time certificates of deposit unless a greater amount of funds is needed within 60 days to meet cash flow needs. Within this limitation, no more than 50% of available funds may be invested in non-negotiable interest bearing time certificates of deposit. Since public deposit accounts are the initial depository for Cooperative funds, limitations may be exceeded under the following circumstances: (1) Funds are received and must be held for some length of time to bid

or negotiate favorable terms for replacement investments; (2) Market conditions exist or significant changes in market conditions are anticipated, which together with the recommendation of Investment Advisor, indicate prudent management is to remain in these accounts at their current rates rather than assume additional market risk. Any allocation higher than the limits set forth above requires written approval by the Executive Director and the concurrence of Investment Advisor.

3. Limits on Individual Issuers

A maximum of 35% of available funds may be deposited with any one bank with a maximum of 25% in certificates of deposit with any one issuer.

4. Maturity Limitations

The maximum maturity on any certificate shall be no greater than two (2) years from the date of purchase.

F. Repurchase Agreements [Sec. 218.415(11), Fla. Stat.]

1. Purchase Authorization

- a. Authorized Staff shall only invest in repurchase agreements governed by a written SIFMA Master Repurchase Agreement, which specifies securities eligible for purchase and resale, and which provides the unconditional right to liquidate the underlying securities should the counterparty default or fail to provide fully timely repayment.
- b. The counterparty must be a Federal Reserve Bank, a Primary Dealer as designated by the Federal Reserve Bank of New York, or a nationally chartered bank.
- c. A third party custodian shall hold collateral for all repurchase agreements with a term longer than one (1) business day under a written custodial agreement and may be of deliverable or tri-party form. Securities must be held in the Cooperative's custodial account or in a separate account in the name of the Cooperative
- d. Securities authorized for collateral are negotiable direct obligations of the United States Government and Federal Instrumentalities with maturities under five (5) years and must have a mark-to-market value at a minimum of 102 percent plus current accrued price differential at the close of each business day during the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Executive Director.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in repurchase agreements with the exception of one (1) business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested with any one institution with the exception of one (1) business day agreements and overnight sweep agreements.

4. Maturity Limitations

The maximum length to maturity of any repurchase agreement is 60 days from the date of purchase.

G. Commercial Paper

1. Purchase Authorization

Authorized Staff may invest in commercial paper of any United States company that is rated, at the time of purchase, the highest credit ratings category by at least two Nationally Recognized Statistical Rating Organizations (NRSROs).

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

H. Corporate Notes

1. Purchase Authorization

Authorized Staff may invest in United States dollar denominated senior debt obligations issued by a corporation or bank that have a long term debt rating, at the time of purchase, at a minimum "A" category by at least two NRSROs.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in corporate notes.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase.

I Bankers' Acceptances

1. Purchase Authorization

Authorized Staff may invest in bankers' acceptances which are issued by a domestic bank which has at the time of purchase, an unsecured, uninsured and unguaranteed obligation rating of at least the highest credit ratings category by at least two NRSROs.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in bankers' acceptances.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for bankers' acceptances shall be 180 days from the date of purchase.

J. State and/or Local Government Taxable and/or Tax-Exempt Debt

1. Purchase Authorization

Authorized Staff may invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "A" category by at least two NRSROs for long-term debt, or rated at least "MIG-2" by Moody's or "SP-2" by Standard & Poor's or the equivalent by another NRSRO for short-term debt.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in taxable and tax-exempt debts.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any state or local government debt security is five (5) years from the date of purchase.

K. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization

Authorized Staff may invest in shares in open-end and no-load money market funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of 60 days or less. In addition, the share value of the money market funds must be equal to \$1.00.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in money market funds.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested with any one money market fund.

4. Rating Requirements

The money market funds shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.

5. Due Diligence Requirements

A thorough review of any money market fund by the investment committee is required prior to investing, and on a continual basis. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund.

L. Intergovernmental Pool

1. Investment Authorization

Authorized Staff may invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in intergovernmental investment pools.

3. Rating Requirements

The Intergovernmental Investment Pool shall be rated “AAA” by Standard & Poor’s or the equivalent by another NRSRO.

4. Due Diligence Requirements

A thorough review of any investment pool/fund by the investment committee is required prior to investing, and on a continual basis Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund.

M. Florida Local Government Investment Pools

1. Investment Authorization

Authorized Staff may invest in Local Government Investment Pools.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in Florida PRIME.

3. Rating Requirements

The Intergovernmental Investment Pool shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.

4. Due Diligence Requirements

A thorough review of any investment pool/fund by the investment committee is required prior to investing, and on a continual basis Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund.

N. Supranationals

1. Purchase Authorization

Authorized Staff may invest in US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, provided that at the time of purchase the securities are rated “AA” or higher by any two (2) NRSROs.

2. Portfolio Composition

A maximum of 15% of available funds may be invested in supranationals.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any supranational security is five (5) years from the date of purchase.

XIV. MASTER REPURCHASE AGREEMENT

The Cooperative will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement. All repurchase agreement transactions will adhere to the requirements of the SIFMA Master Repurchase Agreement.

XV. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS [Sec. 218.415, F.S.]

Investment in any derivative products or the use of reverse repurchase agreements requires specific Board of Directors approval prior to their use. If the Board of Directors approves the use of derivative products, the Executive Director or management designee shall develop sufficient understanding of the derivative products and have the expertise to manage them. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. If the Board of Directors approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Executive Director or management designee has sufficient resources and expertise to manage them.

XVI. PERFORMANCE MEASUREMENTS [Sec. 218.415(3), F.S.]

In order to assist in the evaluation of the portfolios’ performance, the Cooperative will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the Cooperative to measure its returns against other investors in the same markets.

- A. Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the average of the yields of the ICE BAML three- month U.S. Treasury Bill Index for the time period being measured. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.
- B. Investment performance of funds designated as core funds and other non-operating funds that have a longer-term investment horizon will be compared to the ICE BAML 1-3 Year U.S. Treasury Note Index and the portfolio’s total rate of return will be compared to this benchmark. . The appropriate index will have a duration and asset mix that approximates the portfolios and will be utilized as a benchmark to be compared to the portfolios’ total

rate of return. Investments of bond reserves, construction funds, and other non-operating funds (“core funds”) shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years.

XVII. REPORTING [Sec. 218.415(15), F.S.]

The Executive Director or management designee shall receive from the Investment Advisor a Monthly and Quarterly Investment Report. The Executive Director and/or management designee shall provide the Board of Directors with bi-monthly Investment Reports. The Monthly and/or Quarterly Investment Reports shall include but are not limited to the following:

- A. Details of the portfolio by fund type.
- B. Recent market conditions, economic developments and anticipated investment conditions.
- C. The investment strategies employed in the most recent quarter.
- D. description of all securities held in investment portfolios at month-end as well as its cost and carrying value, market value, and yield performance for that period.
- E. The total rate of return for the quarter and year-to-date versus appropriate benchmarks
- F. Any areas of the Policy of concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31.

XVIII. THIRD-PARTY CUSTODIAL AGREEMENTS [Sec. 218.415(10)(18), F.S.]

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Cooperative should be properly designated as an asset of the Cooperative. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider’s safekeeping department for the term of the deposit. The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Executive Director and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, shall be permitted unless by such a duly authorized person.

The custodian shall provide the Executive Director or management designee with safekeeping statements that provide detail information on the securities held by the custodian. On a monthly basis, the custodian will also provide reports that list all securities held for the Cooperative, the book value of holdings and the market value as of month-end.

Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a “delivery vs. payment” basis, if

applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

XIX. INVESTMENT REVIEW AND STRATEGY

The Executive Director will be responsible for consulting with the Investment Advisor and staff for the purpose of formulating alternative investment strategies and short-range directions within the guidelines herein set forth and for monitoring the performance and structure of the Cooperative's portfolio.

A designee of the Executive Director will provide the Executive Director with current market information, an updated portfolio listing and analysis, and various pertinent financial data. The Executive Director shall consult with Investment Advisor and/or staff as often as deemed necessary, under the given conditions, to review, discuss and affirm or alter the current investment strategy and perform other functions as herein provided. The Executive Director activities shall include but not be limited to review and setting investment strategies; review and establishing of written investment procedures; review and approval of bank and other rating agency services; review and approval of source documentation regarding issuers, institutions and dealers, and any other functions as defined herein.

XX. SECURITIES DISPOSITION

Every security purchased on behalf of the Cooperative must be properly earmarked and, if in book entry form, must be held for the credit of the Cooperative by a depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida and must be kept by the depository in an account separate and apart from the assets of the financial institution.

XXI. PREEMPTION

Any provision of any special act, municipal charter or other law which prohibits or restricts the Cooperative from complying with Section 218.415, Florida Statutes, or any rules adopted under Section 218.415, Florida Statutes, is void to the extent of the conflict.

XXII. AUDITS

Certified public accountants conducting audits of the Cooperative shall report, as part of the audit, whether or not the Cooperative has complied with Section 218.415, Florida Statutes.

XXIII. INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by Cooperative resolution. The Executive Director, and the Investment Advisor shall review the Policy annually. If a change in the Policy is recommended for approval by the Executive Director, the Executive Director or designee will prepare the necessary report to the Board.

Attachment A
Glossary of Cash and Investment Management Terms

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10 and 30- year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of \$4 billion, 30- year new issues having a minimum size of \$1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the

same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond Market Association (BMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the BMA also recommends bond market closures and early closes due to holidays.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC and PTC

(as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are a par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

Callable Bonds/Notes. Securities, which contain an imbedded call option giving the issuer, the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In “plain vanilla” CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party, to a transaction, will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs and BAs clear through DTC.

Derivatives. For hedging purposes, common derivatives are options, futures, swaps and swaptions. All Collateralized Mortgage Obligations (“CMOs”) are derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB’s regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are \$1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of \$100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the “fed funds rate.”

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries and issuers offering potentially independent returns.

Dollar Price. A bond’s cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of \$955 per \$1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues.

Duration. The weighted average maturity of a security’s or portfolio’s cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key

tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of \$250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its "designated note" program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to

thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its “global note” and “TAP” programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “reference note” program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “benchmark note” program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the “Federal Reserve Board” and headed by its Chairman.

Financial Industry Regulatory Authority, Inc (FINRA). is a private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission.

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or “floater”). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also “Variable Rate Security.”

Freddie Mac. See "Federal Home Loan Mortgage Corporation".

Ginnie Mae. See "Government National Mortgage Association".

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that is actually full faith and credit of the U.S.).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Some consider GSEs to be stealth recipients of corporate welfare. Examples of GSEs include: FHLB, FHLMC, FNMA and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital; bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Also, a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (i.e., Florida State Board of Administration's Florida Prime Fund).

Long-Term Core Investment Program. Funds that are not needed within a one year period.

Make Whole Call. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Securities Industry and Financial Markets Association (SIFMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA and FHLMC. There are a variety of MBS structures, some of which can be very risky and complicated. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. Largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (bond, equity, money fund); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs (\$100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

$$[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$$

NRSRO. A “Nationally Recognized Statistical Rating Organization.” A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody’s, S&P, Fitch and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. Face value, stated value or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. Any of a group of designated government securities dealers designated by to the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are considered the largest players in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody’s.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the “prudent person” standard as it implies a level of knowledge commensurate with the responsibility at hand.

Qualified Public Depository - Per Florida Statute 280, means any bank, saving bank or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States;
2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.
3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 seq.
4. Meets all requirements of F.S. 280
5. Has been designed by the Treasurer as a qualified public depository.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value.

Gains/losses are “realized” when the security is actually sold, as compared to “unrealized” gains/losses which are based on current market value. See “Unrealized Gains (Losses).”

Reference Bills: FHLMC’s short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes (\$1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC’s Reference Bills are unsecured general corporate obligations. This program supplements the corporation’s existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC’s intermediate-term debt program with issuances of 2, 3, 5, 10 and 30-year maturities. Initial issuances range from \$2 - \$6 billion with re-openings ranging \$1 - \$4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the

investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Lending. An arrangement between an investor and a custody bank that allows the custody bank to "loan" the investor's investment holdings, reinvest the proceeds in permitted investments, and shares any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of monies for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g. FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Supranational. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries. **Swap.** Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5 and

10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to \$150 million. Frequent issuer of discount notes, agency notes and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week and 26-week T-Bills

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. Government and issued with maturities of ten years and longer by the U.S. Department of the Treasury. The Treasury stopped issuing Treasury Bonds in August 2001.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 5-year and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC regulation 15C3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually or annually). See also "Floating Rate Note."

Weighted Average Maturity (or just “Average Maturity”). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or “inverted” (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as “Yield to Maturity,” except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security’s yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call" and "Yield to Maturity."

Attachment B
Investment Pool/Fund Questionnaire

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Redline version of the Investment Policy
showing changes made to the draft
distributed to Members on March 8, 2023,
in response to Comments

INVESTMENT POLICY
Polk Regional Water Cooperative
Polk COUNTY, FLORIDA

RESOLUTION 2023-~~???~~-08: INVESTMENT POLICY

PRESENTED FOR BOARD CONSIDERATION

045/1726/2023



Polk Regional
Water Cooperative

PREPARED BY:

Legal Counsel and Financial Advisor

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Investment Policy
for
Polk Regional Water Cooperative

I. PURPOSE AND RESPONSIBILITY

The purpose of this Investment Policy (hereinafter “Policy”) is to provide definitive guidelines for the initial and ongoing investment of public funds under the control of the Polk Regional Water Cooperative, (hereinafter the “Cooperative”) in excess of those required to meet current expenses, as well as management of and reporting of those investments. The primary priority of the policy is the safety of principal and liquidity of funds to meet projected needs. The optimization of investment return, within the limitation of prudent business judgment, as set forth in Section 218.415, Florida Statutes, and other documents containing investment constraints such as revenue bond resolutions and interlocal agreements, shall be secondary to the requirements for safety of principal and liquidity.

The Executive Director shall be responsible for establishing policies and procedures governing investments. The Board of Directors shall approve statements of policy.

II. SCOPE [Sec. 218.415(1), F.S.]

This policy applies to all surplus funds owned by the Cooperative or otherwise under management control of the Cooperative to the extent that application of this policy does not conflict with the requirements of any Cooperative bond resolution. In the event of a conflict, the bond resolution shall govern.

III. INVESTMENT OBJECTIVES [Sec. 218.415(1), F.S.]

Safety of Principal

The foremost objective of this investment program is the safety of the principal of these funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

From time to time, securities may be traded for other similar securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:

- A. The yield has been increased, or
- B. The maturity has been reduced or lengthened, or
- C. The quality of the investment has been improved.

Credit Risk

The Cooperative will minimize credit risk of loss ~~due to the failure of the security~~with respect to investment of securities by:

- A. Limiting investments to the authorized investments in the Policy.
- B. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the ~~District Cooperative~~ will do business.
- C. Diversifying the investment portfolio to protect against losses on individual securities.
- D. Performing initial and ongoing credit analysis and review of all credit-sensitive securities held in the portfolio.

Interest Rate Risk

The Cooperative will minimize the risk that the market value of securities in the portfolio will fall due to changes in generally ~~ly~~ interest rates by:

- A. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity.
- B. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
- C. Limiting the maximum duration of the overall portfolio to five (5) years.

Maintenance of Liquidity

The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodic cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

Return on Investment

Investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active management where the Cooperative utilizes a total return strategy (which includes both realized and unrealized gains and losses in the portfolio). This total return strategy seeks to increase the value of the portfolios through reinvestment of income and capital gains. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

IV. DELEGATION OF AUTHORITY

The Cooperative's Governing Board shall be responsible for approving changes to the Cooperative's Policy. The responsibility for providing guidance and approval of the Cooperative's

investment strategy, within the parameters of the Policy, resides with the Cooperative's Executive Director. The management responsibility for all Cooperative funds in the Portfolio and investment transactions is delegated to the Cooperative's Executive Director or designee, as appropriate, and its third-party Investment Advisor. Under the direction of the Executive Director, the Senior Finance Manager or Finance Manager and Investment Advisor shall provide active management for the Cooperative's designated funds. The Cooperative's Investment Advisor must be registered under the Investment Advisors Act of 1940. The Executive Director shall establish written procedures for the operation of the Investment Portfolio and a system of internal accounting and administrative controls to regulate the activities of employees.

V. STANDARDS OF PRUDENCE

The standard of prudence to be used by investment officials shall be the "Prudent Person" standard and shall be applied in the context of managing the overall investment program. Investment officers acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported to the Board of Directors in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy. The "Prudent Person" rule states the following ([see Sec. 218.415\(4\), Fla. State.](#)):

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by investment officials who are officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

The Cooperative shall take due care to insure that personnel responsible for making investment decisions have developed sufficient understanding of and have the expertise necessary to evaluate and manage such investments.

The Executive Director or designee, when acting in accordance with written procedures and the Policy and exercising due diligence, shall be relieved of personal responsibility for the performance of any individual security provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

VI. ETHICS AND CONFLICTS OF INTERESTS

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or

which could impair their ability to make impartial investment decisions. Also, investment officials and employees involved in the investment process shall disclose to the Board of Directors any material financial interests in financial institutions that conduct business with the Cooperative, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Cooperative's investment program. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Cooperative.

VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES [Sec. 218.415(13), F.S.]

The responsibility to invest and manage the Cooperative's funds is delegated to the Executive Director. The Executive Director shall establish a system of internal controls and operational procedures that are in writing and made a part of the Cooperative's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery vs. payment" procedures. The written procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as authorized under the terms of this Policy. These procedures are intended to reduce the relatively low risk that material losses may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

VIII. CONTINUING EDUCATION [Sec. 218.415(14), F.S.]

The Executive Director, management designee and/or appropriate staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS [Sec. 218.415(9), F.S.]

Investment activity shall be conducted only with Issuers, Dealers and/or Financial Institutions authorized by any two of the Chairman of the Board, Vice-Chairman of the Board or Executive Director. Accounts established with institutions/issuers/dealers will be approved by at least two (2) of the following: the Chairman of the Board, Vice-Chairman of the Board or ~~General Manager~~Executive Director after evaluation and favorable recommendation by the Cooperative's Investment Advisor. Securities shall be purchased only from financial institutions which are qualified public depositories as defined in Section 280.02(23), Florida Statutes or from SIPC broker/dealers who have, or whose parent company has, a long term issuer rating in the "A" category or ~~of~~ higher from Standard & Poor's Rating Service and ~~the "A" category or higher from~~ Moody's Rating Investors Service.

The Cooperative's Investment Advisor(s) shall utilize and maintain its own list of approved primary and non-primary securities dealers.

X. MATURITY AND LIQUIDITY REQUIREMENTS [Sec. 218.415(6), F.S.]

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.

Investments of bond reserves, construction funds, and other non-operating funds (“core funds”) shall have a term appropriate to the need for funds and in accordance with bond resolutions, but in no event shall exceed five (5) years. Maturities longer than five (5) years require the written approval of the Board

XI. RISK AND DIVERSIFICATION

Assets held shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instruments, dealer, or bank through which these instruments are bought and sold. The Executive Director or management designee and the Investment Advisor shall determine diversification strategies within the established guidelines as outlined by this Investment Policy.

XII. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS [Sec. 218.415(12), F.S.]

After the Executive Director, management designee or the Investment Advisor has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) Qualified Institutions and/or Primary Dealers must be contacted and asked to provide bids/offers on securities in questions. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected.

However, if obtaining bids/offers are not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:

- A. ~~Felerate~~-Tradweb Information System
- B. Bloomberg Information Systems
- C. Wall street Journal or a comparable nationally recognized financial publication providing daily market pricing
- D. Daily market pricing provided by the Cooperative’s custodian or their correspondent institutions.

The Executive Director or the Investment Advisor shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Executive Director or the Investment Advisor, competitive bidding would inhibit the selection process.

Examples of when it is appropriate to use the comparison to current market value method include:

- A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process
- B. When no active market exists for the issue being traded due to the age or depth of the issue
- C. When a security is unique to a single dealer, for example, a private placement
- D. When the transaction involves new issues or issues in the “when issued” market

Overnight sweep investments or repurchase agreements will not be bid, but may be placed with the Cooperative’s depository bank relating to the demand account for which the sweep investments or repurchase agreement was purchased.

XIII. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION [Sec. 218.415(7)(8)(16), F.S.]

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the Cooperative’s needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Executive Director or management designee may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the Cooperative’s custodian or banks.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the Cooperative. The Executive Director or management designee shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this Policy are prohibited.

The securities listed below are authorized securities for all funds to the extent this does not conflict with any of the Cooperative’s bond resolutions. In the event of a conflict, the bond resolution will prevail.

The allocation limits are intended as a general guide for management of funds under the direct control of Cooperative staff. Investment of debt proceeds and related earnings including, but not limited to, Construction Funds, Trust Funds, Capitalized Interest and Debt Service Reserves may be invested by the Board by resolution in any amounts and as governed by applicable bond resolution.

If securities owned by the Cooperative are downgraded by an NRSRO to a level below the quality required by this investment policy, it will be the Cooperative’s policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

- If a security is downgraded, the Executive Director or management designee will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
- If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board.

- If the Cooperative utilizes the services of an Investment Advisor, the Investment Advisor shall assist the Cooperative in monitoring the credit ratings of securities in the portfolio and shall notify the Executive Director or management designee of any such downgrade.

Security Type	Minimum Rating Requirement	Maturity Limits	Maximum Allocation Limit	Maximum Issuer Limit
United States Government Securities	N/A	5 Years	100%	N/A
United States Government Agencies (full faith and credit of the United States Government)	N/A	5 Years	50%	25%
Federal Instrumentalities (United States Government Sponsored Enterprises (GSE) which are non- <u>full faith and credit of the United States Government</u>)	N/A	5 Years	80%	25%
Mortgage-Backed Securities (MBS) *	N/A	5 Years	20%	15%
Non-Negotiable Interest Bearing Time Certificates of	N/A	2 Years	65%	35%/25%
Repurchase Agreements	N/A	60 Days	50%	25%
Commercial Paper	P-1/A-1	270 Days	25%	5%
Corporate Notes	single "A" category by any two NRSROs	5 Years	25%	5%
Bankers' Acceptances	P-1/A-1	180 Days	25%	5%
State and/or Local Government Taxable and/or Tax-Exempt Debt	Single "A" category by two NRSROs	5 Years	20%	5%
Supranationals	AA by two NRSROs	5 years	15%	5%
Registered Investment Companies (Money Market Mutual Funds)	AAAm	N/A	50%	25%

Intergovernmental Investment Pool	AAA	N/A	25%	N/A
<u>Florida PRIME Local Government Pools</u>	AAAm	N/A	50%	N/A

*The combined total of available funds invested in Federal Instrumentalities and Mortgage- Backed Securities cannot be more than 80%.

A. United States Government Securities

1. Purchase Authorization

Authorized Staff may invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:

- Cash Management Bills
- Treasury Securities – State and Local Government Series (SLGS)
- Treasury Bills
- Treasury Notes
- Treasury Bonds
- Treasury Strips

2. Portfolio Composition

A maximum of 100% of available funds may be invested in the United States Government Securities.

3. Maturity Limitations

The maximum length to maturity of any direct investment in the United States Government Securities is five (5) years from the date of purchase.

B. United States Government Agencies (full faith and credit of the United States Government)

1. Purchase Authorization

Authorized Staff may invest in bonds, debentures or notes issued or guaranteed by the United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to the following:

- Government National Mortgage Association (GNMA)
- United States Export – Import Bank
 - Direct obligations or fully guaranteed certificates of beneficial ownership
- Farmer Home Administration
 - Certificates of beneficial ownership

- Federal Financing Bank
 - Discount notes, notes and bonds
- Federal Housing Administration Debentures
- General Services Administration
- New Communities Debentures
 - United States Government guaranteed debentures
- United States Public Housing Notes and Bonds
 - United States Government guaranteed public housing notes and bonds
- United States Department of Housing and Urban Development
 - Project notes and local authority bonds

2. Portfolio Composition

A maximum of 50% of available funds may be invested in United States Government agencies.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested in individual United States Government agencies.

4. Maturity Limitations

The maximum length to maturity for an investment in any United States Government agency security is five (5) years from the date of purchase.

C. Federal Instrumentalities (United States Government Sponsored Enterprises (GSE) which are non-full faith and credit).

1. Purchase Authorization

Authorized Staff may invest in bonds, debentures or notes issued or guaranteed by United States Government Sponsored Enterprises (GSE) (Federal Instrumentalities which are non-full faith and credit agencies) limited to the following:

- Federal Farm Credit Bank (FFCB)
- Federal Home Loan Bank or its District banks (FHLB)
- Federal National Mortgage Association (FNMA)
- Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal Home Loan Mortgage Corporation participation certificates

2. Portfolio Composition

A maximum of 80% of available funds may be invested in Federal Instrumentalities. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested in any one issuer.

4. Maturity Limitations

The maximum length to maturity for an investment in any Federal Instrumentality is five (5) years from the date of purchase.

D. Mortgage-Backed Securities (MBS)

1. Purchase Authorization

Authorized Staff may invest in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or GSE for payment of principal and a guarantee of timely payment.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in MBS. The combined total of available funds invested in Federal Instrumentalities and Mortgage Backed Securities cannot be more than 80%.

3. Limits of Individual Issuers

A maximum of 15% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any MBS is five (5) years from the date of purchase.

The maturity of mortgage securities shall be considered the date corresponding to its average life. This date reflects the point at which an investor will have received back half of the original principal (face) amount. The average life may be different from the stated legal maturity included in a security's description.

E. Bank Accounts and Non-Negotiable Interest Bearing Time Certificates of Deposit

1. Purchase Authorization

Authorized Staff may invest in non-negotiable interest bearing time certificates of deposit or cash (savings, Demand Deposit Account, money market, etc.) accounts in banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes and provided that the bank's Long Term debt is rated BBB or higher by at least two of the primary rating agencies and the Short Term debt is rated A-1 or higher by at least two of the primary rating agencies.

2. Portfolio Composition

A maximum of 65% of available funds may be invested in bank accounts and/or non-negotiable time certificates of deposit unless a greater amount of funds is needed within 60 days to meet cash flow needs. Within this limitation, no more than 50% of available funds may be invested in non-negotiable interest bearing time certificates of deposit. Since public deposit accounts are the initial depository for Cooperative funds, limitations may be exceeded under the following circumstances: (1) Funds are received and must be held for some length of time to bid or negotiate favorable terms for replacement investments; (2) Market conditions exist or significant changes in market conditions are anticipated, which together with the recommendation of Investment Advisor, indicate prudent management is to remain in these accounts at their current rates rather than assume additional market risk. Any allocation higher than the limits set forth above requires written approval by the Executive Director and the concurrence of Investment Advisor.

3. Limits on Individual Issuers

A maximum of 35% of available funds may be deposited with any one bank with a maximum of 25% in certificates of deposit with any one issuer.

4. Maturity Limitations

The maximum maturity on any certificate shall be no greater than two (2) years from the date of purchase.

F. Repurchase Agreements [Sec. 218.415(11), Fla. Stat.]

1. Purchase Authorization

- a. Authorized Staff shall only invest in repurchase agreements governed by a written SIFMA Master Repurchase Agreement, which specifies securities eligible for purchase and resale, and which provides the unconditional right to liquidate the underlying securities should the counterparty default or fail to provide fully timely repayment.
- b. The counterparty must be a Federal Reserve Bank, a Primary Dealer as designated by the Federal Reserve Bank of New York, or a nationally chartered bank.
- c. A third party custodian shall hold collateral for all repurchase agreements with a term longer than one (1) business day under a written custodial agreement and may be of deliverable or tri-party form. Securities must be held in the Cooperative's custodial account or in a separate account in the name of the Cooperative

- d. Securities authorized for collateral are negotiable direct obligations of the United States Government and Federal Instrumentalities with maturities under five (5) years and must have a mark-to-market value at a minimum of 102 percent plus current accrued price differential at the close of each business day during the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the Executive Director.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in repurchase agreements with the exception of one (1) business day agreements and overnight sweep agreements.

3. Limits on Individual Issuers

A maximum of 25% of available funds may be invested with any one institution with the exception of one (1) business day agreements and overnight sweep agreements.

4. Maturity Limitations

The maximum length to maturity of any repurchase agreement is 60 days from the date of purchase.

- G. Commercial Paper

1. Purchase Authorization

Authorized Staff may invest in commercial paper of any United States company that is rated, at the time of purchase, the highest credit ratings category by at least two Nationally Recognized Statistical Rating Organizations (NRSROs).

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be 270 days from the date of purchase.

- H. Corporate Notes

1. Purchase Authorization

Authorized Staff may invest in United States dollar denominated senior debt obligations issued by a corporation or bank that have a long term debt rating, at the time of purchase, at a minimum “A” category by at least two NRSROs.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in corporate notes.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase.

I Bankers’ Acceptances

1. Purchase Authorization

Authorized Staff may invest in bankers’ acceptances which are issued by a domestic bank which has at the time of purchase, an unsecured, uninsured and unguaranteed obligation rating of at least the highest credit ratings category by at least two NRSROs.

2. Portfolio Composition

A maximum of 25% of available funds may be directly invested in bankers’ acceptances.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for bankers’ acceptances shall be 180 days from the date of purchase.

J. State and/or Local Government Taxable and/or Tax-Exempt Debt

1. Purchase Authorization

Authorized Staff may invest in state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least “A” category

by at least two NRSROs for long-term debt, or rated at least “MIG-2” by Moody’s or “SP-2” by Standard & Poor’s or the equivalent by another NRSRO for short-term debt.

2. Portfolio Composition

A maximum of 20% of available funds may be invested in taxable and tax-exempt debts.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any state or local government debt security is five (5) years from the date of purchase.

K. Registered Investment Companies (Money Market Mutual Funds)

1. Investment Authorization

Authorized Staff may invest in shares in open-end and no-load money market funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of 60 days or less. In addition, the share value of the money market funds must be equal to \$1.00.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in money market funds.

3. Limits of Individual Issuers

A maximum of 25% of available funds may be invested with any one money market fund.

4. Rating Requirements

The money market funds shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.

5. Due Diligence Requirements

A thorough review of any money market fund by the investment committee is required prior to investing, and on a continual basis. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund.

L. Intergovernmental Pool

1. Investment Authorization

Authorized Staff may invest in intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.

2. Portfolio Composition

A maximum of 25% of available funds may be invested in intergovernmental investment pools.

3. Rating Requirements

The Intergovernmental Investment Pool shall be rated “AAA” by Standard & Poor’s or the equivalent by another NRSRO.

4. Due Diligence Requirements

A thorough review of any investment pool/fund by the investment committee is required prior to investing, and on a continual basis Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund.

M. Florida ~~PRIME~~Local Government Investment Pools

1. Investment Authorization

Authorized Staff may invest in ~~the Florida PRIME Fund~~Local Government Investment Pools, as administered by the Florida State Board of Administration.

2. Portfolio Composition

A maximum of 50% of available funds may be invested in Florida PRIME.

3. Rating Requirements

The Intergovernmental Investment Pool shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.

4. Due Diligence Requirements

A thorough review of any investment pool/fund by the investment committee is required prior to investing, and on a continual basis Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund.

N. Supranationals

1. Purchase Authorization

Authorized Staff may invest in US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, provided that at the time of purchase the securities are rated “AA” or higher by any two (2) NRSROs.

2. Portfolio Composition

A maximum of 15% of available funds may be invested in supranationals.

3. Limits on Individual Issuers

A maximum of 5% of available funds may be invested with any one issuer.

4. Maturity Limitations

A maximum length to maturity for an investment in any supranational security is five (5) years from the date of purchase.

XIV. MASTER REPURCHASE AGREEMENT

The Cooperative will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement. All repurchase agreement transactions will adhere to the requirements of the SIFMA Master Repurchase Agreement.

XV. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS [Sec. 218.415, F.S.]

Investment in any derivative products or the use of reverse repurchase agreements requires specific Board of Directors approval prior to their use. If the Board of Directors approves the use of derivative products, the Executive Director or management designee shall develop sufficient understanding of the derivative products and have the expertise to manage them. A “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. If the Board of Directors approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Executive Director or management designee has sufficient resources and expertise to manage them.

XVI. PERFORMANCE MEASUREMENTS [Sec. 218.415(3), F.S.]

In order to assist in the evaluation of the portfolios’ performance, the Cooperative will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the Cooperative to measure its returns against other investors in the same markets.

- A. Investment performance of funds designated as short-term funds and other funds that must maintain a high degree of liquidity will be compared to the average of the yields of the ~~Merrill Lynch~~ICE BAML three- month U.S. Treasury Bill Index for the time period being measured. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months.
- B. Investment performance of funds designated as core funds and other non-operating funds that have a longer-term investment horizon will be compared to the ~~Merrill Lynch~~ICE BAML 1-3 Year U.S. Treasury Note Index and the portfolio's total rate of return will be compared to this benchmark. . The appropriate index will have a duration and asset mix that approximates the portfolios and will be utilized as a benchmark to be compared to the portfolios' total rate of return. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years.

XVII. REPORTING [Sec. 218.415(15), F.S.]

The Executive Director or management designee shall receive from the Investment Advisor a Monthly and Quarterly Investment Report. The Executive Director and/or management designee shall provide the Board of Directors with bi-monthly Investment Reports. The Monthly and/or Quarterly Investment Reports shall include but are not limited to the following:

- A. Details of the portfolio by fund type.
- B. Recent market conditions, economic developments and anticipated investment conditions.
- C. The investment strategies employed in the most recent quarter.
- D. description of all securities held in investment portfolios at month-end as well as its cost and carrying value, market value, and yield performance for that period.
- E. The total rate of return for the quarter and year-to-date versus appropriate benchmarks
- F. Any areas of the Policy of concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with accounting guidelines in GASB Statement 31.

XVIII. THIRD-PARTY CUSTODIAL AGREEMENTS [Sec. 218.415(10)(18), F.S.]

Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Cooperative should be properly designated as an asset of the Cooperative. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit. The custodian shall accept transaction instructions only from those persons who have been duly

authorized by the Executive Director and which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, shall be permitted unless by such a duly authorized person.

The custodian shall provide the Executive Director or management designee with safekeeping statements that provide detail information on the securities held by the custodian. On a monthly basis, the custodian will also provide reports that list all securities held for the Cooperative, the book value of holdings and the market value as of month-end.

Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a “delivery vs. payment” basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

XIX. INVESTMENT REVIEW AND STRATEGY

The Executive Director will be responsible for consulting with the Investment Advisor and staff for the purpose of formulating alternative investment strategies and short-range directions within the guidelines herein set forth and for monitoring the performance and structure of the Cooperative’s portfolio.

A designee of the Executive Director will provide the Executive Director with current market information, an updated portfolio listing and analysis, and various pertinent financial data. The Executive Director shall consult with Investment Advisor and/or staff as often as deemed necessary, under the given conditions, to review, discuss and affirm or alter the current investment strategy and perform other functions as herein provided. The Executive Director activities shall include but not be limited to review and setting investment strategies; review and establishing of written investment procedures; review and approval of bank and other rating agency services; review and approval of source documentation regarding issuers, institutions and dealers, and any other functions as defined herein.

XX. SECURITIES DISPOSITION

Every security purchased on behalf of the Cooperative must be properly earmarked and, if in book entry form, must be held for the credit of the Cooperative by a depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida and must be kept by the depository in an account separate and apart from the assets of the financial institution.

XXI. PREEMPTION

Any provision of any special act, municipal charter or other law which prohibits or restricts the Cooperative from complying with Section 218.415, Florida Statutes, or any rules adopted under Section 218.415, Florida Statutes, is void to the extent of the conflict.

XXII. AUDITS

Certified public accountants conducting audits of the Cooperative shall report, as part of the audit, whether or not the Cooperative has complied with Section 218.415, Florida Statutes.

XXIII. INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by Cooperative resolution. The Executive Director, and the Investment Advisor shall review the Policy annually. If a change in the Policy is recommended for approval by the Executive Director, the Executive Director or designee will prepare the necessary report to the Board.

Attachment A
Glossary of Cash and Investment Management Terms

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10 and 30- year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of \$4 billion, 30- year new issues having a minimum size of \$1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the

same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond Market Association (BMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the BMA also recommends bond market closures and early closes due to holidays.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC and PTC

(as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are a par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

Callable Bonds/Notes. Securities, which contain an imbedded call option giving the issuer, the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In “plain vanilla” CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party, to a transaction, will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs and BAs clear through DTC.

Derivatives. For hedging purposes, common derivatives are options, futures, swaps and swaptions. All Collateralized Mortgage Obligations (“CMOs”) are derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB’s regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are \$1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of \$100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the “fed funds rate.”

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries and issuers offering potentially independent returns.

Dollar Price. A bond’s cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of \$955 per \$1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues.

Duration. The weighted average maturity of a security’s or portfolio’s cash flows, where the present values of the cash flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key

tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of \$250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its "designated note" program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to

thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its “global note” and “TAP” programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “reference note” program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “benchmark note” program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the “Federal Reserve Board” and headed by its Chairman.

Financial Industry Regulatory Authority, Inc (FINRA). is a private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission.

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or “floater”). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also “Variable Rate Security.”

Freddie Mac. See "Federal Home Loan Mortgage Corporation".

Ginnie Mae. See "Government National Mortgage Association".

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that is actually full faith and credit of the U.S.).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Some consider GSEs to be stealth recipients of corporate welfare. Examples of GSEs include: FHLB, FHLMC, FNMA and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital; bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Also, a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (i.e., Florida State Board of Administration's Florida Prime Fund).

Long-Term Core Investment Program. Funds that are not needed within a one year period.

Make Whole Call. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Securities Industry and Financial Markets Association (SIFMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of \$1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA and FHLMC. There are a variety of MBS structures, some of which can be very risky and complicated. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. Largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (bond, equity, money fund); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs (\$100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

$$[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$$

NRSRO. A “Nationally Recognized Statistical Rating Organization.” A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody’s, S&P, Fitch and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. Face value, stated value or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. Any of a group of designated government securities dealers designated by to the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are considered the largest players in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody’s.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the “prudent person” standard as it implies a level of knowledge commensurate with the responsibility at hand.

Qualified Public Depository - Per Florida Statute 280, means any bank, saving bank or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States;
2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.
3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 seq.
4. Meets all requirements of F.S. 280
5. Has been designed by the Treasurer as a qualified public depository.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value.

Gains/losses are “realized” when the security is actually sold, as compared to “unrealized” gains/losses which are based on current market value. See “Unrealized Gains (Losses).”

Reference Bills: FHLMC’s short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes (\$1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC’s Reference Bills are unsecured general corporate obligations. This program supplements the corporation’s existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC’s intermediate-term debt program with issuances of 2, 3, 5, 10 and 30-year maturities. Initial issuances range from \$2 - \$6 billion with re-openings ranging \$1 - \$4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the

investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate BMA approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Lending. An arrangement between an investor and a custody bank that allows the custody bank to "loan" the investor's investment holdings, reinvest the proceeds in permitted investments, and shares any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of monies for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g. FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Supranational. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries. **Swap.** Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5 and

10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to \$150 million. Frequent issuer of discount notes, agency notes and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week and 26-week T-Bills

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. Government and issued with maturities of ten years and longer by the U.S. Department of the Treasury. The Treasury stopped issuing Treasury Bonds in August 2001.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 5-year and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC regulation 15C3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually or annually). See also "Floating Rate Note."

Weighted Average Maturity (or just “Average Maturity”). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or “inverted” (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as “Yield to Maturity,” except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security’s yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call" and "Yield to Maturity."

Attachment B
Investment Pool/Fund Questionnaire

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?



SUBJECT

Adopt Resolution 2023-09 Amending Resolution 2022-05 Approving the PRWC Master Bond Resolution - Action Item

DESCRIPTION

Michael Wiener, Partner, Holland & Knight LLP will provide a summary of the amendments to the Master Bond Resolution.

One of the primary purposes of the Master Bond Resolution is to pool all the revenues under the Implementation Agreements and provide a comprehensive structure for securing all of the PRWC's debts and loans. This means that some provisions that would typically be in the stand-alone loan agreements with individual lenders will be replaced by equivalent provisions in the Master Bond Resolution, although the individual loan agreements may contain covenants that are more stringent than the ones in the Master Bond Resolution, if required by a particular lender.

As part of the process of entering into the loan with WIFIA and Truist Bank certain changes have been required by the WIFIA lender and other changes are being made to more clearly define certain provisions that are applicable to the flexible structure being provided by Truist Bank. The changes are reflected in the amendment with double underlining indicating additions and ~~strikethroughs~~ indicating deletions. A general summary of the changes are reflected in the attached memo.

RECOMMENDATION

Staff recommends approval of the Master Bond Resolution

FISCAL IMPACT

No fiscal impact for this item

CONTACT INFORMATION

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Holland and Knight
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Summary of Changes to the Bond Resolution

- Bond Service Requirement, paragraph (5) was revised to better match the definition of Designated Maturity Bond indicating that the Bond may only be a single maturity, amortization installment or tender date of an Option Bond.

- Definitions:
 - "Implementation Agreement" modified to more closely match the WIFIA application and project scope.
 - "Pledged Revenues" Additional clarification that the Construction Funds secure the series of Bonds which funded such account.
 - "Southeast Wellfield" modified to more closely match the WIFIA application and project scope.
 - "Southeast Wellfield Project" clarifying change to add specific reference to the Southeast Wellfield.
 - "West Polk Wellfield" modified to more closely match the WIFIA application and project scope.
 - "West Polk Wellfield Project" clarifying change to add specific reference to the West Polk Wellfield.

- Section 8.02 revised to add additional clarification that the Construction Fund is included expressly in the definition of Pledged Revenues.

- Section 11.05 changed to expressly define the date that PRWC will be subject to the Rate Covenant.

- Section 12.02
 - (a) Revised to reflect defined terms.
 - (b) Adds additional flexibility to issue additional bonds in the future without the requirement of a consultants report.

RESOLUTION NO. 2023-09

A RESOLUTION AMENDING RESOLUTION NO. 2022-05 DULY ADOPTED BY THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE ON JULY 13, 2022; DELEGATING CERTAIN ACTIONS WITH RESPECT TO SUCH AMENDMENTS AND ALL OTHER DOCUMENTS RELATED THERETO; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Commission staff is negotiating additional Financing Documents as defined in the Interlocal Agreement establishing the Polk Regional Water Cooperative (the "Issuer") for submission to this Board on a later date;

WHEREAS, such Financing Documents are expected to require payments in accordance with their terms before, during and after construction of the Southeast Wellfield Project and the West Polk Wellfield Project, and the Interlocal Agreement and this Resolution will require the setting of rates and the imposition and collection thereof to satisfy the terms of those Financing Documents, which rates the applicable project participants are obligated to timely pay under the respective Implementation Agreements so as to satisfy the Issuer's obligations under the Financing Documents;

WHEREAS, these amendments to the Resolution are for, among other purposes, accommodating those Financing Documents with further clarity;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE, THAT:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Section 163.01 and Chapter 189, Florida Statutes, the Interlocal Agreement (as defined in the hereafter described Bond Resolution), the Constitution of the State and other applicable provisions of law and the Bond Resolution.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On July 13, 2022, the Issuer adopted Resolution No. 2022-05, as previously amended (the "Bond Resolution").

B. The Issuer now desires to further amend the Bond Resolution upon receiving requisite consent to make certain technical amendments and clarifications, including the provisions relating to the issuance of Additional Bonds.

C. Pursuant to the provisions of Section 15.02 of the Bond Resolution, the Bond Resolution as amended hereby shall become effective upon the Issuer obtaining the consent of the Holders of not less than a majority of the Bond Obligation and until such time the Bond Resolution shall remain in effect without such amendments.

D. All capitalized terms not otherwise defined herein shall have such meanings as given in the Bond Resolution.

SECTION 3. AMENDMENTS OF THE BOND RESOLUTION. Pursuant to the provisions of Section 15.02 of the Bond Resolution, the Bond Resolution is hereby amended in the following respects, such amendments to become effective upon the Issuer obtaining the consent of the Holders of not less than a majority of the Bond Obligation (the owners of Additional Bonds, by acceptance of such Additional Bonds, are deemed to have expressly and irrevocably consented to these amendments in writing):

(A) Each of paragraphs (c)(3) and (c)(5) of the definition of "Bond Service Requirement" in Section 2.01 of the Bond Resolution is hereby amended to read in its entirety as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"(3) ~~If Bonds are subject to purchase by the Issuer at the option of the Bondholder and a Liquidity Facility is available with~~ With respect thereto to provide for the purchase of such Bonds at the time calculation of interest rates is to be made ~~Option Bonds~~, the optional tender or "put" date or dates(s) and amount(s) shall be ignored and the stated maturity ~~dates~~date(s) of such Option Bonds shall be used for the purposes of this calculation unless the Issuer has received notice of a tender or put from the applicable Bondholder."

"(5) For purposes of calculating the Bond Service Requirement with respect to Designated Maturity Bonds, the unamortized principal ~~thereof~~ coming due on ~~the final the applicable~~ maturity date, amortization installment or tender date of Option Bonds thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget and/or a certificate of the Chief Financial Officer, shall not be included, and in lieu thereof there shall be included in the Bond Service Requirement for the Bond Year in which such final maturity occurs and other Bond Years only the principal amount thereof the Issuer certifies that it reasonably anticipates to become due in each such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Bonds."

(B) Each of the following definitions are hereby amended in their entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"Implementation Agreement" means, individually and collectively as the context may require, (a) the Implementation Agreement dated as of the effective date thereof between the Issuer and such members of the Issuer that have entered into such agreement ~~for to implement~~ the design, construction and, operation, maintenance and funding of the Cost of the Southeast Wellfield Project, (b) the Implementation Agreement dated as of the effective date thereof between the Issuer and such members of the Issuer that have entered into such agreement to implement the design, construction, operation, maintenance and funding of the Cost of the West Polk Wellfield Project, and (c) any other implementation agreement entered into by the Issuer and one or more of its members after the date of this Resolution and designated by the Issuer in a supplemental resolution as an Implementation Agreement hereunder, each as amended and restated from time to time.

"Pledged Revenues" means the Gross Revenues and, until applied in accordance with the provisions of this Resolution, all other amounts, including investments thereof, held in the funds and accounts established hereunder, except (i) funds held in the Rebate Fund and ~~except~~(ii) funds held in (x) an account in the Reserve Fund or (y) any

account in the Construction Fund, in each case of (x) and (y) for a specific Series of Bonds, which will be held solely for the Series of Bonds for which each such account was created.

"Southeast Wellfield" means the lower Floridan aquifer public water supply wellfield ~~to be~~, water production facility, and water transmission system with related transmission lines to connect to existing distribution systems in Polk County, in each case located in southeast Polk County. For the avoidance of doubt, this definition of "Southeast Wellfield" is synonymous with (and, in the case of any conflict, supersedes) the definition of "Southeast Wellfield" in the Implementation Agreement for the Southeast Wellfield.

"Southeast Wellfield Project" means the project for the Southeast Wellfield, as further described in the Implementation Agreement for the Southeast Wellfield.

"West Polk Wellfield" means the lower Floridan aquifer public water supply wellfield ~~to be~~, water production facility, and water transmission system with related transmission lines to connect to existing distribution systems in Polk County, in each case located in west Polk County. For the avoidance of doubt, this definition of "West Polk Wellfield" is synonymous with (and, in the case of any conflict, supersedes) the definition of "West Polk Wellfield" in the Implementation Agreement for the West Polk Wellfield.

"West Polk Wellfield Project" means the project for the West Polk Wellfield, as further described in the Implementation Agreement for the West Polk Wellfield.

(C) Section 8.02 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and strikethrough indicates deletions):

Section 8.02. Pledge of Revenues. The payment of the principal of, premium, if any, and interest on the Bonds and the payment of Hedge Obligations shall be secured forthwith equally and ratably by an irrevocable, valid and binding lien on and security interest in the Pledged Revenues, including, without limitation, moneys deposited into the funds and accounts created by this Resolution (other than moneys in the Rebate Fund), and all earnings thereon, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Pledged Revenues and, as provided herein, the Issuer does hereby irrevocably pledge, in the manner and to the extent provided herein, the Pledged Revenues, all to the payment of the principal of, premium, if any, and interest on the Bonds, the payment of Hedge Obligations. The Pledged Revenues shall immediately be subject to the lien and pledge of this Resolution without any physical delivery hereof or further act. Notwithstanding the foregoing, however, Hedge Obligations shall not be secured by funds on deposit in the Reserve Fund and nothing herein provided shall be deemed to grant or create a lien on any account in the Reserve Fund or the Construction Fund created only with respect to a particular Series of Bonds in favor of the owners of Bonds of any other Series. In addition, nothing herein shall be deemed to grant

or create a lien on any funds, including investments and investment earnings in the Rebate Fund."

(D) The first paragraph of Section 11.05 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

~~Commencing October 1, 2023,~~ The Issuer covenants with the Bondholders, during each Bond Year beginning with the Bond Year commencing on October 1, 2023, to fix, establish, revise from time to time whenever necessary, maintain and collect rates, fees and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year (excluding for purposes of this Section 11.05 all Hedge Receipts) such that the amount of Gross Revenues to be received in such Bond Year shall not be less than the sum of one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year, plus one hundred fifteen percent (115%) of the Bond Service Requirement for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Reserve Fund (including the various accounts therein). Without limiting the foregoing, the fees, rates rentals and other charges may be set forth in or provided for by the Implementation Agreement.

(E) Paragraph (B) of Section 12.02 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"(B) There shall have been filed with the Issuer:

(1) a certificate of the Chief Executive Officer demonstrating that the requirements of Section 11.05 were met in the last complete Fiscal Year for which the audited financial statements of the Issuer are available; and

(2) either:

(x) a report of the Qualified Independent Consultant setting forth for each of the three Fiscal Years following the Fiscal Year in which the Chief Executive Officer estimates the completion of the Project to be financed by such Additional Bonds (a) estimates of Gross Revenues to be received by the Issuer from the System including the Project to be financed with the Additional Bonds; (b) estimates of Cost of Operating and Maintenance for such Fiscal Years; (c) the Maximum Bond Service Requirement including the Additional Bonds then proposed to be issued; and (d) that Net Revenues will be sufficient to pay 115% of the Maximum Bond Service Requirement including the Additional Bonds then proposed to be issued in each such Fiscal Year, and 100% of any amounts required by the terms hereof to be deposited in the Reserve ~~Account~~ Fund or with the issuer of any Reserve Product Account ~~Letter of Credit or Reserve Account Insurance Policy,~~ or

(y) a certificate of the Chief Executive Officer demonstrating that (i) during any twelve (12) consecutive months designated by the Issuer within the eighteen (18) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made or (ii) for the most recently completed fiscal

year for which audited financial statements are available, the Net Revenues equal at least 115% of the Maximum Bond Service Requirement on all Bonds to be Outstanding as of the date of such issuance including the Additional Bonds then proposed, and 100% of any amounts required by the terms hereof to be deposited in the Reserve Fund or with the issuer of any Reserve Product."

SECTION 4. GENERAL AUTHORITY. The members of the Board and the officers, attorneys and other agents and employees of the Issuer are hereby authorized to do all acts that required by the Bond Resolution or are desirable or consistent with the requirements hereof and/or of the Bond Resolution for the full punctual and complete performance of all the terms, covenants and agreements contained herein, and each member of the Board, employee, attorney and officer of the Issuer and the Secretary are hereby authorized and directed to execute and deliver any and all papers and instruments, and to be and cause to be done any and all acts and things necessary or proper for carrying out the provisions and intent of this Resolution.

SECTION 5. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

[Signature Page Follows]

Passed and duly adopted by the Polk Regional Water Cooperative on the 26th day of April, 2023.

(SEAL)

POLK REGIONAL WATER COOPERATIVE
BOARD OF DIRECTORS/COMBINED
PROJECTS BOARD

By: _____
Chairman

ATTESTED:

By: _____
Secretary

APPROVED AS TO FORM AND CORRECTNESS

By: _____
Edward P. de la Parte, Jr., Legal Counsel

#180166774_v12 155673.00008



SUBJECT

Adopt Resolution 2023-10 to Approve the EPA Water Infrastructure and Finance Innovation Act (WIFIA) Loan No. 19139FL for the SE Wellfield and Loan No. 19239FL for the West Polk Wellfield - Action Item

DESCRIPTION

The PRWC received the term sheets and draft Loan Agreements from WIFIA for the SE Wellfield and West Polk Wellfield in the amounts of \$222,802,928 and \$82,996,513, respectively, with a maturity in 2059, to provide long-term funding for eligible project costs beginning with the anticipated five-year construction period. If the Truist interim loan is approved, the PRWC would delay drawing from the WIFIA loan during the first three years of construction. As previously discussed, this ensures the PRWC maintains the flexibility to request a one-time interest rate reset on the WIFIA I loan assuming certain conditions are met. The estimated interest rate of the WIFIA loan as of March 3rd was approximately 4.04%. The ability of PRWC to request a one-time interest rate reset, should interest rates decline over the next several years, has a significant potential upside and limited downside. Another item that arose during final discussions with WIFIA was to provide additional loan flexibility to PRWC in the WIFIA loan. WIFIA has been witnessing increases in construction cost above original loan amounts in projects throughout the United States. It was recommended that an additional flexibility of 15% of current estimates be added to the WIFIA loan to provide borrowing flexibility. Included in the total WIFIA loan amount of \$305,799,441 is a contingency of \$69,820,092. The need to utilize any of this contingency will be brought back the PRWC Board for approval as costs for the program are further refined by the Construction Manager at Risk. This additional flexibility will not result in extra interest costs unless the contingency funds are authorized and drawn.

RECOMMENDATION

Adopt Resolution 2023-10 to approve the WIFIA Term Sheets and Loan Agreements

FISCAL IMPACT

The WIFIA loan amount is \$305,799,441.

CONTACT INFORMATION

Eric DeHaven

Robert Beltran, Dewberry Engineers

RESOLUTION NO. 2023-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE AUTHORIZING THE EXECUTION AND DELIVERY OF A WIFIA MASTER AGREEMENT WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY IN AN AGGREGATE COMMITMENT AMOUNT NOT TO EXCEED \$306,000,000 TO PROVIDE FINANCING FOR MULTIPLE PROJECTS; AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST WIFIA LOAN AGREEMENT FOR A WIFIA LOAN IN A PRINCIPAL AMOUNT NOT TO EXCEED \$223,000,000, EXCLUSIVE OF CAPITALIZED INTEREST AND PROVIDING FOR THE ISSUANCE OF ITS WATER REVENUE BOND, SERIES 2023D TO EVIDENCE SUCH LOAN TO FINANCE ELIGIBLE PROJECT COSTS OF THE SOUTHEAST WELLFIELD PROJECT; AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND WIFIA LOAN AGREEMENT FOR A WIFIA LOAN IN A PRINCIPAL AMOUNT NOT TO EXCEED \$83,000,000, EXCLUSIVE OF CAPITALIZED INTEREST AND PROVIDING FOR THE ISSUANCE OF ITS WATER REVENUE BOND, SERIES 2023E TO EVIDENCE SUCH LOAN TO FINANCE ELIGIBLE PROJECT COSTS OF THE WEST POLK WELLFIELD PROJECT; APPROVING THE FORMS OF A WIFIA MASTER AGREEMENT, WIFIA LOAN AGREEMENTS AND WATER REVENUE BONDS, SERIES 2023D AND SERIES 2023E RELATED THERETO; ESTABLISHING DEBT SERVICE RESERVE ACCOUNTS WITH RESPECT TO SUCH BONDS; AUTHORIZING THE AWARD OF THE SALE OF SAID BONDS ON A NEGOTIATED BASIS TO THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by the Board of Directors (the "Board") of the Polk Regional Water Cooperative (the "Issuer") that:

Section 1. Authority for this Resolution. This Resolution is adopted pursuant to Section 163.01 and Chapter 189, Florida Statutes, the Interlocal Agreement, the Implementation Agreements, the Constitution of the State of Florida and other applicable provisions of law (collectively, the "Act").

Section 2. Definitions. Words and phrases used herein in capitalized form and not otherwise defined herein (including, without limitation, in the preamble hereto) shall have the meanings ascribed thereto in the Bond Resolution or, if not defined therein, in the Master Agreement or the relevant Loan Agreement (as each is hereinafter defined) and, in addition, the following words and phrases shall have the following meanings:

"Authorized Signatories" means any one or more of the Chairman or the Vice Chairman of the Issuer.

"Bond Resolution" means the Water Revenue Bond Resolution (Resolution No. 2022-05) adopted by the Board of the Issuer on July 13, 2022, as amended from time to time.

"Business Day" means any day other than a Saturday, a Sunday or a day on which offices of the Federal Government or the State of Florida are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York, or the location of the 2023 Projects.

"Loans" means, collectively, the Southeast Wellfield Project Loan and the West Polk Wellfield Project Loan.

"Loan Agreements" means, collectively, the Southeast Wellfield Project Loan Agreement and the West Polk Project Loan Agreement.

"Loan Amount" means, collectively, the Southeast Wellfield Project Loan Amount and the West Polk Project Loan Amount.

"Master Agreement" means the WIFIA Master Agreement between the Purchaser and the Issuer, the form of which is attached hereto as Exhibit "A".

"2023 Projects" means, collectively, the Southeast Wellfield Project and the West Polk Wellfield Project (each as defined in the Master Agreement), and as the "Project" respectively in the related Loan Agreement.

"Purchaser" means the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency, together with its successors and assigns.

"Series 2023 Bonds" means, collectively, the Issuer's Series 2023D Bond and Series 2023E Bond.

"Series 2023D Bond" means the Issuer's Water Revenue Bond, Series 2023D.

"Series 2023E Bond" means the Issuer's Water Revenue Bond, Series 2023E.

"Southeast Wellfield Project Loan" means the loan to the Issuer by the Purchaser as documented herein and pursuant to, and subject to the terms and conditions in, the Southeast Wellfield Project Loan Agreement, and as evidenced by the Series 2023D Bond.

"Southeast Wellfield Project Loan Agreement" means the WIFIA Loan Agreement (WIFIA ID – 19139FL) between the Issuer and the Purchaser related to the Series 2023D Bond, the form of which is attached hereto as Exhibit "B".

"Southeast Wellfield Project Loan Amount" means \$223,000,000.

"Water Projects" has the meaning set forth in the Interlocal Agreement.

"West Polk Wellfield Project Loan" means the loan to the Issuer by the Purchaser as documented herein and pursuant to, and subject to the terms and conditions, in the West Polk Wellfield Project Loan Agreement, and as evidenced by the Series 2023E Bond.

"West Polk Wellfield Project Loan Agreement" means the WIFIA Loan Agreement (WIFIA ID – 19239FL) between the Issuer and the Purchaser related to the Series 2023E Bond, the form of which is attached hereto as Exhibit "C".

"West Polk Wellfield Project Loan Amount" means \$83,000,000.

Section 3. Findings.

A. The Issuer was established as an interlocal agency pursuant to Section 163.01, Florida Statutes and special district under Chapter 189, Florida Statutes, by its members pursuant to the Interlocal Agreement to provide for the planning, acquisition, development, management, operation, improvement and maintenance of Water Projects and the Water System.

B. The Issuer and its members have entered into the Implementation Agreements in order to provide for the design, construction, financing, operation and maintenance of the 2023 Projects.

C. The Issuer is authorized under the Act to issue the Series 2023 Bonds to finance a portion of the costs of development, acquisition and construction of the 2023 Projects and to pay capitalized interest on such Series 2023 Bonds and issuance costs related thereto.

D. The Board, based on the advice of RBC Capital Markets, LLC, financial advisor to the Issuer (the "Financial Advisor"), has determined that it is financially advantageous to the Issuer to finance a portion of the costs of the 2023 Projects through the issuance of the applicable Series 2023 Bonds, payable from and secured by a lien upon the Pledged Revenues as provided in the Bond Resolution.

E. Because of the characteristics of the Series 2023 Bonds and prevailing market conditions, and based in part on advice from the Financial Advisor, the Issuer has determined that it is best to award the Series 2023 Bonds to the Purchaser through the issuance of loans pursuant to the Water Infrastructure Finance and Innovation Act (WIFIA), § 5021 *et seq.* of Public Law 113-121, which is codified as 33 U.S.C. §§ 3901-3915, the terms of which Loans are documented herein and in the Master Agreement and the applicable Loan Agreement.

F. The Pledged Revenues are anticipated to be sufficient to timely pay the principal of and all interest on the Series 2023 Bonds as the same shall become due.

G. Prior to the sale of the Series 2023 Bonds, there shall be delivered to the Issuer a disclosure statement containing the information required by Section 218.385(6), Florida Statutes, and a Truth-in-Bonding Statement pursuant to Section 218.385(2), Florida Statutes, in order for the Series 2023 Bonds to be issued pursuant to this Resolution. No further disclosure is required by the Issuer.

H. The Series 2023 Bonds shall be issued as Taxable Bonds, the interest on which shall not be excludable from gross income under the applicable provisions of the Internal Revenue Code.

I. All applicable covenants contained in the Bond Resolution shall be fully applicable to the Series 2023 Bonds as if originally issued thereunder. Each Series of the Series 2023 Bonds will be payable in the amounts, manner and on the payment dates in accordance with the related Loan Agreement and the Master Agreement and in accordance with the Bond Resolution.

J. The Series 2023 Bonds will not be issued unless the applicable requirements of the Bond Resolution are satisfied or waived by the holders of the Outstanding Bonds. Upon issuance in accordance with the terms hereof and of the Master Agreement and each Loan Agreement, each

of the Series 2023 Bonds will constitute a Series of Bonds issued under the Bond Resolution, as supplemented hereby, entitled to all the security and benefits thereof.

Section 4. 2023 Projects. To the extent not previously authorized, the Board hereby authorizes the 2023 Projects. The Board hereby specifically ratifies and affirms all actions previously taken in furtherance of the undertaking of the financing of the 2023 Projects and obtaining the Loans. Each 2023 Project shall be deemed to be a "Project" as defined in the Bond Resolution and an "Approved Water Project" as defined in the Interlocal Agreement. Proceeds received from the sale of each Series 2023 Bond are hereby authorized to be used to fund the applicable 2023 Project, or to reimburse the Issuer or any member of the Issuer for costs previously incurred by the Issuer or advanced by a member of the Issuer for the applicable 2023 Project, to the extent such use of proceeds is permitted under the related Loan Agreement.

Section 5. Master Agreement, Loan Agreements and Series 2023 Bonds.

A. The Issuer is authorized to execute the Master Agreement and each Loan Agreement with the Purchaser in substantially the forms attached hereto as Exhibits "A," "B" and "C," respectively, including the related term sheets contemplated thereby, and to issue and deliver to the Purchaser each Series 2023 Bond, substantially in the form attached to the Master Agreement, as supplemented by the applicable Loan Agreement, and to apply the proceeds thereof to finance or refinance the 2023 Projects (including through reimbursement), to the extent such uses of process is permitted under the related Loan Agreement. The forms and terms of the Master Agreement, each Loan Agreement, such term sheets and Series 2023 Bonds attached hereto are hereby approved, and the Authorized Signatories are authorized to execute and deliver the same, with such changes, insertions, omissions and filling of blanks, including, without limitation, the principal amount of each Series 2023 Bond, as may be approved by the Authorized Signatories, such approval to be conclusively evidenced by the execution thereof by any Authorized Signatory. The Issuer is authorized to pay the costs of issuance of the Series 2023 Bonds with legally available funds of the Issuer, including funds derived from the Series 2023 Bonds or from other Series of Bonds heretofore or hereafter issued.

B. Each Series 2023 Bond shall bear interest from the initial disbursement of the applicable Loan, payable semiannually on each April 1 and October 1, commencing as set forth in the Master Agreement and the applicable Loan Agreement. The Authorized Signatories, in reliance upon advice of the Financial Advisor, are hereby directed and authorized to award the sale of each Series 2023 Bond to the Purchaser for a purchase price equal to 100% of the principal amount of the Series 2023 Bond advanced thereunder from time to time, satisfied with and at the time of the related advance, and to approve the terms of the Master Agreement, each Loan Agreement and each Series 2023 Bond, including, without limitation, the principal amount thereof, the Amortization Installments with respect thereto and payment dates thereof, the interest rate with respect thereto, the purchase price thereof, the maturity date thereof and the redemption terms (including, without limitation, optional and mandatory) with respect thereto, all such terms to be set forth in the Master Agreement, the applicable Loan Agreement and/or applicable Series 2023 Bond; provided, however, that in no event shall (i) the principal amount of each Series 2023 Bond exceed the corresponding Loan Amount, (ii) the interest rate on the Series 2023 Bonds exceed 6% or the maximum rate permitted by law, or (iii) the final maturity of each Series 2023 Bond be later than 40 years from the delivery date of such Series 2023 Bond.

C. The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the Purchaser and the Holders of the Series 2023 Bonds, and the Series 2023 Bonds shall be of equal rank with all other Additional Bonds issued under the Bond Resolution, without preference, priority or distinction over any other Bond. All applicable covenants contained in the Bond Resolution shall be fully applicable to the Series 2023 Bonds as if originally issued thereunder.

D. The Authorized Signatories may authorize the modification of the name or series designation of the Series 2023 Bonds, as deemed appropriate, including, without limitation, a modification of the series designation or bond caption to reflect the year of issuance or Loan number, the approval of such modification to be evidenced by the execution and delivery of the applicable Series 2023 Bond showing such modification.

E. The Series 2023 Bonds shall not be secured by the Composite Reserve Account created by the Bond Resolution but the Series 2023D Bond shall be secured by the 2023D WIFIA Reserve Account (as defined below) within the Reserve Fund and the Series 2023E Bond shall be secured by the 2023E WIFIA Reserve Account (as defined below) within the Reserve Fund.

F. Each Series 2023 Bond shall be issued as a fully registered bond in a single denomination equal to the principal amount outstanding from time to time. Interest on each Series 2023 Bond will be computed on the basis of a 360-day year consisting of twelve 30-day months. Principal of each Series 2023 Bond shall be payable to the Purchaser or Holder in accordance with the Master Agreement and the applicable Loan Agreement.

G. If the date for the payment of principal of or interest on the Series 2023 Bonds shall be a day other than a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

H. Each Series 2023 Bond shall be subject to optional and mandatory redemption as set forth for prepayments of the Loans in the Master Agreement and the applicable Loan Agreement. Notwithstanding anything in the Bond Resolution to the contrary, notice of redemption shall be given and may be rescinded as provided for prepayment of Loans in the Master Agreement and the applicable Loan Agreement.

I. The Series 2023 Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and the Purchaser, in accepting the Series 2023 Bonds, shall be conclusively deemed to have agreed that the Series 2023 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

J. Each Series 2023 Bond shall be issued as a "draw-down" bond. By acceptance of each Series 2023 Bond, the Purchaser agrees to make advances pursuant to the terms of the Master Agreement and the applicable Loan Agreement. The principal amount of each Series 2023 Bond shall be increased by the amount of each advance made by the Purchaser to the Issuer under the terms of the Master Agreement and the applicable Loan Agreement, but the total aggregate amount of advances with respect to each Series 2023 Bond (and, therefore, the principal amount of such Series 2023 Bond) shall not exceed the applicable Loan Amount. The disbursement of each Loan advance by the Purchaser shall be deemed to be a purchase at par by the Purchaser of an equivalent

principal amount of the corresponding Series 2023 Bond. The Series 2023 Bonds do not constitute revolving loan facilities.

K. Subject to full satisfaction of the conditions set forth in this Section 5, the Issuer hereby authorizes a delegated negotiated sale of the Series 2023 Bonds to the Purchaser in accordance with the terms of the Master Agreement and the applicable Loan Agreement, each of the Master Agreement, the Loan Agreements and the Series 2023 Bonds attached thereto to be substantially in the forms attached hereto as Exhibits "A," "B" and "C," respectively, with such changes, amendments, modifications, omissions and additions thereto as shall be approved by the Chairman and the Secretary or such other Authorized Signatory in accordance with the provisions of this Section 5 and upon delivery of a disclosure statement(s) and truth-in-bonding statement meeting the requirements of Section 218.385, Florida Statutes, the execution thereof being deemed conclusive evidence of the approval of such changes and the full and complete satisfaction of the conditions set forth in this Section 5.

L. The interest on the Series 2023 Bonds is not excludable for federal income tax purposes and the provisions of Sections 10.03 and 10.04 of the Bond Resolution will not be applicable to the Series 2023 Bonds.

M. If the entire Master Program Amount (as defined in the Master Agreement) or the entire Loan Amount with respect to each Loan Agreement, shall not be drawn on the delivery date of the Series 2023 Bonds, the Master Agreement and each applicable Loan Agreement shall be a Full Draw LOC under the Bond Resolution.

N. The provisions of the Master Agreement and each Loan Agreement when executed and delivered by the parties thereto, shall be incorporated by reference herein so long as the applicable Series 2023 Bond shall remain outstanding.

Section 6. Master Agreement, Loan Agreements and Series 2023 Bonds Not to be General Obligation or Indebtedness of the Issuer. None of the Master Agreement, the Loan Agreements nor the Series 2023 Bonds shall be deemed to constitute a general debt or obligation or a pledge of the faith and credit of the Issuer, the members of the Issuer, the State of Florida, or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, and no Holder of the Series 2023 Bonds shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer, the members of the Issuer, or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for the payment of the principal of and interest on the Series 2023 Bonds or under the Master Agreement or the Loan Agreements, or for the payment of any other amounts provided for in the Bond Resolution, the Master Agreement or the Loan Agreements. None of the Master Agreement, the Loan Agreements nor the Series 2023 Bonds shall constitute a lien upon any property of or in the Issuer or its members, but shall constitute a lien only upon the Pledged Revenues in the manner provided in the Bond Resolution.

Section 7. WIFIA Reserve Accounts; WIFIA Construction Accounts; Trust Funds.

A. Pursuant to Section 7.01 of the Bond Resolution, there is hereby created and established within the Construction Fund (as defined in the Bond Resolution) an account to be held by the Issuer and to be designated the "2023D WIFIA Project Construction Account" (the "2023D WIFIA Construction Account"), and an account to be held by the Issuer and to be designated the

"2023E WIFIA Project Construction Account" (the "2023E WIFIA Construction Account" and collectively with the 2023D Construction Account, the "WIFIA Constructions Accounts"). Each WIFIA Construction Account shall be kept separate and apart from all other funds and accounts of the Issuer. Proceeds of draws on each Series 2023 Bond shall be deposited into the applicable WIFIA Construction Account and shall be withdrawn, used and applied by the Issuer solely for the payment of Costs of the applicable 2023 Project. Any funds on deposit in a WIFIA Construction Account that, in the opinion of the Issuer, are not immediately necessary for expenditure, as herein provided, may be invested and reinvested in Permitted Investments pursuant to Section 10.02 of the Bond Resolution. All income derived from investment of funds in a 2023 Construction Account shall be retained therein and shall be used to pay Costs of the applicable 2023 Project.

B. Pursuant to Section 9.05 of the Bond Resolution, there is hereby created and established within the Reserve Fund (as defined in the Bond Resolution) an account to be held by the Issuer and to be designated the "2023D WIFIA Debt Service Reserve Account" (the "2023D WIFIA Reserve Account"), which shall secure exclusively the Series 2023D Bond, and an account to be held by the Issuer and to be designated the "2023E WIFIA Debt Service Reserve Account," which shall secure exclusively the Series 2023E Bond (the "2023E WIFIA Reserve Account" and collectively with the 2023D WIFIA Reserve Account, the "WIFIA Reserve Accounts"). Each WIFIA Reserve Account shall be kept separate and apart from all other funds and accounts of the Issuer. The Reserve Requirement with respect to each WIFIA Reserve Account and the funding thereof shall be as set forth in the applicable Loan Agreement. Any funds on deposit in a WIFIA Reserve Account may be invested and reinvested in Permitted Investments pursuant to Section 10.02 of the Bond Resolution.

C. All funds and accounts created under the Master Agreement or the Loan Agreements, if any, and by the Bond Resolution are, and shall be deemed to be, trust funds. All moneys deposited in such funds and accounts shall be held in trust, and the Secretary or any other officer of the Issuer, and any other bank, trust company or fiscal agent holding such moneys shall act as trustee thereof and shall hold and apply the same only for the purposes provided in, and subject to the provisions of, the Bond Resolution, this Resolution, the Master Agreement and the Loan Agreements.

Section 8. Severability. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution, the Loan Agreements and the Series 2023 Bonds.

Section 9. Applicable Provisions of Law. This Resolution shall be governed by and construed in accordance with the laws of the State of Florida.

Section 10. Authorizations. The Authorized Signatories are hereby authorized to execute and deliver on behalf of the Issuer the WIFIA Loan Documents as provided hereby and the Secretary is hereby authorized to attest any such signatures on any such documents and to affix the Issuer's seal thereto to the extent required by such documents. All officials and employees of the Issuer, 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 Issuer as they shall deem necessary or desirable in connection with the completion of the Loan and the carrying out of the intention of this Resolution, including, without limitation, filing of all tax reporting requirements and paying costs related hereto.

Section 11. Controlling Law; Member of the Board of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the Issuer contained in the Bond Resolution and herein shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Board in his or her individual capacity, and neither the members of the Board nor any official executing the Master Agreement, the Loan Agreements, the Series 2023 Bonds or other documents contemplated hereby shall be liable personally on the Master Agreement, the Loan Agreements, the Series 2023 Bonds or the Bond Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Board or such official.

Section 12. Authority as Paying Agent and Registrar. The Issuer is hereby designated paying agent and registrar for the Series 2023 Bonds.

Section 13. No Amendments Resolution. The Issuer hereby covenants that it shall not amend, supplement or otherwise modify this Resolution without the prior written consent of the Purchaser.

Section 14. Repealer. All resolutions or parts thereof in conflict herewith are hereby repealed.

Section 15. Effective Date. This Resolution shall take effect immediately upon its adoption.

[Signatures on Following Page]

Passed and duly adopted by the Board of Directors of the Polk Regional Water Cooperative on the 26th day of April, 2023.

POLK REGIONAL WATER COOPERATIVE

By: _____
Chairman

ATTESTED:

By: _____
Secretary

#156440729_v8 155673.00002

EXHIBIT "A" TO RESOLUTION
FORM OF MASTER AGREEMENT



WIFIA/NRF Draft April 18, 2023
WIFIA CUSIP Number:

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

WIFIA MASTER AGREEMENT

For Up to \$305,799,441

With

POLK REGIONAL WATER COOPERATIVE

For the

PRWC ALTERNATIVE WATER SUPPLY PROGRAM

Dated as of , 2023

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Exhibits

EXHIBIT A – Form of WIFIA Bond
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EXHIBIT B-2 – Form of Project Closing Certificate
EXHIBIT C – Form of Public Benefits Report
EXHIBIT D – Form of Requisition
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EXHIBIT F – Form of Construction Monitoring
Report
EXHIBIT G – Form of Certificate of Substantial
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EXHIBIT H-1 – Opinions Required from Counsel to
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Counsel to Borrower
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EXHIBIT K – Form of WIFIA Term Sheet

WIFIA MASTER AGREEMENT

THIS WIFIA MASTER AGREEMENT (this “**Agreement**”), dated as of the Effective Date, is by and between the Borrower (as defined herein) and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America (“**EPA**”), acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended, and as may be further amended from time to time, the “**Act**”), which is codified as 33 U.S.C. §§ 3901-3915;

WHEREAS, the Act authorizes the WIFIA Lender to enter into agreements with one or more eligible entities to provide financial assistance and make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, pursuant to the Application (as defined herein), the Borrower has proposed the development and construction of multiple Projects (as defined herein) with respect to the Master Program (as defined herein) and desires to obtain WIFIA financial assistance for the Projects;

WHEREAS, the Borrower and the WIFIA Lender are entering into this Agreement to set forth certain common terms and conditions applicable to each prospective WIFIA financing;

WHEREAS, the Borrower will request, from time to time, that the WIFIA Lender make a WIFIA Loan (as defined herein) to the Borrower through the execution of a WIFIA Loan Agreement (as defined herein) and WIFIA Term Sheet (as defined herein), in each case in an aggregate principal amount not to exceed the Maximum Principal Amount (as defined herein) to be used to pay a portion of the Eligible Project Costs (as defined herein) for the applicable Project;

WHEREAS, subject to the terms and conditions set forth herein and in each WIFIA Loan Agreement and the Act, the WIFIA Lender proposes to make funding available to the Borrower for a portion of the Eligible Project Costs of each applicable Project through the issuance of a WIFIA Bond (as defined herein) for each such Project to be issued by the Borrower under the Master Bond Resolution (as defined herein) and upon the terms and conditions set forth herein;

WHEREAS, the Borrower agrees to repay any amount due pursuant to the applicable WIFIA Loan Agreement and WIFIA Bond in accordance with the terms and provisions hereof and of such WIFIA Loan Agreement and WIFIA Bond and the Master Bond Resolution; and

WHEREAS, the WIFIA Lender has entered into this Agreement in reliance upon, among other things, the information and representations of the Borrower set forth in the Application and the supporting information provided by the Borrower.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the WIFIA Lender as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1. **Definitions.** Capitalized terms used in this Agreement shall have the meanings set forth below in this Section 1 or as otherwise defined in this Agreement, except as otherwise expressly provided herein. Any term used in this Agreement that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect.

“**Act**” has the meaning provided in the recitals hereto.

“**Additional Bonds Test**” has the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*).

“**Additional Construction Contract**” means, with respect to each Project, each Construction Contract entered into after the applicable WIFIA Loan Agreement Effective Date.

“**Additional Obligations**” means Additional Senior Obligations and Additional Subordinate Debt.

“**Additional Senior Obligations**” means any Senior Obligations permitted under Section 15(a) (*Indebtedness*) and issued pursuant to the Master Bond Resolution, which Senior Obligations are issued or incurred after the Effective Date.

“**Additional Subordinate Debt**” means any Subordinate Debt permitted under Section 15(a) (*Indebtedness*) and issued pursuant to the Master Bond Resolution, which Subordinate Debt is issued or incurred after the Effective Date.

“**Administrator**” has the meaning provided in the preamble hereto.

“**Agreement**” has the meaning provided in the preamble hereto.

“**Anchor Project Participant**” means (a) with respect to the West Polk Implementation Agreement, the City of Lakeland and (b) with respect to the Southeast Wellfield Implementation Agreement, the City of Auburndale, the City of Davenport, the City of Haines City, the City of Winter Haven, and Polk County.

“**Application**” means the Borrower’s application for WIFIA financial assistance received by the WIFIA Lender on the Application Receipt Date.

“**Application Receipt Date**” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“Bankruptcy Related Event” means, with respect to any Person, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of such Person or any of its debts, or of a substantial part of the assets thereof, under any Insolvency Laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for such Person or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; (b) such Person shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) solely with respect to the Borrower, fail to make a payment of WIFIA Debt Service in accordance with the provisions of Section 8 (*Repayments*) and such failure is not cured within thirty (30) days following notification by the WIFIA Lender of failure to make such payment, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief, in each case under any Insolvency Law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing; (c) (i) any Person shall commence a process pursuant to which all or a substantial part of the Pledged Collateral may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the Liens thereon securing the Senior Obligations, or (ii) any Person shall commence a process pursuant to which all or a substantial part of the Pledged Collateral may be sold or otherwise disposed of pursuant to a sale or disposition of such Pledged Collateral in lieu of foreclosure; or (d) solely with respect to the Borrower, any receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official shall transfer, pursuant to directions issued by the holders of the Obligations, funds on deposit in any of the System Accounts upon the occurrence and during the continuation of an Event of Default under this Agreement or an event of default under the Master Bond Resolution Documents for application to the prepayment or repayment of any principal amount of the Senior Obligations other than in accordance with the provisions of the Master Bond Resolution.

“Base Case Financial Model” means a financial model or plan, prepared by the Borrower and delivered to the WIFIA Lender as part of the Application, forecasting the capital costs of the System (including the Master Program) and the estimated debt service coverage, rates, revenues, operating expenses and major maintenance requirements of the System (as may be applicable) for the Forecast Period and based upon assumptions and methodology provided by the Borrower and acceptable to the WIFIA Lender as of the Effective Date, which model or plan shall have been provided to the WIFIA Lender as a fully functional Microsoft Excel-based financial model or such other format agreed with the WIFIA Lender.

“Base Rate Charge” has, for each Project, the meaning ascribed to such term in the related Implementation Agreement.

“**Board of Directors**” means the governing body of the Borrower constituted and empowered as provided in Section 2.02 (*Board of Directors*) and other provisions of the Interlocal Agreement.

“**Borrower**” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“**Borrower Fiscal Year**” means (a) as of the Effective Date, the Initial Borrower Fiscal Year or (b) such other fiscal year as the Borrower may hereafter adopt after giving thirty (30) days’ prior written notice to the WIFIA Lender in accordance with **Part E of Schedule V** (*Reporting Requirements*).

“**Borrower’s Authorized Representative**” means any Person who shall be designated as such pursuant to Section 21 (*Borrower’s Authorized Representative*).

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which offices of the Federal Government or the State are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York, the Trustee Location or any Project Location.

“**Capitalized Interest Period**” has, if applicable, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement, or if designated as “Not Applicable” in such **Schedule I**, means capitalized interest shall not be applicable with respect to the corresponding WIFIA Loan hereunder.

“**Closing Certificate**” has the meaning provided in Section 11(a) (*Conditions Precedent to Effectiveness of this Agreement*).

“**Construction Contract**” means, with respect to any Project, any prime contract entered into by the Borrower with respect to such Project that involves any construction activity (such as demolition, site preparation, civil works construction, installation, remediation, refurbishment, rehabilitation, or removal and replacement services). For the avoidance of doubt, “**Construction Contract**” shall include each Existing Construction Contract for the relevant Project and, upon the effectiveness thereof, each Additional Construction Contract for such Project.

“**Construction Monitoring Report**” means, with respect to any Project, a report on the status of such Project, substantially in the form of **Exhibit F** (*Form of Construction Monitoring Report*), unless otherwise agreed to be in a different form by the WIFIA Lender.

“**Construction Period**” means, with respect to each Project, the period from the applicable WIFIA Loan Agreement Effective Date through (and including) the end of the Federal Fiscal Year during which the applicable Substantial Completion Date occurs.

“**Construction Period Servicing Fee**” has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Construction Schedule**” means (a) the initial schedule or schedules on which the construction timetables for each Project are set forth, attached hereto as **Part B of Schedule II**

(*Project Details*) to the applicable WIFIA Loan Agreement, and (b) any updates thereto included in the Construction Monitoring Report most recently submitted to the WIFIA Lender in accordance with **Part C of Schedule V** (*Reporting Requirements*).

“**Cost of Operation and Maintenance**” has the meaning ascribed to such term in Section 2.01 (*Definitions*) of the Master Bond Resolution.

“**CPI**” means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100 (not seasonally adjusted) or its successor, published by the Bureau of Labor Statistics and located at <https://www.bls.gov/news.release/cpi.t01.htm>.

“**Debt Service Payment Commencement Date**” means, with respect to each WIFIA Loan, the earlier to occur of (a) the first Payment Date immediately following the later of (i) the first Disbursement under such WIFIA Loan or (ii) if there is a Capitalized Interest Period under such WIFIA Loan, the end of the Capitalized Interest Period for such WIFIA Loan, in each case as set forth in the WIFIA Loan Amortization Schedule; or (b) the Payment Date falling closest to, but not later than, the fifth anniversary of the Substantial Completion Date for such WIFIA Loan.

“**Default**” means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“**Default Rate**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Development Default**” means, with respect to any Project, (a) the Borrower abandons work related to such Project or fails, in the reasonable judgment of the WIFIA Lender, to diligently prosecute the work related to such Project or (b) the Borrower fails to achieve Substantial Completion of such Project by the Development Default Date, unless such failure to achieve Substantial Completion shall occur by reason of an Uncontrollable Force that is not due to the fault or gross negligence of the Borrower (and which the Borrower could not reasonably have avoided or mitigated), in which case the Development Default Date shall be extended by the number of days equal to the duration of such Uncontrollable Force.

“**Development Default Date**” has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Disbursement**” means a disbursement of WIFIA Loan proceeds, subject to and in accordance with this Agreement and the applicable WIFIA Loan Agreement.

“**Dollars**” and “**\$**” means the lawful currency of the U.S.

“**Effective Date**” means the date of this Agreement, as specified in **Part A of Schedule I** (*Master Program Terms*).

“**Eligible Project Costs**” means, with respect to each Project, amounts in the Project Budget relating to such Project that have been approved by the WIFIA Lender and that are paid by or for the account of the Borrower in connection with such Project (including, as applicable,

Project expenditures incurred prior to the receipt of WIFIA credit assistance), which shall arise from the following:

- (a) development-phase activities, including planning, feasibility analysis (including any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities;
- (b) construction, reconstruction, rehabilitation, and replacement activities;
- (c) the acquisition of real property or an interest in real property (including water rights, land relating to such Project and improvements to land), environmental mitigation (including acquisitions pursuant to 33 U.S.C. §3905(8)), construction contingencies, and acquisition of equipment; or
- (d) capitalized interest (with respect to Obligations other than any WIFIA Loan) necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction;

provided, that such Eligible Project Costs must be consistent with all other applicable federal law, including the Act.

“Eligible Project Costs Documentation” means all supporting documentation with respect to the Eligible Project Costs, including copies of invoices and records evidencing incurred or previously paid Eligible Project Costs, which documentation should contain sufficient detail satisfactory to the WIFIA Lender (e.g. if the Borrower intends to utilize WIFIA Loan proceeds to make construction progress payments for Eligible Project Costs, the documentation should demonstrate that such progress payments are commensurate with the cost of the work that has been completed).

“EMMA” means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)1 of the Securities Exchange Act of 1934, as amended, and its successors.

“ESA” means the Endangered Species Act of 1973, Pub. L. No. 93-205, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time.

“EPA” has the meaning provided in the preamble hereto.

“Event of Default” has the meaning provided in Section 17(a) (*Events of Default and Remedies*).

“Event of Loss” means any event or series of events that causes any portion of the System to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, including through a casualty, a failure of title, or any loss of such property through eminent domain.

“**Existing Construction Contract**” means, with respect to any Project, each Construction Contract of the Borrower in effect as of the applicable WIFIA Loan Agreement Effective Date, as set forth in **Part C of Schedule II** (*Project Details*) to the applicable WIFIA Loan Agreement.

“**Existing Indebtedness**” means indebtedness of the Borrower that has been issued or incurred prior to the Effective Date, as listed and described in **Part A of Schedule III** (*Borrower Disclosures*).

“**Federal Fiscal Year**” means the fiscal year of the Federal Government, which is the twelve (12)-month period that ends on September 30 of the specified calendar year and begins on October 1 of the preceding calendar year.

“**Federal Government**” means the U.S. and its departments and agencies.

“**FEIN**” means a Federal Employer Identification Number.

“**Final Disbursement Date**” means with respect to each WIFIA Loan, the earliest of (a) the date on which such WIFIA Loan has been disbursed in full; (b) the last anticipated date of disbursement set forth in the then-current WIFIA Loan Disbursement Schedule for such WIFIA Loan; (c) the date as of which the Borrower has certified to the WIFIA Lender that it will not request any further disbursements under such WIFIA Loan; (d) the date on which the WIFIA Lender terminates its obligations relating to disbursements of any undisbursed amounts of such WIFIA Loan in accordance with Section 17 (*Events of Default and Remedies*); and (e) the date that is one (1) year after the Substantial Completion Date of the Project relating to such WIFIA Loan.

“**Final Maturity Date**” has, for each WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Financial Statements**” has the meaning provided in Section 12(q) (*Financial Statements*).

“**Flow of Funds**” has the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*).

“**Forecast Period**” means, as of any date, the time period from and including the then-current Borrower Fiscal Year until the later ending date of either (a) the five (5) immediately succeeding Borrower Fiscal Years or (b) the end of the Borrower Fiscal Year in which the Borrower’s then-currently effective capital improvement plan for the System concludes.

“**GAAP**” means generally accepted accounting principles for U.S. state and local governments, as established by the Government Accounting Standards Board (or any successor entity with responsibility for establishing accounting rules for governmental entities), in effect from time to time in the U.S.

“**Governmental Approvals**” means all authorizations, consents, approvals, waivers, exceptions, variances, filings, registrations, permits, orders, licenses, exemptions and declarations of or with any Governmental Authority.

“Governmental Authority” means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the U.S. or its territories or possessions, including the State and its counties and municipalities, and their respective courts, agencies, instrumentalities and regulatory bodies, or any entity that acts “on behalf of” any of the foregoing, whether as an agency or authority of such body.

“Grant Agreements” means the SWFWMD Grant Agreement No. 20CF0003424, the SWFWMD Grant Agreement No. 20CF0003425, and any other cooperative, grant or other funding agreement whereby the Borrower is awarded a grant of funds of which any portion of such funding is designated to pay any Total Project Costs.

“Gross Revenues” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“Implementation Agreement” means, individually and collectively as the context may require, (a) the Southeast Wellfield Implementation Agreement and (b) the West Polk Implementation Agreement.

“Indemnitee” has the meaning provided in Section 32 (*Indemnification*).

“Initial Borrower Fiscal Year” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“Initial Construction Period Servicing Fee” has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“Insolvency Laws” means the U.S. Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership, conservatorship or similar law now or hereafter in effect.

“Interest Only Period” has, if applicable, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement, or if designated as “Not Applicable” in such **Schedule I**, means no interest only period shall be applicable with respect to the corresponding WIFIA Loan.

“Interest Payment Date” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“Interim Financing” means the Truist Interim Financing and any other interim bond anticipation notes, commercial paper or other short-term temporary financing with a maturity not later than five (5) years following the issuance or incurrence thereof, the proceeds of which are applied to pay Eligible Project Costs.

“Interlocal Agreement” means the Interlocal Agreement relating to the establishment of the Borrower, with an effective date of June 1, 2016, by and among the 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, Town of Lake Hamilton and Polk County.

“**Investment Grade Rating**” means a rating of ‘BBB-’, ‘Baa3’, ‘bbb-’, or ‘BBB (low)’, or higher, from a Nationally Recognized Rating Agency.

“**Investment Policy**” means that certain Investment Policy for the Borrower, duly approved by the Board of Directors on [], 2023, by Resolution No. 2023-[].¹

“**Legal Entity**” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“**Lien**” means any mortgage, pledge, hypothecation, assignment, mandatory deposit arrangement, encumbrance, attachment, lien (statutory or other), charge or other security interest, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever, including any sale-leaseback arrangement, any conditional sale or other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or any other applicable law.

“**Loss Proceeds**” means any proceeds of builders’ risk or casualty insurance (other than any proceeds from any policy of business interruption insurance insuring against loss of revenues upon the occurrence of certain casualties or events covered by such policy of insurance) or proceeds of eminent domain proceedings resulting from any Event of Loss.

“**Master Availability Period**” has the meaning ascribed to such term in **Part B of Schedule I** (*Master Program Terms*).

“**Master Bond Resolution**” has the meaning ascribed to such term in **Part D of Schedule I** (*Master Program Terms*).

“**Master Bond Resolution Documents**” means the Master Bond Resolution, each Supplemental Resolution, each Implementation Agreement, and each other agreement, instrument and document executed and delivered pursuant to or in connection with any of the foregoing.

“**Master Program**” means the Borrower’s anticipated improvements to the System through the development and construction of each Project component as set forth on **Part B of Schedule I** (*Master Program Terms*).

“**Master Program Amount**” has the meaning ascribed to such term in **Part B of Schedule I** (*Master Program Terms*).

“**Master Program Budget**” means the total estimated aggregate budget for each Project attached to this Agreement as Part F of **Schedule I** (*Master Program Terms*), as updated from time

¹ **Note to Borrower**: Kindly confirm the Investment Policy will be executed prior to closing. Also, please provide a final form and executed copy when available.

to time to reflect updated Project Budgets as provided in Section 11(b)(v) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*), or as otherwise amended from time to time with approval of the WIFIA Lender in its sole discretion.

“Material Adverse Effect” means a material adverse effect on (a) the System, the Master Program, any Project, the Gross Revenues or the Pledged Collateral, (b) the business, operations, properties or financial condition of the Borrower, (c) the legality, validity or enforceability of any material provision of any Master Bond Resolution Document or WIFIA Loan Document, (d) the ability of the Borrower to enter into, perform or comply with any of its material obligations under any Master Bond Resolution Document or WIFIA Loan Document, (e) the validity, enforceability or priority of the Liens provided under the Master Bond Resolution Documents on the Pledged Collateral, or (f) the WIFIA Lender’s rights or remedies available under any WIFIA Loan Document.

“Maximum Principal Amount” has, with respect to any WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“Nationally Recognized Rating Agency” means any nationally recognized statistical rating organization registered with, and identified as such by, the Securities and Exchange Commission.

“NEPA” means the National Environmental Policy Act of 1969, Pub. L. 91-190, codified as 42 U.S.C. §§4321 et seq., as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time.

“NEPA Determination” has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“Net Revenues” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“NHPA” means the National Historic Preservation Act, Pub. L. No. 89-665, as amended by Pub. L. No. 96-515, as may be further amended from time to time, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time.

“Obligations” means debt of the Borrower that is secured by a pledge and lien on all or a portion of the Gross Revenues, including the Senior Obligations and Subordinate Debt.

“Operating Period Servicing Fee” has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“Organizational Documents” means: (a) the constitutional and statutory provisions that are the basis for the existence and authority of the Borrower, including any enabling statutes, ordinances or public charters and any other organic laws establishing the Borrower, and (b) the resolutions, bylaws, or other organizational documents (including any amendments, modifications or supplements thereto) of or adopted by the Borrower by which the Borrower, its powers,

operations or procedures or its securities, bonds, notes or other obligations are governed or from which such powers are derived.

“Other Financing Documents” means any agreement, instrument, or document (excluding the Master Bond Resolution Documents and the WIFIA Loan Documents) entered into between the Borrower and a holder of Obligations providing for the issuance of Obligations secured by a pledge and lien on all or a portion of the Pledged Collateral.

“Outstanding” means (a) with respect to Obligations other than the WIFIA Loans, Obligations that have not been cancelled or legally defeased or discharged within the meaning of the Master Bond Resolution, and (b) with respect to any WIFIA Loan, the (i) entire amount available to be drawn under this Agreement and the applicable WIFIA Loan Agreement (including amounts drawn and amounts that remain available to be drawn), less (ii) any amount that has been irrevocably determined will not be drawn under this Agreement and the applicable WIFIA Loan Agreement, and less (iii) the aggregate principal amount (under all WIFIA Loans) of the WIFIA Loan Balance that has been repaid or prepaid.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, and all regulations promulgated thereunder.

“Payment Date” means each Interest Payment Date and each Principal Payment Date.

“Payment Default” has the meaning provided in Section 17(a)(i) (*Payment Default*).

“Permitted Debt” means:

- (a) Existing Indebtedness;
- (b) all WIFIA Loans and related WIFIA Bonds;
- (c) Additional Senior Obligations;
- (d) Additional Subordinate Debt; and
- (e) indebtedness incurred in respect of hedging transactions permitted under the Master Bond Resolution and the WIFIA Loan Documents.

“Permitted Investments” has the meaning ascribed to such term in Section 2.01 (*Definitions*) of the Master Bond Resolution.

“Permitted Liens” means:

- (a) Liens imposed pursuant to the WIFIA Loan Documents;
- (b) Liens imposed pursuant to the Master Bond Resolution, including Liens on funds held in accounts in the Reserve Fund (as defined in the Master Bond Resolution)

for a specific Series of Bonds (as defined in the Master Bond Resolution) other than the WIFIA Bonds;

(c) Liens imposed by law, including Liens for taxes that are not yet due or are being contested in compliance with Section 14(j) (*Material Obligations*);

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 14(j) (*Material Obligations*);

(e) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, and other social security laws or regulations;

(f) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(g) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 17(a)(viii) (*Material Adverse Judgment*); and

(h) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that, in any case, do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower.

“**Person**” means and includes an individual, a general or limited partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and any Governmental Authority, including in each case such Person's successors and permitted assigns.

“**Pledged Collateral**” has the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*).

“**Pledged Revenues**” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“**Principal Payment Date**” has, for each Project, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Project**” (a) with respect to the first WIFIA Loan Agreement hereunder, means the Southeast Wellfield Project, (b) with respect to the second WIFIA Loan Agreement hereunder, means the West Polk Wellfield Project, and (c) with respect to any other WIFIA Loan Agreements hereunder, has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Project Budget**” means, for each Project, the budget for the Project attached to the corresponding WIFIA Loan Agreement as **Part A of Schedule II** (*Project Details*) to such WIFIA

Loan Agreement showing a summary of Total Project Costs with a breakdown of all Eligible Project Costs and the estimated sources and uses of funds for the Project.

“**Project Closing Certificate**” has the meaning provided in Section 11(b)(vi) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*).

“**Project Location**” has, for each Project, the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Project Participant**” means, individually or collectively, as the context may require, each Southeast Wellfield Participant and each West Polk Wellfield Participant.

“**Projected Substantial Completion Date**” has, for each WIFIA Loan, the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Public Benefits Report**” means the report, in the form attached hereto as **Exhibit C** (*Form of Public Benefits Report*).

“**Rate Covenant**” has the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*).

“**Related Documents**” means the WIFIA Loan Documents, the Master Bond Resolution Documents, the Interlocal Agreement, the Grant Agreements and the Other Financing Documents.

“**Requisition**” means the request for Disbursement in the form attached hereto as **Exhibit D** (*Form of Requisition*).

“**SAM**” means the federal System for Award Management (www.SAM.gov) (or any successor system or registry).

“**Sanctions Laws**” means collectively, any applicable anti-drug trafficking, anti-terrorism, anti-money laundering, anti-bribery, or anti-corruption laws or regulations, as applicable, including those contained in the Bank Secrecy Act of 1970 (as amended) and the U.S. Patriot Act.

“**Senior Obligations**” has the meaning ascribed to the term “Bonds” in Section 2.01 (*Definitions*) of the Master Bond Resolution.

“**Servicer**” means such entity or entities as the WIFIA Lender shall designate from time to time to perform, or assist the WIFIA Lender in performing, certain duties hereunder.

“**Servicing Fee**” means the Servicing Set-Up Fee and any Construction Period Servicing Fee or Operating Period Servicing Fee.

“**Servicing Set-Up Fee**” has the meaning ascribed to such term in **Part F of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**Southeast Wellfield Implementation Agreement**” means the Second Amended and Restated Project Implementation Agreement, dated as of July 13, 2022, among the Borrower and the other parties thereto, including the Southeast Wellfield Participants, for the development, construction, operation, maintenance and funding of the Southeast Wellfield Project.

“**Southeast Wellfield Participants**” means the City of Auburndale, the City of Bartow, the City of Davenport, the City of Eagle Lake, the City of Haines City, the City of Lake Alfred, the Town of Lake Hamilton, the City of Lakeland, the City of Winter Haven, the Town of Dundee, and Polk County, and any other party to the Southeast Wellfield Implementation Agreement that becomes a “Project Participant” (as defined therein) in accordance therewith.

“**Southeast Wellfield Project**” has the meaning ascribed to such term in **Part B of Schedule I** (*Master Program Terms*). “**State**” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“**Subordinate Debt**” has the meaning ascribed to such term in Section 2.01 (*Definitions*) of the Master Bond Resolution.

“**Substantial Completion**” means, with respect to each Project, the stage at which such Project is able to perform the functions for which the Project is designed.

“**Substantial Completion Date**” means, with respect to each Project, the date on which the Borrower certifies to the WIFIA Lender, with evidence satisfactory to the WIFIA Lender and notice to the WIFIA Lender in accordance with **Part E of Schedule V** (*Reporting Requirements*), that Substantial Completion for such Project has occurred.

“**Supplemental Resolution**” means a supplement to or modification or amendment of the provisions of the Master Bond Resolution adopted by the Borrower in accordance with the terms of the Master Bond Resolution, authorizing the issuance of Additional Obligations securing obligations hereunder or under other loan agreements (including the WIFIA Loan Agreements) or amending the terms of the Master Bond Resolution.

“**SWFWMD**” means the Southwest Florida Water Management District.

“**SWFWMD Grant Agreement No. 20CF0003424**” means that certain Cooperative Funding Agreement (for Polk Regional Water Cooperative Southeast Wellfield Water Treatment Facility (Q184)), effective as of April 26, 2022, by and between the Borrower and SWFWMD.

“**SWFWMD Grant Agreement No. 20CF0003425**” means that certain Cooperative Funding Agreement (for Polk Regional Water Cooperative Regional Transmission Southeast (Q216)), effective as of April 26, 2022, by and between the Borrower and SWFWMD.

“**System**” has the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*).

“**System Accounts**” has the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*).

“**Total Project Costs**” means, with respect to each Project, (a) the costs paid or incurred or to be paid or incurred by the Borrower in connection with or incidental to the acquisition, design, construction and equipping of such Project, including legal, administrative, engineering, planning, design, insurance and financing (including costs of issuance); (b) amounts, if any, required by the Master Bond Resolution Documents or the WIFIA Loan Documents to be paid into any fund or account upon the incurrence of the WIFIA Loan or any other Obligations, in each case in respect of such Project; (c) payments when due (whether at the maturity of principal, the due date of interest, or upon optional or mandatory prepayment) in respect of any indebtedness of the Borrower (other than the WIFIA Loan), in each case in connection with the acquisition, design, construction and equipping of such Project; and (d) costs of equipment and supplies and initial working capital and reserves required by the Borrower for the commencement of operation of such Project, including general administrative expenses and overhead of the Borrower.

“**Truist Interim Financing**” means the temporary financing, applied to pay Eligible Project Costs, provided by Truist Bank and with a maturity occurring by the later of (a) five (5) years from the issuance or incurrence thereof or (b) the Projected Substantial Completion Date under the applicable WIFIA Loan Agreement in effect on the date on which such financing is issued or incurred.

“**Trustee**” has, if applicable, the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*), or if designated as “Not Applicable” in Schedule I, means a trustee shall not be applicable with respect to the WIFIA Loan hereunder.

“**Trustee Location**” has, if applicable, the meaning ascribed to such term in **Part A of Schedule I** (*Master Program Terms*), or if designated as “Not Applicable” in Schedule I, means a trustee location shall not be applicable with respect to the WIFIA Loan hereunder.

“**Uncontrollable Force**” means any cause beyond the control of the Borrower, including: (a) a hurricane, tornado, flood or similar occurrence, landslide, earthquake, fire or other casualty, strike or labor disturbance, freight embargo, act of a public enemy, explosion, war, blockade, terrorist act, insurrection, riot, general arrest or restraint of government and people, civil disturbance or similar occurrence, sabotage, pandemic, or act of God (provided, that the Borrower shall not be required to settle any strike or labor disturbance in which it may be involved) or (b) the order or judgment of any federal, state or local court, administrative agency or governmental officer or body, if it is not also the result of willful or negligent action or a lack of reasonable diligence of the Borrower and the Borrower does not control the administrative agency or governmental officer or body; provided, that the diligent contest in good faith of any such order or judgment shall not constitute or be construed as a willful or negligent action or a lack of reasonable diligence of the Borrower.

“**Uniform Commercial Code**” or “**UCC**” means the Uniform Commercial Code, as in effect from time to time in the State.

“**Unique Entity Identifier**” means, with respect to any Person, the unique entity identifier issued by the Federal Government (including through SAM.gov) for such Person.

“**Updated Financial Model/Plan**” means (a) an updated Base Case Financial Model or (b) a financial plan in a format agreed with the WIFIA Lender, in each case reflecting the then-current and projected conditions for the Forecast Period, in accordance with **Part A of Schedule V** (*Reporting Requirements*).

“**U.S.**” means the United States of America.

“**Water Allotment**” means, for each Project, the meaning ascribed to such term in the related Implementation Agreement.

“**Water Allotment Table**” means, for each Project, the “2045 Water Allotment Table” shown below the definition of “Water Allotment” in the related Implementation Agreement.

“**West Polk Wellfield Implementation Agreement**” means the Second Amended and Restated Project Implementation Agreement, dated as of July 13, 2022, among the Borrower and the other parties thereto, including the West Polk Wellfield Participants, for the development, construction, operation, maintenance and funding of the West Polk Wellfield Project.

“**West Polk Wellfield Participants**” means the City of Auburndale, the City of Bartow, the City of Lakeland, the City of Polk City, the City of Winter Haven, Polk County, and any other party to the West Polk Wellfield Implementation Agreement that becomes a “Project Participant” (as defined therein) in accordance therewith.

“**West Polk Wellfield Project**” has the meaning ascribed to such term in **Part B of Schedule I** (*Master Program Terms*).

“**WIFIA**” has the meaning provided in the recitals hereto.

“**WIFIA Bonds**” means, collectively, each “WIFIA Bond” as defined in Section 1 (*Definitions*) of each WIFIA Loan Agreement.

“**WIFIA CUSIP Number**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*) of the initial WIFIA Loan Agreement.

“**WIFIA Debt Service**” means with respect to each WIFIA Loan, for any Payment Date occurring on or after the Debt Service Payment Commencement Date for such WIFIA Loan, the principal portion of the WIFIA Loan Balance and any interest payable thereon (including interest accruing after the date of any filing by the Borrower of any petition in bankruptcy or the commencement of any bankruptcy, insolvency or similar proceeding with respect to the Borrower), in each case, (a) as set forth on the applicable WIFIA Loan Amortization Schedule and (b) due and payable on such Payment Date in accordance with the provisions of Section 8(a) (*Payment of WIFIA Debt Service*).

“**WIFIA Debt Service Account**” has, if applicable, the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*), or if designated as “Not Applicable” in such **Schedule I**, means a separate debt service account designated for the WIFIA Lender shall not be applicable with respect to the WIFIA Loan hereunder.

“**WIFIA Debt Service Reserve Account**” has, if applicable, the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*), or if designated as “Not Applicable” in such **Schedule I**, means a separate debt service reserve account designated for the WIFIA Lender shall not be applicable with respect to the WIFIA Loan hereunder.

“**WIFIA Debt Service Reserve Requirement**” has, for each WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) of the applicable WIFIA Loan Agreement

“**WIFIA Interest Rate**” has, for each WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**WIFIA Lender**” has the meaning provided in the preamble hereto.

“**WIFIA Lender’s Authorized Representative**” means the Administrator and any other Person who shall be designated as such pursuant to Section 22 (*WIFIA Lender’s Authorized Representative*).

“**WIFIA Loan**” means, for each WIFIA Loan Agreement, the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein and in the applicable WIFIA Loan Agreement, pursuant to the Act, in a principal amount not to exceed the Maximum Principal Amount set forth in such WIFIA Loan Agreement, to be used in respect of Eligible Project Costs for the corresponding Project.

“**WIFIA Loan Agreement**” means, for each WIFIA Loan, a loan agreement in the form of Exhibit J (*Form of WIFIA Loan Agreement*) entered into by the Borrower and the WIFIA Lender in respect of the relevant Project.

“**WIFIA Loan Agreement Effective Date**” has, for each WIFIA Loan Agreement, the meaning provided in **Part A of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**WIFIA Loan Amortization Schedule**” means, for each WIFIA Loan, the loan amortization schedule reflected in **Schedule III** (*WIFIA Loan Amortization Schedule*) to the applicable WIFIA Loan Agreement, as amended from time to time in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).

“**WIFIA Loan Balance**” means, with respect to each WIFIA Loan, (a) the aggregate principal amount of such WIFIA Loan disbursed by the WIFIA Lender to the Borrower hereunder, *plus* (b) if applicable, capitalized interest added to the principal balance of such WIFIA Loan pursuant to Section 8(a)(iii) (*Payments of WIFIA Debt Service*), *minus* (c) the aggregate principal amount of such WIFIA Loan repaid or prepaid by the Borrower, as reflected from time to time in the WIFIA Loan Amortization Schedule for such WIFIA Loan in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*).

“**WIFIA Loan Commitment Amount**” has the meaning provided in Section 3(a) (*WIFIA Loans Under the Master Program*).

“**WIFIA Loan Disbursement Schedule**” means the disbursement schedule set forth in **Schedule III** (*WIFIA Loan Amortization Schedule*), reflecting the anticipated disbursement of proceeds of the WIFIA Loan, as such schedule may be amended from time to time pursuant to Section 4(c) (*Disbursement Conditions*).

“**WIFIA Loan Documents**” means this Agreement, the WIFIA Bond, the WIFIA Loan Agreements, the WIFIA Supplemental Resolutions, and the other Master Bond Resolution Documents.

“**WIFIA Loan Request**” has the meaning provided in Section 4(a) (*Disbursement Conditions*).

“**WIFIA Projects Construction Accounts**” has the meaning ascribed to such term in **Part C of Schedule I** (*Master Program Terms*).

“**WIFIA Supplemental Resolution**” has the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement.

“**WIFIA Term Sheet**” means, for each WIFIA Loan, a term sheet in the form of **Exhibit K** (*Form of WIFIA Loan Term Sheet*) entered into by the Borrower and the WIFIA Lender in respect of the relevant Project.

Section 2. Interpretation. The rules of interpretation set forth below in this Section 2 shall apply to this Agreement, except as otherwise expressly provided herein.

(a) Unless the context shall otherwise require, the words “hereto,” “herein,” “hereof” and other words of similar import refer to this Agreement as a whole.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa.

(c) Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise require.

(d) The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

(e) Whenever the Borrower’s knowledge is implicated in this Agreement or the phrase “to the Borrower’s knowledge” or a similar phrase is used in this Agreement, the Borrower’s knowledge or such phrase(s) shall be interpreted to mean to the best of the Borrower’s knowledge after reasonable and diligent inquiry.

(f) Unless the context shall otherwise require, references to preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions are to the applicable preambles, recitals, sections, subsections, clauses, schedules, exhibits, appendices and provisions of this Agreement.

(g) The recitals, schedules and exhibits to this Agreement, and the appendices and schedules to such exhibits, are hereby incorporated by reference and made an integral part of this Agreement.

(h) The headings or titles of this Agreement and its sections, schedules or exhibits, as well as any table of contents, are for convenience of reference only and shall not define or limit its provisions.

(i) Unless the context shall otherwise require, all references to any resolution, contract, agreement, lease or other document shall be deemed to include any amendments or supplements to, or modifications or restatements or replacements of, such documents that are approved from time to time in accordance with the terms thereof and hereof.

(j) Every request, order, demand, application, appointment, notice, statement, certificate, consent or similar communication or action hereunder by any party shall, unless otherwise specifically provided, be delivered in writing in accordance with Section 31 (*Notices*) and signed by a duly authorized representative of such party.

(k) References to “disbursements of WIFIA Loan proceeds” or similar phrasing shall be construed as meaning the same thing as “paying a portion of the purchase price of the WIFIA Bonds.”

(l) Whenever this Agreement requires a change in principal amount, interest rate or amortization schedule of any WIFIA Loan, it is intended that such change be reflected in the corresponding WIFIA Bond. Whenever there is a prepayment of any WIFIA Loan, it is intended that such prepayment be implemented through a prepayment of the corresponding WIFIA Bond.

(m) Whenever this Agreement sets forth a time period for a number of days by when a deliverable must be provided or an action must be taken, such time period shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30)-day months.

(n) If any provision of this Agreement (or any other WIFIA Loan Document) conflicts with any provision of a WIFIA Loan Agreement, the provisions of such WIFIA Loan Agreement shall prevail.

ARTICLE II THE WIFIA LOANS

Section 3. WIFIA Loans Under the Master Program.

(a) Subject to the terms and conditions set forth in this Agreement and, with respect to each WIFIA Loan requested pursuant to the terms hereof, the terms and conditions set forth in the relevant WIFIA Loan Agreement, the Borrower may request a WIFIA Loan for a Project under the Master Program during the Master Availability Period. The aggregate of the Maximum Principal Amount of all WIFIA Loans shall not at any time exceed the Master Program Amount. With respect to each WIFIA Loan, (i) the Maximum Principal Amount of such WIFIA Loan (excluding capitalized interest), together with the amount of any other credit assistance

provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs of the relevant Project and (ii) the total federal assistance for such Project, including but not limited to the Maximum Principal Amount of such WIFIA Loan and all federal grants, shall not exceed eighty percent (80%) of Total Project Costs of such Project.

(b) The number of WIFIA Loans permitted under this Agreement shall be limited to five (5); provided that additional WIFIA Loans may be permitted if requested by the Borrower, subject to the limits set by the Master Program Amount, and further subject to the approval of the WIFIA Lender, which approval shall be in the WIFIA Lender's sole discretion.

(c) With respect to each WIFIA Loan and Project (other than the first two WIFIA Loans, which shall be entered into concurrently with the execution and delivery of this Agreement, subject to Section 12(b) (*Conditions Precedent – Conditions Precedent to Effectiveness of each WIFIA Loan Agreement*)), the Borrower may, from time to time after the Effective Date but in any event (x) not more than once every sixty (60) days and (y) no later than one hundred eighty (180) days prior to the end of the Master Availability Period, request that the WIFIA Lender enter into a WIFIA Loan Agreement and related WIFIA Loan Documents in respect of such Project by delivering to the WIFIA Lender a written request in the form of **Exhibit I** (*Form of WIFIA Loan Request*) (a "**WIFIA Loan Request**"), which shall specify the Project to which such WIFIA Loan Request relates, together with (i) a description of the Project, (ii) an estimated Project budget, (iii) the most recent Updated Financial Model/Plan delivered to the WIFIA Lender in accordance with **Part A of Schedule V** (*Reporting Requirements*), and (iv) such additional information relating to the Project as may be requested by the WIFIA Lender. If the proposed Project budget would modify the allocation set forth in the Master Program Budget, the Borrower shall also submit a revised version of the Master Program Budget to the WIFIA Lender, which budget shall become effective upon the WIFIA Lender's approval thereof (which approval shall be granted in the WIFIA Lender's sole discretion). For each WIFIA Loan Request submitted in accordance herewith, the WIFIA Lender and the Borrower shall, subject to the terms and conditions set forth herein, promptly and in good faith, negotiate, finalize and enter into the WIFIA Loan Term Sheet, WIFIA Loan Agreement and the other WIFIA Loan Documents for the requested WIFIA Loan.

(d) As of the Effective Date of this Agreement, the WIFIA Lender has administratively reserved sufficient budget authority to make available the Master Program Amount. Notwithstanding the foregoing, the availability of any WIFIA Loan for a Project under the Master Program shall be subject to (i) there being sufficient availability of budgetary authority at the time the WIFIA Loan Request for such WIFIA Loan is made and (ii) final eligibility and approval of such WIFIA Project and WIFIA Loan, in each case as determined by the WIFIA Lender in accordance with the Act and applicable law.

Section 4. Disbursement Conditions.

(a) WIFIA Loan proceeds shall be disbursed solely in respect of Eligible Project Costs paid or incurred and approved for payment by or on behalf of the Borrower in connection with the applicable Project, including, for the avoidance of doubt, Eligible Project Costs that were initially funded with Interim Financing proceeds. Each Disbursement of any WIFIA Loan shall be made pursuant to the procedures of **Schedule IV** (*Requisition Procedures*)

and subject to the requirements of this Section 4 and the conditions set forth in Section 11(b) (*Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) and Section 11(c) (*Conditions Precedent to Disbursements*); provided, that no Disbursements shall be made after the Final Disbursement Date with respect to such WIFIA Loan.

(b) At the time of any Disbursement, the sum of all prior Disbursements of WIFIA Loan proceeds and the Disbursement then to be made shall not exceed the cumulative Disbursements through the end of the then-current Federal Fiscal Year set forth in the applicable WIFIA Loan Disbursement Schedule, as the same may be amended from time to time in accordance with the terms of this Agreement. Subject to this Section 4, any scheduled Disbursement (as reflected in the applicable WIFIA Loan Disbursement Schedule) that remains undrawn as of its scheduled date shall automatically be available for the next scheduled Disbursement date, up to the applicable Final Disbursement Date, with the effect of automatically updating such WIFIA Loan Disbursement Schedule (and the applicable WIFIA Loan Amortization Schedule) without need for the WIFIA Lender's approval. The Borrower may also amend such WIFIA Loan Disbursement Schedule by submitting a revised version thereof to the WIFIA Lender no later than thirty (30) days prior to the proposed effective date of such amendment, together with a detailed explanation of the reasons for such revisions. Such revised WIFIA Loan Disbursement Schedule shall become effective upon the WIFIA Lender's approval thereof, which approval shall be deemed granted if the WIFIA Lender has not objected within thirty (30) days from receipt of the revised schedule, and which approval shall have the effect of updating such WIFIA Loan Amortization Schedule to reflect such updated WIFIA Loan Disbursement Schedule. Notwithstanding the foregoing, the date of the first Disbursement for any WIFIA Loan shall not be earlier than the initial date of Disbursement set out in the applicable WIFIA Loan Amortization Schedule as of the applicable WIFIA Loan Agreement Effective Date.

Section 5. Term. The term of each WIFIA Loan shall extend from the applicable WIFIA Loan Agreement Effective Date to the Final Maturity Date of such WIFIA Loan or to such earlier date as all amounts due or to become due to the WIFIA Lender under such WIFIA Loan Agreement have been irrevocably paid in full in immediately available funds.

Section 6. Interest Rate. With respect to each WIFIA Loan, the Borrower shall pay interest on the applicable WIFIA Loan Balance at the relevant WIFIA Interest Rate; provided, that, upon the occurrence of an Event of Default, the Borrower shall pay interest on the applicable WIFIA Loan Balance at the Default Rate, (a) in the case of any Payment Default, from (and including) its due date to (but excluding) the date of actual payment of the overdue amount of principal of the WIFIA Loan and accrued interest thereon and (b) in the case of any other Event of Default, from (and including) the date of such occurrence to (but excluding) the earlier of the date on which (i) such Event of Default has been cured (if applicable) in accordance with the terms of this Agreement and the relevant WIFIA Loan Agreement or waived by the WIFIA Lender and (ii) the applicable WIFIA Loan Balance has been irrevocably paid in full in immediately available funds. Interest shall (x) accrue on each WIFIA Loan commencing on the date of the first disbursement of each WIFIA Loan, (y) be payable commencing on the applicable Debt Service Payment Commencement Date and (z) be computed on the applicable WIFIA Loan Balance on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months.

Section 7. Security and Priority; Flow of Funds.

(a) As security for each WIFIA Loan and as evidence of the Borrower's obligation to repay each WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, as the registered owner, on or prior to the applicable WIFIA Loan Agreement Effective Date, the WIFIA Bond for the applicable WIFIA Loan. Each such WIFIA Bond shall be a "Bond" under the Master Bond Resolution, entitled to all of the benefits of a "Bond" under the Master Bond Resolution Documents, including an irrevocable, valid and binding Lien on the Pledged Collateral to the extent and in the manner and priority set forth in the Master Bond Resolution. The obligation of the Borrower to make payments on the WIFIA Debt Service under each WIFIA Loan and corresponding WIFIA Bond is and shall be (i) secured equally and ratably under the Master Bond Resolution with the other Senior Obligations outstanding thereunder, and (ii) senior in right of payment and right of security in favor of the Subordinate Debt outstanding under the Master Bond Resolution, in each case without the need for any physical delivery or further act. Each WIFIA Debt Service Reserve Account and all cash, investments and securities and any proceeds thereof at any time on deposit therein shall be held by the Borrower solely for the benefit of the WIFIA Lender and secure solely the applicable WIFIA Loan and not any other Obligations in favor of any other Person.

(b) As a holder of one or more WIFIA Bonds, the WIFIA Lender shall have all of the rights, remedies and enforcement powers granted to holders of "Bonds" under the Master Bond Resolution, including Section 13.02 thereof, and as a third-party beneficiary under the Implementation Agreements, including Section 27 thereof, in each case to the extent provided in the Master Bond Resolution Documents and Implementation Agreements. All necessary action or approvals on the part of the Borrower with respect to the foregoing has been duly and validly taken. The WIFIA Lender shall be entitled (but not obligated) to take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Borrower or separately, all of its rights and remedies as the holder of WIFIA Bonds to the extent and in the manner provided in the Master Bond Resolution and a third-party beneficiary under the Implementation Agreements. Notwithstanding anything in this Agreement or any other WIFIA Loan Document to the contrary, the Borrower does not and shall not assign, and the WIFIA Lender does not and shall not assume, any obligation, duty or liability of the Borrower under the Implementation Agreements. Nothing in this Section 7(b) is intended to limit the obligations of the Borrower or the rights of the WIFIA Lender provided hereunder.

(c) Amounts deposited in the Revenue Fund shall be applied in the order of priority described in, and in accordance with, the Flow of Funds.

Section 8. Repayments.

(a) Payment of WIFIA Debt Service.

(i) No WIFIA Debt Service with respect to any WIFIA Loan shall be due or payable prior to the Debt Service Payment Commencement Date for such WIFIA Loan. The Borrower shall pay (A) WIFIA Debt Service in the amounts and manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule for the applicable WIFIA Loan, as the same may be revised pursuant to Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*) and (B) payments of any other amounts on each other date on which payment thereof is required to be made hereunder or under the

applicable WIFIA Loan Agreement; provided, that, in either case if any such date is not a Business Day, payment shall be made on the next Business Day following such date with the same force and effect as if made on the nominal payment date. WIFIA Loan proceeds borrowed and repaid may not be reborrowed.

(ii) Notwithstanding anything herein to the contrary, with respect to each WIFIA Loan, the applicable WIFIA Loan Balance and any accrued interest thereon shall be due and payable in full on the applicable Final Maturity Date.

(iii) With respect to each WIFIA Loan, if a Capitalized Interest Period is applicable as set forth in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement, during the applicable Capitalized Interest Period, no payment of principal or interest on such WIFIA Loan will be required to be made. On each Interest Payment Date occurring during such Capitalized Interest Period (including the day immediately following the end of such Capitalized Interest Period), interest accrued and not paid on such WIFIA Loan during each such six (6) month period shall be capitalized and added to the applicable WIFIA Loan Balance, as set forth in the corresponding WIFIA Loan Amortization Schedule. Within thirty (30) days after the end of such Capitalized Interest Period, the WIFIA Lender shall give written notice to the Borrower stating the applicable WIFIA Loan Balance as of the close of business on the last day of such Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; provided, however, that no failure to give or delay in giving such notice shall affect any of the obligations of the Borrower hereunder or under any of the other WIFIA Loan Documents. Notwithstanding the foregoing, the Capitalized Interest Period for each WIFIA Loan shall end immediately upon written notification to the Borrower by the WIFIA Lender that an Event of Default has occurred and that the WIFIA Lender is ending the Capitalized Interest Period, in which case interest shall no longer be capitalized, payments of interest shall be due and payable beginning on the next Interest Payment Date and payments of principal shall be due and payable beginning on the next Principal Payment Date, in each case in accordance with the terms hereof.

(iv) With respect to each WIFIA Loan, if an Interest Only Period is applicable as set forth in **Part C of Schedule I** (*WIFIA Loan Specific Terms*) to the applicable WIFIA Loan Agreement, during the Interest Only Period, the applicable WIFIA Debt Service payable by the Borrower shall consist of one hundred percent (100%) of the amount of interest then due and payable on the applicable WIFIA Loan Balance, and no payment of principal on such WIFIA Loan will be due and payable during the Interest Only Period.

(v) Any defeasance of a WIFIA Loan in accordance with Section 14.01 (*Defeasance and Release of Resolution*) of the Master Bond Resolution and any other applicable law shall not be deemed a repayment or prepayment of any WIFIA Loan in full, and the Borrower shall comply with all of its obligations hereunder and under the other WIFIA Loan Documents (other than with respect to payments of WIFIA Debt Service, which payments shall continue to be made in accordance with each WIFIA Loan Amortization Schedule by the succeeding entity assuming the Borrower's payment obligations), unless otherwise agreed by the WIFIA Lender, until the irrevocable payment

in full in immediately available funds of the WIFIA Loan Balance for each WIFIA Loan, together with all accrued interest, fees and expenses with respect thereto.

(b) Manner of Payment. Payments under the WIFIA Loan Agreements (and the corresponding WIFIA Bonds, which payments shall not be duplicative) shall be made in Dollars and in immediately available funds (without counterclaim, offset or deduction) in accordance with the payment instructions provided by the WIFIA Lender prior to the relevant payment, as may be modified in writing from time to time by the WIFIA Lender; provided, that the failure to provide updated payment instructions shall not affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

(c) Adjustments to WIFIA Loan Amortization Schedule. The WIFIA Lender may, from time to time, modify the WIFIA Loan Amortization Schedule included in **Schedule III** (*WIFIA Loan Amortization Schedule*) to any WIFIA Loan Agreement to reflect (A) any change to the WIFIA Loan Balance for the applicable WIFIA Loan, (B) any change to the date and amount of any principal or interest due and payable or to become due and payable by the Borrower hereunder or under the corresponding WIFIA Loan Agreement in accordance therewith, (C) any mathematical corrections as the WIFIA Lender may determine are necessary, and (D) with the consent of the Borrower (not to be unreasonably withheld), such other information as the WIFIA Lender may determine is necessary for administering such WIFIA Loan or such WIFIA Loan Agreement. Any calculations described above shall be rounded up to the nearest whole cent. Any adjustments or revisions to such WIFIA Loan Amortization Schedule as a result of a decrease in such WIFIA Loan Balance shall be applied to reduce future payments due on the corresponding WIFIA Loan in the inverse order of maturity, other than prepayments which shall be applied in accordance with Section 9(b) (*General Prepayment Instructions*). If any WIFIA Loan Amortization Schedule is modified pursuant to this Section 8(c), the WIFIA Lender shall provide the Borrower with a copy of such revised WIFIA Loan Amortization Schedule, but no failure to provide or delay in providing the Borrower with such copy shall affect any of the obligations of the Borrower under this Agreement or the other WIFIA Loan Documents. The WIFIA Lender may also, from time to time or when so requested by the Borrower, advise the Borrower by written notice of the amount of the WIFIA Loan Balance for the applicable WIFIA Loan as of the date of such notice. Absent manifest error, the WIFIA Lender's determination of the applicable WIFIA Loan Balance and all matters as set forth on the corresponding WIFIA Loan Amortization Schedule shall be deemed conclusive evidence thereof absent manifest error; provided, that neither the failure to make any such determination, modification, or recordation nor any error in such determination, modification, or recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

Section 9. Prepayment.

(a) Optional Prepayments. On or after the Final Disbursement Date, the Borrower may prepay any WIFIA Loan, without penalty or premium, (i) in full on any date or (ii) in part on any Payment Date (and, if in part, the amounts thereof to be prepaid shall be determined by the Borrower; provided, that such prepayment shall be in principal amounts of \$1,000,000 or any integral multiple of \$1.00 in excess thereof), in each case from time to time but not more than once annually in accordance with 33 U.S.C. § 3908(c)(4)(A). The Borrower may make such prepayment by paying to the WIFIA Lender such principal amount of the WIFIA Loan to be

prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment and all fees and expenses then due and payable to the WIFIA Lender. Each prepayment of a WIFIA Loan pursuant to this Section 9(a) shall be made on such date and in such principal amount as shall be specified by the Borrower in a written notice, signed by the Borrower's Authorized Representative and delivered to the WIFIA Lender not less than thirty (30) days prior to the requested date of prepayment, unless otherwise agreed by the WIFIA Lender. At any time between delivery of such written notice and the applicable optional prepayment, the Borrower may, without penalty or premium, rescind its announced optional prepayment by further written notice to the WIFIA Lender. Anything in this Section 9(a) to the contrary notwithstanding, the failure by the Borrower to make any optional prepayment shall not constitute a breach or default under this Agreement or the applicable WIFIA Loan Agreement.

(b) General Prepayment Instructions. Upon the WIFIA Lender's receipt of confirmation that payment in full in immediately available funds of the entire WIFIA Loan Balance with respect to any WIFIA Loan and any unpaid interest, fees and expenses with respect thereto has occurred as a result of a prepayment, the WIFIA Lender shall surrender the corresponding WIFIA Bond to the Borrower or its authorized representative, by mail in accordance with Section 31 (*Notices*) or as otherwise agreed between the parties hereto. If the Borrower prepays only part of the unpaid balance of principal of any WIFIA Loan, the WIFIA Lender may make a notation on the applicable WIFIA Loan Amortization Schedule indicating the amount of principal of and interest on the WIFIA Loan then being prepaid. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on such updated WIFIA Loan Amortization Schedule shall be conclusive evidence thereof; provided, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document. All partial prepayments of principal shall be applied to reduce the applicable WIFIA Loan Balance such that the remaining scheduled principal payments for the applicable WIFIA Loan set out in the corresponding WIFIA Loan Amortization Schedule are reduced substantially *pro rata*. If such funds have not been so paid on the prepayment date, such principal amount of such WIFIA Loan shall continue to bear interest until payment thereof at the rate provided for in the applicable WIFIA Loan Agreement.

Section 10. Fees and Expenses.

(a) Fees. The Borrower shall pay to the WIFIA Lender:

(i) a Servicing Set-Up Fee for each WIFIA Loan Agreement, which shall be due and payable within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA Lender with respect thereto (or, if earlier, the date of the first Disbursement of the related WIFIA Loan);

(ii) a Construction Period Servicing Fee for each WIFIA Loan Agreement, which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15 during the period beginning from the WIFIA Loan Agreement Effective Date through (and including) the end of the Federal Fiscal Year during which the applicable Substantial Completion Date occurs; provided, that the Initial Construction Period Servicing Fee shall be due and payable within thirty (30) days after receipt by the Borrower of an invoice from the WIFIA

Lender with respect thereto (or, if earlier, the date of the first Disbursement of the related WIFIA Loan); and

(iii) an Operating Period Servicing Fee for each WIFIA Loan Agreement, which shall accrue on the first Business Day of the then-current Federal Fiscal Year and shall be due and payable on or prior to each November 15, beginning with the first November 15 following the end of the Federal Fiscal Year during which the applicable Substantial Completion Date occurs, until (and including) the applicable Final Maturity Date; provided, that any Operating Period Servicing Fee due and payable with respect to any Federal Fiscal Year during which such Final Maturity Date occurs shall be equal to the *pro-rata* monthly portion of the then applicable Operating Period Servicing Fee multiplied by the number of partial or whole months remaining between October 1 and such Final Maturity Date.

(b) The amount of each Construction Period Servicing Fee (other than the initial Construction Period Servicing Fee) and each Operating Period Servicing Fee shall be adjusted in proportion to the percentage change in CPI for the calendar year immediately preceding the calendar year during which such fee is due. The WIFIA Lender shall notify the Borrower of the amount of each such fee at least thirty (30) days before payment is due, which determination shall be conclusive absent manifest error.

(c) Expenses. The Borrower agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the WIFIA Lender on demand from time to time, within thirty (30) days after receipt by the Borrower of any invoice from the WIFIA Lender, for any and all fees, costs, charges, and expenses incurred by it (including the fees, costs, and expenses of its legal counsel, financial advisors, auditors and other consultants and advisors) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement and the other WIFIA Loan Documents and the transactions hereby and thereby contemplated, including attorneys', and engineers' fees and professional costs, including all such fees, costs, and expenses incurred as a result of or in connection with: (i) the review of each WIFIA Loan Request and the negotiation, preparation, execution, delivery, and performance of each WIFIA Loan Term Sheet, WIFIA Loan Agreement, and the other WIFIA Loan Documents related to the relevant Project; (ii) the enforcement of or attempt to enforce, or the monitoring, protection or preservation of any right or claim under, the Liens on the Pledged Collateral or any provision of this Agreement, the Implementation Agreements or any of the other WIFIA Loan Documents or the rights of the WIFIA Lender thereunder; (iii) any amendment, modification, re-execution, waiver, or consent with respect to this Agreement or any other WIFIA Loan Document; and (iv) any work-out, restructuring, or similar arrangement of the obligations of the Borrower under this Agreement or the other WIFIA Loan Documents, including during the pendency of any Event of Default.

(d) The obligations of the Borrower under this Section 10 shall survive the payment or prepayment in full or transfer of the WIFIA Bond, the enforcement of any provision of this Agreement or the other WIFIA Loan Documents, any such amendments, waivers or consents, any Event of Default, and any such workout, restructuring, or similar arrangement.

ARTICLE III CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness of this Agreement. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not become effective until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower shall have duly executed and delivered to the WIFIA Lender this Agreement in form and substance satisfactory to the WIFIA Lender.

(ii) The Borrower shall have delivered to the WIFIA Lender complete and fully executed copies of (A) each Master Bond Resolution Document in effect as of the Effective Date, together with any amendments, supplements, waivers or modifications thereto and (B) each Related Document that has been entered into with respect to which all or a portion of the proceeds are or will be applied to fund all or any portion of Total Project Costs, in each case that has been entered into on or prior to the Effective Date, along with a certification in the Closing Certificate that each such document is complete, fully executed and in full force and effect, and that all conditions contained in the Related Documents that are necessary to the closing of the WIFIA transactions contemplated hereby (if any) have been fulfilled.

(iii) The Borrower shall have delivered to the WIFIA Lender all further instruments and documents (including any resolutions, ordinances and indentures), other than any Supplemental Resolutions and the WIFIA Loan Documents, as are necessary for the Borrower to execute and deliver, and to perform its obligations under, this Agreement and to consummate and implement the transactions contemplated by this Agreement.

(iv) (A) Counsel to the Borrower shall have delivered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth in **Exhibit H-1** (*Opinions Required from Counsel to Borrower*)), (B) bond counsel to the Borrower shall have delivered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth in **Exhibit H-2** (*Opinions Required from Bond Counsel*)) and (C) counsel to each Project Participant shall have delivered to the WIFIA Lender legal opinions, satisfactory to the WIFIA Lender in its sole discretion, with respect to the relevant Implementation Agreement(s) (including opinions substantially similar to those set forth in **Exhibit H-1** (*Opinions Required from Counsel to Borrower*)).

(v) The Borrower shall have delivered to the WIFIA Lender a certificate, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit B-1** (*Form of Closing Certificate*) (the "**Closing Certificate**") (x) designating the Borrower's Authorized Representative, (y) confirming such person's position and incumbency and (z) certifying as to the satisfaction of certain conditions

precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such satisfaction), including the following:

(A) the aggregate of all funds committed to the development and construction of the Projects under the Master Program as set forth in the Base Case Financial Model and in the Master Program Budget is sufficient to carry out the Master Program, pay all Total Project Costs anticipated for the Master Program and achieve Substantial Completion for each Project component by its Projected Substantial Completion Date;

(B) the Borrower has (x) obtained a FEIN, (y) obtained a Unique Entity Identifier, and (z) registered with, and obtained confirmation of active registration status from, the federal System for Award Management (www.SAM.gov);

(C) the representations and warranties of the Borrower set forth in this Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; and

(D) no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the date of the Application.

(vi) The Borrower shall have paid in full all invoices delivered by the WIFIA Lender to the Borrower as of the Effective Date for the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

(vii) The Borrower shall have provided the WIFIA Lender with a copy of the Investment Policy.

(viii) The Borrower shall have delivered such other agreements, documents, instruments, opinions and other items required by the WIFIA Lender, all in form and substance satisfactory to the WIFIA Lender.

(b) Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement. Notwithstanding anything in this Agreement to the contrary, no WIFIA Loan Agreement shall become effective until each of the following conditions precedent has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower shall have duly executed and delivered to the WIFIA Lender (A) except with respect to the first two WIFIA Loan Agreements, a WIFIA Loan Request for the applicable WIFIA Loan that complies with the provisions of Section 3(c) (*WIFIA Loans Under the Master Program*), (B) a WIFIA Loan Term Sheet with respect to the applicable Project and (C) the WIFIA Loan Agreement and each other WIFIA Loan Document with respect to such Project, in each case in form and substance satisfactory to the WIFIA Lender.

(ii) The Borrower shall have delivered to the WIFIA Lender fully executed copies of each Existing Construction Contract with respect to such applicable Project, together with any amendments, waivers or modifications thereto, along with a certification in the applicable Project Closing Certificate that each such document is complete, fully executed and in full force and effect.

(iii) To the extent not previously delivered to the WIFIA Lender, the Borrower shall have delivered to the WIFIA Lender copies of any Related Document issued after the Effective Date, together with any amendments, supplements, waivers or modifications thereto that have been entered into on or after the Effective Date, along with a certification in the applicable Project Closing Certificate that each such document is complete, fully executed and in full force and effect.

(iv) Counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-1** (*Opinions Required from Counsel to Borrower*) and bond counsel to the Borrower shall have rendered to the WIFIA Lender legal opinions satisfactory to the WIFIA Lender in its sole discretion (including those opinions set forth on **Exhibit H-2** (*Opinions Required from Bond Counsel*)), in each case for the relevant Project.²

(v) The Borrower shall have delivered to the WIFIA Lender (A) a Project Budget for the relevant Project and (B) except with respect to the first two WIFIA Loan Agreements, a revised Master Program Budget reflecting such Project Budget.

(vi) The Borrower shall have delivered to the WIFIA Lender a certificate, signed by the Borrower's Authorized Representative, substantially in the form attached hereto as **Exhibit B-2** (*Form of Project Closing Certificate*) (the "**Project Closing Certificate**"), confirming the Borrower's Authorized Representative previously designated and such person's position and incumbency as previously provided to the WIFIA Lender remain unchanged and in full force and effect (or if changed, designating the Borrower's Authorized Representative and confirming such person's position and incumbency, in form and substance satisfactory to the WIFIA Lender) and certifying as to the satisfaction of certain conditions precedent (and, if requested by the WIFIA Lender, shall have provided evidence satisfactory to the WIFIA Lender of such satisfaction), including the following:

² **Note to Borrower:** Same as above.

(A) the aggregate of all funds committed to the development and construction of such Project as set forth in the applicable Project Budget and the related revised Master Budget, as applicable, are sufficient to carry out such Project, pay all Total Project Costs anticipated for such Project and achieve Substantial Completion for such Project by the applicable Projected Substantial Completion Date;

(B) as of the applicable WIFIA Loan Agreement Effective Date, (1) the Maximum Principal Amount of the relevant WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of the reasonably anticipated Eligible Project Costs for such Project; (2) the aggregate amount of Eligible Project Costs previously incurred prior to the Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs; and (3) the total federal assistance provided to such Project, including the Maximum Principal Amount of the relevant WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs for such Project;

(C) the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to such Project;

(D) the Borrower has maintained (1) the FEIN provided to the WIFIA Lender as a condition precedent to the Effective Date, (2) the Unique Entity Identifier provided to the WIFIA Lender as a condition precedent to the Effective Date, and (3) an active registration status with the federal System for Award Management (www.SAM.gov);

(E) with respect to the initial WIFIA Loan Agreement, the Borrower has obtained the WIFIA CUSIP Number for purposes of monitoring through EMMA, and (2) with respect to each other WIFIA Loan Agreement, the Borrower has (x) maintained such WIFIA CUSIP Number and (y) confirmed that the expiration date of such WIFIA CUSIP Number is no earlier than the Final Maturity Date of the relevant WIFIA Loan or extended the expiration date of the WIFIA CUSIP Number to be no earlier than the Final Maturity Date of the relevant WIFIA Loan;

(F) the representations and warranties of the Borrower set forth in the relevant WIFIA Loan Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the relevant WIFIA Loan Agreement Effective Date, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;

(G) the Borrower's Organizational Documents remain in full force and effect, and no amendments or modifications have been made to the Organizational Documents since the Effective Date that have not been delivered to the WIFIA Lender;

(H) no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the date of the Application; and

(I) as of the relevant WIFIA Loan Agreement Effective Date, no Default or Event of Default and no event of default under any other Related Document shall have occurred and be continuing.

(vii) The Borrower shall have provided evidence to the WIFIA Lender's satisfaction, prior to the Effective Date, of the assignment by at least one (1) Nationally Recognized Rating Agency of a public Investment Grade Rating on the applicable WIFIA Loan, along with a certification in the Closing Certificate that no such rating has been reduced, revoked, withdrawn or suspended as of the applicable WIFIA Loan Agreement Effective Date.

(viii) The Borrower shall have delivered to the WIFIA Lender (A) the most recent Updated Financial Model/Plan and (B) the Borrower's Financial Statements for the most recent Borrower Fiscal Year for which such Financial Statements are available, in each case in compliance with the applicable requirements of **Part A and B of Schedule V (Reporting Requirements)**.

(ix) The Borrower shall have delivered to the WIFIA Lender the Public Benefits Report with respect to the relevant Project.

(x) To the extent not previously paid, the Borrower shall have paid in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices delivered by the WIFIA Lender to the Borrower on or prior to the relevant WIFIA Loan Agreement Effective Date for any applicable Servicing Fees and the fees and expenses of the WIFIA Lender's counsel and financial advisors and any

auditors or other consultants retained by the WIFIA Lender for the purposes of the WIFIA Loan Documents.

(xi) The Borrower shall have provided the WIFIA Lender evidence that the WIFIA Debt Service Reserve Account and the WIFIA Projects Construction Account with respect to the relevant WIFIA Loan and Project have been established in accordance with the terms of the WIFIA Loan Documents.

(xii) The Borrower shall have delivered such other agreements, documents, instruments, opinions and other items required by the WIFIA Lender, all in form and substance satisfactory to the WIFIA Lender.

(c) Conditions Precedent to Disbursements. Notwithstanding anything in this Agreement to the contrary, the WIFIA Lender shall have no obligation to make any Disbursement of any WIFIA Loan to the Borrower (including the initial Disbursement hereunder) until each of the following conditions precedent with respect to such WIFIA Loan has been satisfied or waived in writing by the WIFIA Lender in its sole discretion:

(i) The Borrower shall have delivered to the WIFIA Lender a Requisition that complies with the provisions of Section 4 (*Disbursement Conditions*), **Schedule IV** (*Requisition Procedures*) and **Exhibit D** (*Form of Requisition*), including satisfactory Eligible Project Costs Documentation relating to such Requisition. The Borrower's Authorized Representative shall also certify in such Requisition that:

(A) at the time of, and immediately after giving effect to, any Disbursement of WIFIA Loan proceeds then currently requested, (1) no Default or Event of Default hereunder and no event of default under any other Related Document has occurred and is continuing and (2) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, has occurred and is continuing;

(B) no Material Adverse Effect, or any event or condition that could reasonably be expected to result in a Material Adverse Effect, has occurred since the Effective Date;

(C) at the time of, and immediately after giving effect to, any disbursement of WIFIA Loan proceeds then currently requested, the aggregate amount of all Disbursements of such WIFIA Loan (including the requested Disbursement amount but excluding any interest that is capitalized in accordance with the terms hereof) does not exceed (1) the Maximum Principal Amount of such WIFIA Loan or (2) forty-nine percent (49%) of the reasonably anticipated Eligible Project Costs for such Project;

(D) the Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of (1) WIFIA Loan proceeds or (2) any other source of

funding for the applicable Project (other than Interim Financing or Borrower cash) as identified in the applicable Project Budget;

(E) (1) the Borrower, and each of its contractors and subcontractors at all tiers with respect to the relevant Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American iron and steel products); and (2) supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the relevant Project, are being maintained and are available for review upon request by the WIFIA Lender;

(F) the representations and warranties of the Borrower set forth in this Agreement (including Section 12 (*Representations and Warranties of Borrower*)) and in each other WIFIA Loan Document are true and correct as of each date on which any disbursement of the applicable WIFIA Loan is made, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date);

(G) the Borrower has delivered all required deliverables under and in compliance with the requirements of **Schedule V** (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender;

(H) with respect to any Eligible Project Costs in the Requisition that relate to activities in clauses (b) through (d) of the definition of “Eligible Project Costs,” at the time of, and immediately after giving effect to, any disbursement of WIFIA Loan proceeds then currently requested, the aggregate amount of all disbursements of such WIFIA Loan (including the requested disbursement but excluding any interest that is capitalized in accordance with the terms hereof) will not exceed forty-nine percent (49%) of the aggregate amount of Eligible Project Costs for the relevant Project paid or incurred by the Borrower as of the date on which such disbursement is made; and

(I) Eligible Project Costs Documentation evidencing Eligible Project Costs in an amount equal to the amount requested for Disbursement, either (1) has been previously submitted to and approved by the WIFIA Lender in accordance with **Schedule IV** (*Requisition Procedures*) and **Schedule V** (*Reporting Requirements*) of this Agreement or (2) has been submitted to the WIFIA Lender, together with a summary of such Eligible Project Costs in the Requisition (or attached separately to the Requisition), for approval by the WIFIA Lender.

(J) (1) the Rate Covenant is effective, (2) the Borrower is in compliance with the Rate Covenant as of the requested date of

disbursement, and (3) if requested by the WIFIA Lender, the Borrower has provided evidence satisfactory to the WIFIA Lender demonstrating such compliance.

(ii) If applicable, to the extent necessary to make the representations and warranties in Section 12(f) (*Litigation*) and 12(j)(iii) (*Compliance with Laws*) true, correct and complete as of the date of the applicable Disbursement, the Borrower shall have delivered an updated **Schedule III** (*Borrower Disclosures*).

(iii) The Borrower shall have paid in full (A) any outstanding Servicing Fees due and payable under Section 10 (*Fees and Expenses*) and (B) all invoices delivered by the WIFIA Lender as of the date of Disbursement of the relevant WIFIA Loan to the Borrower, for the fees and expenses of the WIFIA Lender's counsel and financial advisors and any auditors or other consultants retained by the WIFIA Lender for the purposes hereof.

(iv) With respect to any disbursement for Eligible Project Costs (other than for design or planning activities) for a Project Component of a Project, the Borrower shall have demonstrated the following to the WIFIA Lender's satisfaction, as applicable: (A) conclusion of the NHPA Section 106 consultation process has been achieved for such Project Component; (B) the outcome of any final concurrence or biological opinion from the relevant Governmental Authority with respect to such Project Component subject to the ESA is in full force and effect; and (C) the Borrower has not (1) made any irreversible or irretrievable commitment of resources with respect to such Project Component that has the effect of foreclosing the formulation or implementation of any reasonable and prudent alternative measures under Section 7(a)(2) of the ESA or (2) carried out any destruction, excavation, construction, mobilization or other ground-disturbing work prior to the conclusion of the NHPA Section 106 processes relating to such Project Component.

(v) With respect to the initial disbursement of each WIFIA Loan, the WIFIA Debt Service Reserve Account shall have been funded in an amount equal to at least the portion of the WIFIA Debt Service Reserve Requirement required to be on deposit therein as of such date in accordance with Section 14(h)(iii) (*System Accounts; Permitted Investments*), the relevant WIFIA Loan Agreement and the relevant Master Bond Resolution Documents.

(vi) [With respect to any disbursement of a WIFIA Loan, the Borrower shall have provided evidence satisfactory to the WIFIA Lender of sufficient funding for the development and construction of the applicable Project and the payment of all anticipated Total Project Costs for such Project, including [____].]

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 12. Representations and Warranties of Borrower. The Borrower hereby represents and warrants that, as of the Effective Date and, as to each of the representations and warranties below other than those contained in Section 12(k) (*Credit Ratings*) and the first sentence

of Section 12(m) (*Construction Contracts*), as of each date on which any Disbursement of a WIFIA Loan is requested or made:

(a) Organization; Power and Authority. The Borrower is a Legal Entity duly organized and validly existing under its Organizational Documents and the laws of the State, has full legal right, power and authority to do business in the State and to enter into the WIFIA Loan Documents then in existence, to execute and deliver this Agreement and the other WIFIA Loan Documents, and to carry out and consummate all transactions contemplated hereby and thereby and has duly authorized the execution, delivery and performance of this Agreement, the WIFIA Bond, and the other WIFIA Loan Documents. Other than such Organizational Documents and the Master Bond Resolution Documents, there are no additional instruments or documents necessary for the Borrower to execute and deliver, or to perform its obligations under, the WIFIA Loan Documents to which it is a party and to consummate and implement the transactions contemplated by the WIFIA Loan Documents.

(b) Officers' Authorization. Each of the officers of the Borrower executing (or that previously executed) the WIFIA Loan Documents, and any certifications or instruments related thereto, to which the Borrower is a party are (or were at the time of such execution) duly and properly in office and fully authorized to execute the same.

(c) Due Execution; Enforceability. Each of the Related Documents in effect as of any date on which this representation and warranty is made, and to which the Borrower is a party, has been duly authorized, executed and delivered by the Borrower and constitutes the legal, valid and binding agreement of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law).

(d) Non-Contravention. The execution and delivery of the Related Documents to which the Borrower is a party, the consummation of the transactions contemplated by the Related Documents, and the fulfillment of or compliance with the terms and conditions of all of the Related Documents, do not and will not (i) conflict with the Borrower's Organizational Documents, (ii) conflict in any material respect with, or constitute a violation, breach or default (whether immediately or after notice or the passage of time or both) by the Borrower of or under, any applicable law, administrative rule or regulation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties or assets are otherwise subject or bound, or (iii) result in the creation or imposition of any Lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, other than Permitted Liens.

(e) Consents and Approvals. All Governmental Approvals required as of the Effective Date, each WIFIA Loan Agreement Effective Date and any subsequent date on which this representation is made (or deemed made) for the undertaking, construction and completion by the Borrower of each Project and the operation and maintenance of the System, and to execute and deliver and perform its obligations under the Related Documents and the Construction Contracts,

have been obtained or effected and are in full force and effect. The Borrower is not (i) in default with respect to any Governmental Approval or (ii) subject to any notice of violation, breach, or revocation of any Governmental Approval, in each case, which could reasonably be expected to result in a Material Adverse Effect. No consent or approval of any trustee, holder of any indebtedness of the Borrower or any other Person is necessary in connection with the execution, delivery, and performance by the Borrower of the Related Documents and the consummation of any transaction contemplated thereunder, except as have been obtained or made and as are in full force and effect.

(f) Litigation. Except as set forth in **Part B of Schedule III** (*Borrower Disclosures*), there is no action, suit, proceeding or, to the knowledge of the Borrower, any inquiry or investigation, in any case before or by any court or other Governmental Authority pending or, to the knowledge of the Borrower, threatened against or affecting the System, any Project or the ability of the Borrower to execute, deliver and perform its obligations under the Related Documents or that in any case could reasonably be expected to result in a Material Adverse Effect.

(g) Security Interests. (i) The Master Bond Resolution Documents and the Organizational Documents together establish, and (ii) the Borrower has taken all necessary action to pledge, assign, and grant, in each case for the benefit of the WIFIA Lender as holder of the WIFIA Bonds, legal, valid, binding and enforceable Liens on the Pledged Collateral purported to be created, pledged, assigned, and granted pursuant to and in accordance with the Master Bond Resolution Documents, irrespective of whether any Person has notice of the pledge and without the need for any physical delivery, recordation, filing, or further act. Such Liens are in full force and effect and are not subordinate or junior to any other Liens in respect of the Pledged Collateral except for the Liens arising by operation of law, and not *pari passu* with any Liens other than the Liens on the Pledged Collateral in favor of the Senior Obligations. The Borrower is not in breach of any covenant set forth in Section 14(b) (*Securing Liens*) or in the Master Bond Resolution Documents with respect to the matters described in Section 14(b) (*Securing Liens*). As of the Effective Date, each WIFIA Loan Agreement Effective Date and each other date this representation and warranty is made, (A) all documents and instruments have been recorded or filed for record in such manner and in such places as are required and all other action as is necessary or desirable has been taken to establish a legal, valid, binding, and enforceable and, if applicable, perfected, Lien on the Pledged Collateral for the benefit of the WIFIA Lender (as holder of the WIFIA Bonds) to the extent contemplated by the Master Bond Resolution Documents, and (B) all taxes and filing fees that are due and payable in connection with the execution, delivery or recordation of any Master Bond Resolution Documents or any instruments, certificates or financing statements in connection with the foregoing, have been paid. Neither the attachment, validity, enforceability, priority or, if applicable, perfection, of the security interest in the Pledged Collateral granted pursuant to the Master Bond Resolution Documents is governed by Article 9 of the UCC.

(h) No Debarment. The Borrower has fully complied with its verification obligations under 2 C.F.R. § 180.320 and confirms, based on such verification, that, to its knowledge, neither the Borrower nor any of its principals (as defined in 2 C.F.R. § 180.995 and supplemented by 2 C.F.R § 1532.995) (i) is debarred, suspended or voluntarily excluded from participation in Government contracts, procurement or non-procurement matters, (ii) is presently indicted for or otherwise criminally or civilly charged by a Governmental Authority with

commission of any of the offenses listed in 2 C.F.R. § 180 or 2 C.F.R. § 1532; and (iii) have, within the three (3) year period preceding the Effective Date, (x) been convicted for or had a civil judgment rendered against the Borrower for any of the offenses within such period or (y) had any public transactions (federal, state or local) terminated for cause or default.

(i) No Lobbying. Pursuant to 31 U.S.C. §1352, to the best of the Borrower's knowledge and belief, (A) no Federal appropriated funds have been paid or will be paid, by or on behalf of the Borrower, to any Person for influencing or attempting to influence an officer or employee of an agency, a member (or employee of a member), officer, or employee of the U.S. Congress, in connection with the making of any WIFIA Loan, execution (including amendments or modifications) of the WIFIA Loan Documents, or any other federal action under 31 U.S.C. §1352(a)(2); and (B) if any funds other than Federal appropriated funds have been paid or will be paid to any Person for influencing or attempting to influence an officer or employee of any agency, a member (or employee of a member), officer, or employee of the U.S. Congress in connection with any WIFIA Loan, the Borrower has completed and submitted to the WIFIA Lender Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(j) Compliance with Laws.

(i) The Borrower, and to the best of its knowledge, each of its contractors and subcontractors at all tiers with respect to each Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. §3914 (relating to American iron and steel products), 20 C.F.R. §180.320 and 20 C.F.R. §1532 (relating to non-debarment), 31 U.S.C. §1352 and 49 C.F.R. §20.100 (relating to non-lobbying), and any applicable Sanctions Laws.

(ii) To ensure such compliance, the Borrower has included in all contracts with respect to each Project (A) the contract clauses relating to applicable federal requirements (such as Davis-Bacon and Equal Employment Opportunity) and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 12(j) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 12(j).

(iii) Except as set forth in **Part C of Schedule III** (*Borrower Disclosures*), the Borrower is in compliance with all laws applicable to the System (including each Project) relating to environmental, health or safety matters.

(k) Credit Ratings. Each WIFIA Loan has received a public Investment Grade Rating from at least one (1) Nationally Recognized Rating Agency, written evidence of such rating has been provided to the WIFIA Lender prior to the Effective Date, and such rating has not been reduced, withdrawn or suspended as of the Effective Date.

(l) No Defaults. No Default or Event of Default, and no default or event of default by the Borrower under any other Related Document, has occurred and is continuing.

(m) Construction Contracts. As of any WIFIA Loan Agreement Effective Date, **Part C of Schedule II** (*Project Details*) to the applicable WIFIA Loan Agreement sets forth a list of (i) the Existing Construction Contracts, each of which is in full force and effect, and (ii) all Additional Construction Contracts that are expected to be entered into, in each case with respect to the corresponding Project.

(n) Information. The information furnished by, or on behalf of, the Borrower to the WIFIA Lender, when taken as a whole, is true and correct in all material respects (other than for projections and other forward-looking statements contained in the Base Case Financial Model and any Updated Financial Model/Plan which have been made in good faith and based on reasonable assumptions).

(o) Insurance. The Borrower is in compliance with all insurance obligations required under each Construction Contract and the WIFIA Loan Documents (including Section 14(f) (*Insurance*) hereof) as of the date on which this representation and warranty is made. To the extent the Borrower self-insures, the Borrower's self-insurance program is actuarially sound.

(p) No Prohibited Liens. Except for Permitted Liens, the Borrower has not created, and is not under any obligation to create, and has not entered into any transaction or agreement that would result in the imposition of, any Lien on the Pledged Collateral, the System, the Master Program, any Project, the Gross Revenues, or the Borrower's respective rights in any of the foregoing.

(q) Financial Statements. Each income statement, balance sheet and statement of operations and cash flows (collectively, "**Financial Statements**") delivered to the WIFIA Lender pursuant to **Part B of Schedule V** (*Reporting Requirements*) has been prepared in accordance with GAAP and presents fairly, in all material respects, the financial condition (including any liabilities or obligations that are required to be disclosed in accordance with GAAP) of the Borrower as of the respective dates of the balance sheets included therein and the results of operations of the Borrower for the respective periods covered by the statements of income included therein.

(r) Securities Laws. Under existing law, the WIFIA Bond may be issued and sold without registration under the Securities Act of 1933, as amended, and any State blue sky laws, and the Master Bond Resolution is exempt from qualification pursuant to the Trust Master Bond Resolution Act of 1939, as amended.

(s) No Delinquent Taxes or Federal Debt. The Borrower has paid all applicable taxes and other material taxes and assessments payable by it that have become due (other than those taxes or assessments that it is contesting in good faith and by appropriate proceedings, for which adequate reserves have been established to the extent required by GAAP). The Borrower has no delinquent federal debt (including tax liabilities but excluding any delinquencies that have been resolved with the appropriate federal agency in accordance with the standards of the Debt Collection Improvement Act of 1996). The Borrower is not required to file tax returns with any Governmental Authority.

(t) Sufficient Funds. The amount of each WIFIA Loan, when combined with all other funds committed for the development and construction of the applicable Project as set forth under the various sources of funds in the Project Budget and then-current Updated Financial Model/Plan, will be sufficient to carry out such Project, pay all Total Project Costs anticipated for the development and construction of such Project and achieve Substantial Completion with respect to such Project by the Projected Substantial Completion Date with respect to such Project. The total federal assistance provided to the Project, including the Maximum Principal Amount of the applicable WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs. The Updated Financial Model/Plan most recently delivered to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*) demonstrates that the projected Gross Revenues are sufficient to meet each WIFIA Loan Amortization Schedule. The Borrower has developed, and identified adequate revenues to implement, a plan for operating, maintaining, and repairing each Project over the useful life of such Project.

(u) Sovereign Immunity. The Borrower either has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the contractual obligations of the Borrower under any of the WIFIA Loan Documents to which it is a party or the transactions contemplated hereby or thereby, including the obligations of the Borrower hereunder and thereunder, or, to the extent that the Borrower has such immunity, the Borrower has waived such immunity pursuant to Section 14(m) (*Immunity*), except in each case to the extent that any such proceedings seeks enforcement based on a tort or similar claim, in which case such defense is available to the extent set forth in Section 768.28, Florida Statutes, as amended or other applicable provisions of law that are substantially similar in substance.

(v) Approved Water Project. Each Project under the Master Program is an “Approved Water Project” and a component of the “2022 Project,” in each case as defined in the Master Bond Resolution and pursuant to the Master Bond Resolution Documents and the Interlocal Agreement.

(w) Charges Under Implementation Agreements. Pursuant to each Implementation Agreement and the Interlocal Agreement, the obligations of (i) the Southeast Wellfield Participants, with respect to the Southeast Wellfield Implementation Agreement and (ii) the West Polk Wellfield Participants, with respect to the West Polk Implementation Agreement, in each case include an obligation to pay amounts (in addition to any other amounts due thereunder) to the Borrower that are both timely and sufficient to pay Debt Service Costs (as defined under each Implementation Agreement), including amounts payable by the Borrower under the related WIFIA Loan as they come due.

(x) Accuracy of Representations and Warranties. The representations, warranties and certifications of the Borrower set forth in this Agreement and the other WIFIA Loan Documents are true, correct, and complete in all material respects, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties shall be true, correct, and complete as of such earlier date).

Section 13. Representations and Warranties of WIFIA Lender. The WIFIA Lender represents and warrants that:

(a) Power and Authority. The WIFIA Lender has all requisite power and authority to make the applicable WIFIA Loan and to perform all transactions contemplated by the WIFIA Loan Documents to which it is a party.

(b) Due Execution; Enforceability. The WIFIA Loan Documents to which it is a party have been duly authorized, executed and delivered by the WIFIA Lender, and are legally valid and binding agreements of the WIFIA Lender, enforceable in accordance with their terms.

(c) Officers' Authorization. The officers of the WIFIA Lender executing each of the WIFIA Loan Documents to which the WIFIA Lender is a party are duly and properly in office and fully authorized to execute the same on behalf of the WIFIA Lender.

ARTICLE V COVENANTS

Section 14. Affirmative Covenants. The Borrower covenants and agrees as follows until the date each WIFIA Bond and all of the obligations of the Borrower under this Agreement and each WIFIA Loan Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Rate Covenant. The Borrower shall comply with all requirements and conditions specified in the Rate Covenant.

(b) Securing Liens. The Borrower shall at any and all times, to the extent permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable in connection with assuring, conveying, granting, assigning, securing and confirming the Liens on the Pledged Collateral (whether now existing or hereafter arising) for the benefit of the WIFIA Lender (as holder of the WIFIA Bonds) under the Master Bond Resolution Documents, or intended so to be granted pursuant to the Master Bond Resolution Documents, or which the Borrower may become bound to grant. The Borrower shall at all times maintain the Pledged Collateral free and clear of any Lien that has priority over, or equal rank with, the Liens created by the Master Bond Resolution Documents, other than Permitted Liens, and all organizational, regulatory or other necessary action on the part of the Borrower to that end shall be duly and validly taken at all times. The WIFIA Debt Service Reserve Account and the WIFIA Projects Construction Accounts shall be free and clear of any pledge, Lien, charge or encumbrance thereon or with respect thereto other than the Liens with respect to the WIFIA Loans. The Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the Liens on the Pledged Collateral granted pursuant to the Master Bond Resolution Documents and for the benefit of the WIFIA Lender (as holder of the WIFIA Bonds) against all claims and demands of all Persons whomsoever, subject to Permitted Liens.

(c) Use of Proceeds. The Borrower shall use the proceeds of the WIFIA Loans solely for purposes permitted by applicable law, this Agreement and the other WIFIA Loan Documents.

(d) Prosecution of Work; Verification Requirements.

(i) The Borrower shall diligently prosecute the work relating to each Project and complete each Project in accordance with the Construction Schedule (and on or prior to the applicable Development Default Date), the Governmental Approvals in connection with such Project, and prudent utility and industry practice.

(ii) The Borrower shall comply with Subpart C of 2 C.F.R. Part 180, as supplemented by Subpart C of 2 C.F.R. Part 1532 (relating to debarment), including the verification requirements set forth in 2 C.F.R. §§ 180.300 and 180.320, and shall include in its contracts with respect to each Project similar terms or requirements for compliance.

(e) Operations and Maintenance. The Borrower shall operate and maintain the System (including each Project) substantially in accordance with: (i) the Updated Financial Model/Plan most recently delivered by the Borrower to the WIFIA Lender pursuant to **Part A of Schedule V** (*Reporting Requirements*), (ii) its operations and maintenance plan (that incorporates each Project) and (iii) Section 11.03 (*Maintenance of System*) of the Master Bond Resolution. The Borrower shall at all times do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and any other rights, licenses, franchises, and authorizations material to the conduct of its business and the operation and maintenance of the System.

(f) Insurance.

(i) The Borrower shall at all times procure and maintain or cause to be maintained insurance on the System and the construction of each Project, with responsible insurers, or as part of a reasonable system of self-insurance that is actuarially sound and adequately funded, in such amounts and against such risks (including damage to or destruction of the System) as are customarily maintained with respect to works and properties of like character against accident to, loss of, or damage to such works or properties, including insurance against public liability, property damage, workers' compensation, and builders' risk, casualty and liability, as appropriate, and otherwise in accordance with the Master Bond Resolution Documents and Construction Contracts. The insurance policies shall be available at all reasonable times for inspection upon request by the WIFIA Lender, its agents and representatives.

(ii) The Borrower shall cause all liability insurance policies that it maintains (excluding property damage, automobile or workers' compensation insurance), to reflect the WIFIA Lender as an additional insured to the extent of its insurable interest.

(g) Maintain Legal Structure. The Borrower shall maintain its existence as a Legal Entity organized and existing under its Organizational Documents and the laws of the State.

(h) System Accounts; Permitted Investments.

(i) The Borrower shall maintain the Revenue Fund in accordance with the terms hereof and the Master Bond Resolution Documents. All Gross Revenues received shall be deposited into the Revenue Fund in accordance with Section 9.02 (*Disposition of Revenues*) of the Master Bond Resolution when and as received in trust for the benefit of the holders of the Obligations. The Borrower shall not apply any portion of the Gross Revenues in contravention of this Agreement or the Master Bond Resolution Documents.

(ii) [Reserved].

(iii) If a WIFIA Debt Service Reserve Requirement is applicable to a WIFIA Loan as set forth in **Part C of Schedule I** (*Master Program Terms*), the Borrower shall (i) establish the corresponding “WIFIA Debt Service Reserve Account” on or prior to the Effective Date, and (ii) maintain such WIFIA Debt Service Reserve Account in an amount equal to the WIFIA Debt Service Reserve Requirement for such WIFIA Loan or the portion thereof required to be on deposit therein as of the applicable date in accordance with this Agreement, the applicable WIFIA Loan Agreement, and the provisions of the applicable Master Bond Resolution Documents. Each such WIFIA Debt Service Reserve Account shall be for the sole benefit of the WIFIA Lender and shall not be subject to any security interest in favor of any other Person. If a WIFIA Debt Service Reserve Account is funded with proceeds of a corresponding WIFIA Loan, amounts in such WIFIA Debt Service Reserve Account shall be applied only to make payments with respect to the related WIFIA Bond.

(iv) Amounts on deposit in the System Accounts shall be held uninvested or invested in Permitted Investments. Permitted Investments must mature or be redeemable at the election of the holder at such times as may be necessary to ensure that funds will be available within the applicable account to be applied towards the purpose for which the applicable account has been established.

(i) Compliance with Laws.

(i) The Borrower shall, and shall require its contractors and subcontractors at all tiers with respect to each Project to, comply with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto), 33 U.S.C. §3914 (relating to American iron and steel products), 20 C.F.R. § 180.320 and 20 C.F.R. §1532 (relating to non-debarment), 31 U.S.C. §1352 (relating to non-lobbying), and any applicable Sanctions Laws.

(ii) To ensure such compliance, the Borrower shall include in all contracts with respect to each Project (A) the contract clauses relating to applicable federal requirements (such as Davis-Bacon and Equal Employment Opportunity) and (B) requirements that its contractors (1) shall comply with all applicable laws, rules, regulations, and requirements set forth in this Section 14(i) and follow applicable federal guidance and (2) incorporate in all subcontracts (and cause all subcontractors to include in

lower tier subcontracts) such terms and conditions as are required to be incorporated therein by any applicable laws, rules, regulations and requirements set forth in this Section 14(i).

(j) Material Obligations. The Borrower shall pay its material obligations payable from the Gross Revenues promptly as provided in the Master Bond Resolution and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon the Pledged Collateral or other assets of the System, before the same shall become delinquent or in default, as well as all lawful and material claims for labor, materials and supplies or other claims which, if unpaid, might give rise to a Lien upon the System or any part thereof or on the Gross Revenues or the Pledged Collateral; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy, claim or Lien so long as the validity or amount thereof shall be contested by the Borrower in good faith by appropriate proceedings and so long as the Borrower shall have set aside adequate reserves with respect thereto in accordance with and to the extent required by GAAP, applied on a consistent basis.

(k) SAM Registration and Unique Entity Identifier. The Borrower shall obtain and maintain, on or prior to the Effective Date through (i) the Final Disbursement Date, an active SAM registration status and (ii) the Final Maturity Date, a Unique Entity Identifier.

(l) Events of Loss; Loss Proceeds. If an Event of Loss shall occur with respect to the System (including any Project) or any part thereof, the Borrower shall (i) diligently pursue all of its rights to compensation against all relevant insurers, reinsurers and Governmental Authorities, as applicable, in respect of such Event of Loss and (ii) apply all Loss Proceeds (after excluding any proceeds of delay-in-start-up insurance and proceeds covering liability of the Borrower to third parties) in respect of such Event of Loss in accordance with Section 11.09 (*Insurance and Condemnation Awards*) of the Master Bond Resolution.

(m) Immunity. To the fullest extent permitted by applicable law, the Borrower agrees that it will not assert any immunity (and, if and to the extent applicable, hereby waives any such immunity) it may have as a governmental entity from lawsuits, other actions and claims, and any judgments with respect to the enforcement of any of the obligations of the Borrower under this Agreement or any other WIFIA Loan Document, except to the extent that any such proceedings seek enforcement based on tort or similar claims, in which case such defense is available to the extent set forth under Section 768.28, Florida Statutes, as amended or other applicable provisions of the law that are substantially similar in substance.

(n) Accounting and Audit Procedures.

(i) The Borrower shall establish fiscal controls and accounting procedures sufficient to assure proper accounting for all (A) Gross Revenues, operating expenses, capital expenses, depreciation, reserves, debt issued and outstanding and debt payments and (B) Project-related costs, Requisitions submitted, WIFIA Loan proceeds received, payments made by the Borrower with respect to the Projects, and other sources of funding for the Projects (including amounts paid from such sources for Project costs so that audits may be performed to ensure compliance with and enforcement of this Agreement). The Borrower shall use accounting, audit and fiscal procedures conforming

to GAAP, including, with respect to the WIFIA Loans, accounting of principal and interest payments, disbursements, prepayments and calculation of interest and principal amounts Outstanding.

(ii) The Borrower shall have a single or program-specific audit conducted in accordance with 2 C.F.R. Part 200 Subpart F and 31 U.S.C. § 7502 from (and including) the first Borrower Fiscal Year in which a Disbursement is made under this Agreement and annually thereafter to the extent required by applicable law, except in all cases to the extent biennial audits are permitted for the Borrower pursuant to 2 C.F.R. § 200.504 and 31 U.S.C. § 7502(b). Upon reasonable notice, the Borrower shall cooperate fully in the conduct of any periodic or compliance audits conducted by the WIFIA Lender, or designees thereof, pursuant to 40 C.F.R. Part 35, 31 U.S.C. § 7503(b), or 31 U.S.C. § 6503(h) and shall provide full access to any books, documents, papers or other records that are pertinent to the Projects or the WIFIA Loans, to the WIFIA Lender, or the designee thereof, for any such project or programmatic audit.

(o) Access; Records.

(i) So long as any WIFIA Loan or any portion thereof shall remain outstanding and until five (5) years after such WIFIA Loan shall have been paid in full, the WIFIA Lender shall have the right, upon reasonable prior notice, to visit, monitor and/or inspect any portion of the relevant Project and its operations, to examine books of account and records of the Borrower relating to such Project, to make copies and extracts therefrom at the Borrower's expense, and to discuss the Borrower's affairs, finances and accounts relating to such Project with, and to be advised as to the same by, its officers and employees and its independent public accountants (and by this provision the Borrower irrevocably authorizes its independent public accountants to discuss with the WIFIA Lender the affairs, finances and accounts of the Borrower, whether or not any representative of the Borrower is present, it being understood that nothing contained in this Section 14(o) is intended to confer any right to exclude any such representative from such discussions), all at such reasonable times and intervals as the WIFIA Lender may request. The Borrower agrees to pay all out-of-pocket expenses incurred by the WIFIA Lender in connection with the WIFIA Lender's exercise of its rights under this Section 14(o) at any time when an Event of Default shall have occurred and be continuing.

(ii) The Borrower shall maintain and retain all pertinent files relating to the Master Program and the WIFIA Loans, as may be necessary for the WIFIA Lender to facilitate an effective and accurate audit and performance evaluation of any Project, until five (5) years after the later of the date on which (A) all rights and duties under this Agreement and under the WIFIA Loan Agreements and corresponding WIFIA Bonds (including payments) have been fulfilled and any required audits have been performed and (B) any litigation relating to the Master Program, the WIFIA Loans, the WIFIA Loan Agreements or this Agreement is finally resolved or, if the WIFIA Lender has reasonable cause to extend such date, a date to be mutually agreed upon by the WIFIA Lender and the Borrower. The Borrower shall provide to the WIFIA Lender in a timely manner all records and documentation relating to the Master Program that the WIFIA Lender may reasonably request from time to time.

Section 15. Negative Covenants. The Borrower covenants and agrees as follows until the date each WIFIA Bond and all of the Obligations of the Borrower under this Agreement and each WIFIA Loan Agreement (other than contingent indemnity obligations) are irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements to the Borrower, unless the WIFIA Lender waives compliance in writing:

(a) Indebtedness.

(i) Program Requirements. The Borrower may not create, incur or suffer to exist any Obligations (1) the payments with respect to which are senior or prior in right of payment by the Borrower to any WIFIA Bonds, (2) secured by a Lien on the Pledged Collateral (or any portion thereof) that is senior to the Lien on the Pledged Collateral in favor of the WIFIA Lender (as holder of the WIFIA Bonds) under the Master Bond Resolution, (3) all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of the Borrower other than the Pledged Revenues, or (4) that bear interest at a variable interest rate (including Variable Rate Bonds (as defined in the Master Bond Resolution)) if such incurrence would cause the principal amount of all Variable Rate Bonds to exceed [twenty-five percent (25%)]³ of the principal amount of all Outstanding Obligations at such time. The Borrower shall not incur any indebtedness of any kind payable from, secured or supported by the Pledged Collateral, including Permitted Debt, without the prior written consent of the WIFIA Lender, while an Event of Default relating to a Payment Default or a Bankruptcy Related Event has occurred and is continuing.

(ii) Issuance of Additional Obligations. The Borrower shall not issue or incur any Additional Obligations except in accordance with all requirements and conditions set forth in the Additional Bonds Test and otherwise in compliance with Sections 12.01 (*Issuance of Obligations*) and 12.02 (*Issuance of Additional Bonds*) of the Master Bond Resolution.

(b) No Lien Extinguishment or Adverse Amendments. The Borrower shall not, and shall not permit any Person to, without the prior written consent of the WIFIA Lender, (i) extinguish the Rate Covenant; (ii) extinguish or impair the Liens on the Pledged Collateral or any dedicated source of repayment of any WIFIA Loan or any other Obligations (the proceeds of which are applied to fund Total Project Costs), in each case granted pursuant to the Master Bond Resolution; (iii) amend, modify, replace, supplement or terminate any Implementation Agreement or permit a waiver of any provision thereof or an assignment of its rights thereunder; (iv) amend, modify, replace or supplement any Related Document or permit a waiver of any provision thereof in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to result in a Material Adverse Effect; (v) terminate, assign or replace any Related Document in a manner that could adversely affect the WIFIA Lender or could reasonably be expected to have a Material Adverse Effect; or (v) allow (A) an assignment by any Anchor Project Participant of its Water Allotment or its interests and obligations under an Implementation Agreement, (B) any other change to the Water Allotment Table in an Implementation Agreement that would reduce

³ NTD: Variable rate debt restriction under discussion by the parties.

the Base Rate Charge allocation to any Anchor Project Participant (or a corresponding substitute party approved by the WIFIA Lender), or (C) a substitution or withdrawal from an Implementation Agreement by any Anchor Project Participant.

(c) No Prohibited Liens. Except for Permitted Liens, the Borrower shall not create, incur, assume or permit to exist any Lien on any Project, the Pledged Collateral, the Gross Revenues, or the Borrower's respective rights in any of the foregoing, and the Pledged Collateral will be free and clear of any Lien that is of equal rank with or senior to the pledge of the Borrower created under the Master Bond Resolution Documents for the benefit of the WIFIA Lender (as holder of the WIFIA Bonds).

(d) Restricted Payments and Transfers. The Borrower shall not permit Gross Revenues or other assets of the System, or any funds in any accounts held under the Master Bond Resolution or in any other fund or account held by or on behalf of the Borrower, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the System and such other uses as expressly permitted pursuant to Article IX (*Creation and Use of Funds and Accounts; Disposition of Revenues*) of the Master Bond Resolution.

(e) No Prohibited Sale, Lease or Assignment. The Borrower shall not sell, lease or assign its rights in and to the System or a substantial portion of the assets included in the System, unless such sale, lease or assignment (i) could not reasonably be expected to have a Material Adverse Effect and (ii) is made by the Borrower in the ordinary course of business or is otherwise permitted in accordance with Section 11.08 (*No Mortgage or Sale of System*) of the Master Bond Resolution.

(f) Mergers and Acquisitions. The Borrower shall not, and shall not agree to, reorganize, consolidate with or merge into another Person unless (i) such reorganization, merger or consolidation is with or into another entity established by State law and such reorganization, merger or consolidation is permitted by State law, and in each case, does not adversely affect or impair to any extent or in any manner (A) the Gross Revenues or other elements of the Pledged Collateral or (B) the availability of the Pledged Revenues for the payment and security of the obligations of the Borrower under this Agreement and the other Related Documents; and (ii) the Borrower provides to the WIFIA Lender notice of such reorganization, consolidation or merger in accordance with **Part E of Schedule V** (*Reporting Requirements*) and such other information concerning such reorganization, consolidation or merger as shall have been reasonably requested by the WIFIA Lender.

(g) Hedging. Other than interest rate hedging transactions permitted under the Master Bond Resolution, the Borrower shall not enter into any swap or hedging transaction, including any such transaction that is speculative or creates extraordinary leverage or risk, without the prior written consent of the WIFIA Lender.

(h) Environmental. With respect to any Project Component of a Project, the Borrower shall not (i) make any irreversible or irretrievable commitment of resources with respect to such Project Component that has the effect of foreclosing the formulation or implementation of any reasonable and prudent alternative measures under Section 7(a)(2) of the ESA or (ii) carry out any destruction, excavation, construction, mobilization or other ground-disturbing work with

respect to such Project Component, in each case prior to the conclusion to the WIFIA Lender's satisfaction of the ESA and NHPA Section 106 consultation processes (as applicable) relating to such Project Component.

Section 16. Reporting Requirements. The Borrower agrees to comply with each of the reporting requirements set out in **Schedule V** (*Reporting Requirements*), unless otherwise agreed or waived by the WIFIA Lender in writing.

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 17. Events of Default and Remedies.

(a) An “**Event of Default**” shall exist under this Agreement and each WIFIA Loan Agreement if any of the following occurs; provided, that the occurrence of an event set forth in sub-clauses (v) through (and including) (ix) below shall not constitute an Event of Default under this Agreement or any WIFIA Loan Agreement until the WIFIA Lender has provided a notice of such Event of Default to the Borrower; provided, further, that nothing in this paragraph is intended to limit any obligation of the Borrower hereunder, including any obligation to cure any event or condition contemplated under this Section 17(a):

(i) Payment Default. The Borrower shall fail to pay when due any part of the principal amount of or interest on any WIFIA Loan (including WIFIA Debt Service required to have been paid pursuant to the provisions of Section 8 (*Repayment*)), and such failure continues for a period of five (5) days, when and as the payment thereof shall be required under this Agreement, any WIFIA Loan Agreement, any WIFIA Bond or on any Final Maturity Date (each such failure, a “**Payment Default**”).

(ii) Occurrence of a Bankruptcy Related Event. A Bankruptcy Related Event shall occur with respect to (A) the Borrower or (B) any Anchor Project Participant.

(iii) Acceleration of Obligations. Any acceleration shall occur of the maturity of any Obligation, or any such Obligation shall not be paid in full upon the final maturity thereof.

(iv) Invalidity of WIFIA Loan Documents. (A) Any WIFIA Loan Document ceases to be in full force and effect (other than as a result of the termination thereof in accordance with its terms) or becomes void, voidable, illegal or unenforceable, or the Borrower contests in any manner the validity or enforceability of any WIFIA Loan Document to which it is a party or denies it has any further liability under any WIFIA Loan Document to which it is a party, or purports to revoke, terminate or rescind any WIFIA Loan Document to which it is a party; (B) any Master Bond Resolution Document ceases (other than as expressly permitted thereunder) to be effective or to grant a valid and binding security interest on any material portion of the Pledged Collateral other than as a result of actions or a failure to act by, and within the control of, the Trustee (if any), the WIFIA Lender, or any other holder of Obligations secured by the Pledged Collateral, and with the priority purported to be created thereby; or (C) any event occurs that results in the

impairment in the validity, enforceability, perfection or priority of the security interest in the Pledged Collateral for the benefit of the WIFIA Lender (as holder of the WIFIA Bonds) under the Master Bond Resolution Documents, or the WIFIA Lender's status as a third-party beneficiary of any Implementation Agreement.

(v) Covenant Default. The Borrower shall fail to observe or perform any covenant, agreement or obligation of the Borrower under this Agreement, any WIFIA Bond or any other WIFIA Loan Document (other than in the case of any Payment Default or any Development Default), and such failure shall not be cured within thirty (30) days after the earlier to occur of (A) receipt by the Borrower from the WIFIA Lender of written notice thereof or (B) the Borrower's knowledge of such failure; provided, that if such failure is capable of cure but cannot reasonably be cured within such thirty (30) day cure period, then such thirty (30) day cure period shall be extended by up to one hundred fifty (150) additional days, if and so long as (x) within such thirty (30) day cure period the Borrower shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured and (y) such failure is cured within one hundred eighty (180) days of the date specified in either (A) or (B) above, as applicable, or, if longer, the relevant cure period provided in the Master Bond Resolution (if applicable); provided, however, that with respect to a failure to comply with the Rate Covenant, the cure period shall be the longer of (x) one hundred eighty (180) days as described above or (y) the relevant cure period provided in the Master Bond Resolution (if applicable).

(vi) Misrepresentation Default. Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to the WIFIA Loan Documents (or in any certificates delivered by the Borrower in connection with the WIFIA Loan Documents) shall prove to have been false or misleading in any material respect when made or deemed made; provided, that no Event of Default shall be deemed to have occurred under this Section 17(a)(vi) if and so long as (A) such misrepresentation is not intentional, (B) such misrepresentation is not a misrepresentation in respect of Section 12(g) (*Security Interests*), Section 12(h) (*No Debarment*), Section 12(i) (*No Lobbying*), or Section 12(j) (*Compliance with Laws*), (C) in the reasonable determination of the WIFIA Lender, such misrepresentation has not had, and would not reasonably be expected to result in, a Material Adverse Effect, (D) in the reasonable determination of the WIFIA Lender, the underlying issue giving rise to the misrepresentation is capable of being cured and (E) the underlying issue giving rise to the misrepresentation is cured by the Borrower within thirty (30) days after the date on which the Borrower first became aware (or reasonably should have become aware) of such misrepresentation.

(vii) Enforcement of Other Financing Documents. The holder(s) of Obligations under or any party to a Related Document exercises remedies permitted thereunder for an event of default that has occurred and is continuing (and has not been cured or waived by the expiration of any applicable grace period), in respect of the performance of any covenant, agreement or obligation of the Borrower under such Related Document.

(viii) Material Adverse Judgment. Any final, non-appealable judgment related to the Pledged Collateral that results in the impairment of (A) the Borrower's ability to comply with any of its payment obligations under any WIFIA Bond or this Agreement or (B) the existence, priority or perfection (if applicable) of the security interest in the Pledged Collateral for the benefit of the WIFIA Lender (as holder of the WIFIA Bonds) under the Master Bond Resolution Documents.

(ix) Development Default. A Development Default shall occur.

(b) Upon the occurrence of any Bankruptcy Related Event related to the Borrower, all obligations of the WIFIA Lender hereunder and under the WIFIA Loan Agreements with respect to the Disbursement of any undisbursed amounts of any WIFIA Loan shall automatically be deemed terminated.

(c) Upon the occurrence of any Event of Default, the WIFIA Lender, by written notice to the Borrower, may exercise any or all of the following remedies:

(i) the WIFIA Lender may suspend or terminate all of its obligations hereunder and under each WIFIA Loan Agreement with respect to the Disbursement of any undisbursed amounts of such WIFIA Loan;

(ii) the WIFIA Lender may cease permitting interest on any WIFIA Loan to be capitalized (if applicable);

(iii) the WIFIA Lender may apply the Default Rate provisions of Section 6 (*Interest Rate*) hereunder with respect to each WIFIA Loan;

(iv) the WIFIA Lender may suspend or debar the Borrower from further participation in any Government program administered by the WIFIA Lender and notify other departments and agencies of such default; and

(v) subject to the Master Bond Resolution, including in particular Sections 13.02 (*Enforcement of Remedies*) and 13.05 (*Restrictions on Actions by Individual Bondholders*) thereof, the WIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Bond or the other applicable WIFIA Loan Documents, and may prosecute any such judgment or final decree against the Borrower and collect in the manner provided by law out of the property of the Borrower the moneys adjudged or decreed to be payable, and the WIFIA Lender shall have all of the rights and remedies of a creditor, including all rights and remedies of a secured creditor under the Uniform Commercial Code (if applicable), and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the Borrower under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Bond or the other applicable WIFIA Loan Documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Bond or the other applicable WIFIA Loan Documents.

(d) If a right of acceleration is or has been granted for the benefit of any holder of Obligations and such Obligations have been accelerated, then the WIFIA Lender shall have the right to declare the unpaid principal amount of any WIFIA Bond to be, and the same shall thereupon forthwith become, immediately due and payable, together with the interest accrued thereupon and all fees, costs, expenses, indemnities and other amounts payable under this Agreement, the relevant WIFIA Loan Agreement and corresponding WIFIA Bond and any other applicable WIFIA Loan Documents, all without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

(e) No action taken pursuant to this Section 17 shall (i) relieve the Borrower from its obligations pursuant to this Agreement, the WIFIA Bonds or the other WIFIA Loan Documents, all of which shall survive any such action or (ii) limit the WIFIA Lender's rights under the Master Bond Resolution Documents, including Section 13.02 (*Enforcement of Remedies*) of the Master Bond Resolution.

ARTICLE VII MISCELLANEOUS

Section 18. Disclaimer of Warranty. The WIFIA Lender makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of any Project or any portion thereof or any other warranty with respect thereto. In no event shall the WIFIA Lender be liable for any incidental, indirect, special or consequential damages incidental to or arising out of this Agreement, the Master Program or the System (including each Project) or the existence, furnishing, functioning or use of any Project or any item or products or services provided for in this Agreement.

Section 19. No Personal Recourse. No official, employee or agent of the WIFIA Lender or the Borrower or any Person executing this Agreement or any of the other WIFIA Loan Documents shall be personally liable on this Agreement or such other WIFIA Loan Documents by reason of the issuance, delivery or execution hereof or thereof.

Section 20. No Third-Party Rights. The parties hereby agree that this Agreement creates no third-party rights against the Borrower, the Federal Government, or the WIFIA Lender, solely by virtue of the WIFIA Loans, and that no third-party creditor of the Borrower shall have any right against the WIFIA Lender with respect to any WIFIA Loan made pursuant to this Agreement.

Section 21. Borrower's Authorized Representative. The Borrower shall at all times have appointed a Borrower's Authorized Representative by designating such Person or Persons from time to time to act on the Borrower's behalf pursuant to a written certificate furnished to the WIFIA Lender and the Servicer, if any, containing the specimen signature or signatures of such Person or Persons and signed by the Borrower.

Section 22. WIFIA Lender's Authorized Representative. The WIFIA Lender hereby appoints the Director of the WIFIA Program, whose notice details are set forth below in Section 31 (*Notices*), to serve as the WIFIA Lender's Authorized Representative under this Agreement until such time as a successor or successors shall have been appointed. Thereafter, the successor

in office shall serve as the WIFIA Lender's Authorized Representative. The WIFIA Lender shall provide notice to the Borrower within a reasonable time period following the succession.

Section 23. Servicer. The WIFIA Lender may from time to time designate another entity or entities to perform, or assist the WIFIA Lender in performing, the duties of the Servicer or specified duties of the WIFIA Lender under this Agreement and the WIFIA Loan Agreements and corresponding WIFIA Bonds. The WIFIA Lender shall give the Borrower written notice of the appointment of any successor or additional Servicer and shall enumerate the duties or any change in duties to be performed by any Servicer. Any references in this Agreement or in the WIFIA Loan Agreements and corresponding WIFIA Bonds to the WIFIA Lender shall be deemed to be a reference to the Servicer with respect to any duties which the WIFIA Lender shall have delegated to such Servicer. The WIFIA Lender may at any time assume the duties of any Servicer under this Agreement and the WIFIA Loan Agreements and corresponding WIFIA Bonds. The Borrower shall cooperate and respond to any reasonable request of the Servicer for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder.

Section 24. Amendments, Waivers and Termination. No amendment, modification, termination, or waiver of any provision of this Agreement or the WIFIA Loan Agreements and corresponding WIFIA Bonds shall in any event be effective without the prior written consent of each of the parties hereto and thereto. Notwithstanding the foregoing sentence, if the first Disbursement of any WIFIA Loan has not occurred on or prior to the Final Disbursement Date of such WIFIA Loan, the WIFIA Lender or the Borrower may terminate this Agreement and any corresponding WIFIA Loan Agreement upon no less than ten (10) Business Days' prior written notice to the other party. Once terminated, neither this Agreement nor such WIFIA Loan Agreement may be reinstated.

Section 25. Governing Law. This Agreement and the WIFIA Loan Agreements shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 26. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 27. Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns and shall inure to the benefit of the parties hereto and their permitted successors and assigns. Neither the Borrower's rights or obligations hereunder or under the WIFIA Loan Agreements or the corresponding WIFIA Bonds nor any interest herein or therein may be assigned or delegated by the Borrower without the prior written consent of the WIFIA Lender.

Section 28. Remedies Not Exclusive. No remedy conferred herein, in the WIFIA Loan Agreements or the corresponding WIFIA Bonds or reserved to the WIFIA Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be

cumulative and shall be in addition to every other remedy given hereunder or thereunder or now or hereafter existing at law or in equity or by statute.

Section 29. Delay or Omission Not Waiver. No delay or omission of the WIFIA Lender to exercise any right or remedy provided hereunder or under the WIFIA Loan Agreements or the corresponding WIFIA Bonds upon a default of the Borrower (except a delay or omission pursuant to a written waiver) shall impair any such right or remedy or constitute a waiver of any such default or acquiescence herein or therein. Every right and remedy given by this Agreement or under the WIFIA Loan Agreements, the corresponding WIFIA Bonds or by law to the WIFIA Lender may be exercised from time to time, and as often as may be deemed expedient by the WIFIA Lender.

Section 30. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page of this Agreement or of any document or instrument delivered in connection herewith in accordance with Section 31 (*Notices*) shall be effective as delivery of an original executed counterpart of this Agreement or such other document or instrument, as applicable.

Section 31. Notices.

(a) All notices, requests, or communication hereunder shall be given in writing.

(b) Notices to the WIFIA Lender shall be made by (i) email to the email address noted below for the WIFIA Lender or (ii) submission through another electronic medium or transmission system as designated by and in a format acceptable to the WIFIA Lender, unless otherwise instructed by the WIFIA Lender:

If to WIFIA Lender: Environmental Protection Agency
WJC-E 7334A
1200 Pennsylvania Avenue NW
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

(c) Notices to the Borrower shall be made by (i) nationally recognized courier service, (ii) hand delivery, (iii) email, to the email address noted below for the Borrower, or (iv) another electronic medium in a format acceptable to the Borrower, unless otherwise instructed by the Borrower's Authorized Representative:

If to Borrower: The notice details set forth in **Part E of Schedule I**
(*Master Program Terms*)

(d) Each such notice, request or communication shall be effective (x) if delivered by hand or by nationally recognized courier service, when delivered at the address specified in this Section 31 (or in accordance with the latest unrevoked written direction from the receiving party), and (y) if given by email or other electronic method, when such email is delivered to the email address specified in this Section 31 or submitted to the electronic medium as directed by the receiving party, in each case with the sender's receipt of an acknowledgement from the intended recipient (such as by a "read receipt," return email, or other written acknowledgement) (or in accordance with the latest unrevoked written direction from the receiving party); provided, that notices received on a day that is not a Business Day or after 5:00 p.m. Eastern Time on a Business Day will be deemed to be effective on the next Business Day.

Section 32. Indemnification. The Borrower shall, to the extent permitted by law, indemnify the WIFIA Lender, the Servicer (if any), and any official, employee, agent, advisor or representative of the WIFIA Lender (each such Person being herein referred to as an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, fines, penalties, costs and expenses (including the fees, charges and disbursements of any counsel for any Indemnitee and the costs of environmental remediation), whether known, unknown, contingent or otherwise, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution, delivery and performance of this Agreement, any Construction Contract, or any Related Document, (b) the WIFIA Loans or the use of the proceeds thereof, or (c) the violation of any law, rule, regulation, order, decree, judgment or administrative decision relating to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any hazardous material or to health and safety matters; in each case arising out of or in direct relation to the Master Program; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, fines, penalties, costs or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. In case any action or proceeding is brought against an Indemnitee by reason of any claim with respect to which such Indemnitee is entitled to indemnification hereunder, the Borrower shall be entitled, at its expense, to participate in the defense thereof; provided, that such Indemnitee has the right to retain its own counsel, at the Borrower's expense, and such participation by the Borrower in the defense thereof shall not release the Borrower of any liability that it may have to such Indemnitee. Any Indemnitee against whom any indemnity claim contemplated in this Section 32 is made shall be entitled, after consultation with the Borrower and upon consultation with legal counsel wherein such Indemnitee is advised that such indemnity claim is meritorious, to compromise or settle any such indemnity claim. Any such compromise or settlement shall be binding upon the Borrower for purposes of this Section 32. Nothing herein shall be construed as a waiver of any legal immunity that may be available to any Indemnitee. To the extent permitted by applicable law, neither the Borrower nor the WIFIA Lender shall assert, and each of the Borrower and the WIFIA Lender hereby waives, any claim against any Indemnitee or the Borrower, respectively, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any Construction Contract, or any Related Document, the other transactions contemplated hereby and thereby, the WIFIA Loans or the use of the proceeds thereof, provided, that nothing in this sentence shall limit the Borrower's indemnity obligations to the extent such damages are included in any third party claim in connection with which an Indemnitee is entitled to indemnification hereunder. All amounts due to any Indemnitee

under this Section 32 shall be payable promptly upon demand therefor. The obligations of the Borrower under this Section 32 shall survive the payment or prepayment in full or transfer of any WIFIA Loan, the enforcement of any provision of this Agreement or the other Related Documents, any amendments, waivers (other than amendments or waivers in writing with respect to this Section 32) or consents in respect hereof or thereof, any Event of Default, and any workout, restructuring or similar arrangement of the obligations of the Borrower hereunder or thereunder.

Section 33. Sale of WIFIA Loans. The WIFIA Lender shall not sell any WIFIA Loan at any time prior to the later of (a) the Substantial Completion Date of the Project relating to such WIFIA Loan and (b) other than with respect to a sale or transfer to another Governmental Entity within the Federal Government, the Final Disbursement Date of such Project. After such date, the WIFIA Lender may sell such WIFIA Loan to another entity or reoffer such WIFIA Loan into the capital markets only in accordance with the provisions of this Section 33. Such sale shall be on such terms as the WIFIA Lender shall deem advisable. However, in making such sale the WIFIA Lender shall not change the terms and conditions of such WIFIA Loan without the prior written consent of the Borrower in accordance with Section 24 (*Amendments and Waivers*). Prior to any sale of such WIFIA Loan, the WIFIA Lender shall provide reasonable written notice to the Borrower of the WIFIA Lender's intention to consummate such a sale. The provision of any notice pursuant to this Section 33 shall neither (x) obligate the WIFIA Lender to sell nor (y) provide the Borrower with any rights or remedies in the event the WIFIA Lender, for any reason, does not sell such WIFIA Loan.

Section 34. Effectiveness. This Agreement shall be effective on the Effective Date.

Section 35. Release of Lien. Upon the irrevocable payment in full in immediately available funds by the Borrower of all WIFIA Loan Balances, together with all accrued interest, fees and expenses with respect thereto, the WIFIA Lender shall surrender each WIFIA Bond to the Borrower in accordance with Section 9(b) (*General Prepayment Instructions*).

Section 36. Survival. The indemnification requirements of Section 32 (*Indemnification*), the reporting and record keeping requirements of Section 14(o) (*Access; Records*) and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such Sections.

Section 37. Master Bond Resolution. The WIFIA Bond shall for all purposes be considered an Additional Bond (as defined in the Master Bond Resolution) issued under the authority of Section 12.02 of the Master Bond Resolution and shall be entitled to all the protection and security provided in and by the Master Bond Resolution for Additional Bonds, and the WIFIA Bond shall be in all respects entitled to the same security, rights and privileges enjoyed by the Additional Bonds to the extent and in the manner provided herein and therein. The debt service on the WIFIA Bond shall be payable on a parity with the Outstanding (as defined in the Master Bond Resolution) Bonds (as defined in the Master Bond Resolution) and any other Additional Bonds hereafter issued. The terms and provisions of the Master Bond Resolution as supplemented hereby shall remain in full force and effect and be applicable with respect to the WIFIA Bond. If the Maximum Principal Amount shall not be drawn on the delivery date of each WIFIA Bond, this Agreement shall be a Full Draw LOC under the Master Bond Resolution.

Section 38. Limited Obligation. Each WIFIA Bond is a special obligation of the Borrower secured solely by the Pledged Revenues and is payable from the Pledged Revenues as provided in this Agreement and the Master Bond Resolution. Each WIFIA Bond will not constitute a general debt, liability or obligation of the Borrower or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory limitation. Neither the faith and credit nor the taxing power of the Borrower or of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of or interest on the WIFIA Bonds and the holder of the WIFIA Bonds shall never have the right to compel any exercise of any ad valorem taxing power of the Borrower or of the State of Florida or any political subdivision thereof, directly or indirectly to enforce such payment. The Borrower has no ad valorem taxing power. The WIFIA Bonds shall not constitute a Lien upon any property of the Borrower and shall be secured solely by the Lien granted by the Master Bond Resolution on the Pledged Revenues.

Section 39. Integration. This Agreement, together with the other WIFIA Loan Documents, constitutes the entire contract between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

[The remainder of this page intentionally left blank; signature pages immediately follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**POLK REGIONAL WATER
COOPERATIVE,**
by its authorized representative

By: _____
Name:
Title:

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the
Environmental Protection Agency

By: _____
Name: Michael S. Regan
Title: Administrator

SCHEDULE I

MASTER PROGRAM TERMS

No.	Item	Master Program Terms
<i>PART A. Key Borrower Metrics</i>		
1.	Effective Date	[], 2023.
2.	Borrower	Polk Regional Water Cooperative, a Legal Entity organized and existing under the laws of the State.
3.	Legal Entity	An interlocal agency, public body corporate and politic, created pursuant to Section 163.01(7)(g) and Chapter 189, Florida Statutes.
4.	State	Florida.
5.	Borrower FEIN	81-3584103.
6.	Borrower Unique Entity Identifier	TPY9T962NKK5.
7.	Initial Borrower Fiscal Year	The fiscal year of the Borrower commencing on October 1 of any given calendar year and ending on September 30 of the immediately succeeding calendar year.
8.	Application Receipt Date	October 18, 2022.
9.	System	The water system owned and operated by the Borrower (and of which each Project is a part), as further described as the “Water System” in Section 2.01 (<i>Definitions</i>) of the Master Bond Resolution.
10.	Gross Revenues	The Water Revenues, any income from the investment of funds to be deposited in the Revenue Fund or any of the accounts therein as herein provided and all Hedge Receipts (as defined in the Master Bond Resolution) received by the Borrower under a Qualified Swap (as defined in the Master Bond Resolution), but shall <u>not</u> include (i) proceeds from the sale of any Bonds or other obligations of the Borrower, and (ii) moneys received by the Borrower from federal, state or local governmental grants or stipends that by their terms are restricted from being used in the manner that Gross Revenues are to be applied hereunder. Notwithstanding anything in the foregoing to the contrary, “Gross Revenues” shall not include Subsidy Payments (as defined in the Master Bond Resolution) for any purposes of the Master Bond Resolution. Gross Revenues shall not include revenues from

No.	Item	Master Program Terms
		any Separately Financed Project (as defined in the Master Bond Resolution).
11.	Water Revenues	All rates, fees, charges, income, rents, receipts and earnings derived by the Borrower from or attributable to the ownership, operation, leasing or use of the System, or any part thereof, including, without limitation, the proceeds of any insurance covering business interruption loss related to the System and capacity reservation fees or fees collected from customers or future customers of the System to recover the cost of fixed and non-variable carrying costs of capacity in the System reserved by such customers and payable to the Borrower in accordance with the Implementation Agreements.
12.	Net Revenues	For any Borrower Fiscal Year, the Gross Revenues for such Borrower Fiscal Year, less the Cost of Operation and Maintenance for such Borrower Fiscal Year.
13.	Trustee	Not Applicable.
14.	Trustee Location	Not Applicable.
<i>PART B. Key Master Program Metrics</i>		
15.	Master Availability Period	The period from the Effective Date until the date that is five (5) years following the Effective Date.
16.	Master Program Amount	\$305,799,441.
17.	Master Program Description	<p>The Master Program is the Polk Regional Water Cooperative Alternative Water Supply Program, located in Polk County, Florida, intended to provide alternative high quality source water to meet future drinking water needs, increase water supply reliability, facilitate water resource improvements in lakes, sustain the availability of water to existing private residential potable wells, and help recover aquifer levels. The Master Program includes the following Projects:</p> <p>(a) Project 1 is the Southeast Wellfield Project, located in southeast Polk County, Florida, which consists of the development of Phase I of the Southeast Polk water supply program, including design and construction of (i) a new lower Floridan aquifer wellfield, (ii) a new water production facility, and</p>

No.	Item	Master Program Terms
		<p>(iii) a water transmission system with related transmission lines to connect to existing distribution systems in Polk County (the “Southeast Wellfield Project”); and</p> <p>(b) Project 2 is the West Polk Wellfield Project, located in west Polk County, Florida, which consists of the development of Phase I of the West Polk water supply program, including design and construction of (i) a new lower Floridan aquifer wellfield, (ii) a new water production facility, and (iii) a water transmission system with related transmission lines to connect to existing distribution systems in Polk County (the “West Polk Wellfield Project”);</p> <p>(each of the foregoing categories of (i), (ii), and (iii) of each Project are referred to as a “Project Component” of such Project).</p>
<p>PART C. Key Security Metrics</p>		
18.	Lien priority	Senior lien as provided in the Master Bond Resolution.
19.	Springing lien	Not Applicable.
20.	Dedicated revenue source	Gross Revenues.
21.	Pledged Revenues	<p>The Gross Revenues and, until applied in accordance with the provisions of the Master Bond Resolution, all other amounts, including investments thereof, held in the funds and accounts established thereunder, except funds held in the Rebate Fund and except funds held in an account in the Reserve Fund for a specific Series of Bonds (as defined in the Master Bond Resolution), which will be held solely for the Series of Bonds for which such account was created.</p> <p>For the avoidance of doubt, Pledged Revenues shall also exclude funds held in any project accounts within the Construction Fund for a specific Series of Bonds, which will be held solely for the Series of Bonds for which such account was created.</p>

No.	Item	Master Program Terms
22.	Pledged Collateral	All of the interests of the Borrower in (a) the Pledged Revenues; (b) the WIFIA Debt Service Reserve Account, the WIFIA Projects Construction Accounts and, in each case, all amounts on deposit therein or credited thereto; and (c) to the extent provided in the Master Bond Resolution, the Revenue Fund and the accounts therein, including all amounts on deposit therein or credited thereto.
23.	Evidence of each WIFIA Loan debt obligation	Each WIFIA Loan shall be evidenced through the issuance by the Borrower of a related WIFIA Bond, which shall be a “Bond” as described in the Master Bond Resolution, and secured by a senior lien on and security interest in the Pledged Revenues on a parity basis with all Senior Obligations issued and outstanding under the Master Bond Resolution and senior to any Subordinated Debt issued and outstanding thereunder, as provided in Section 8.02 (<i>Pledge of Revenues</i>) of the Master Bond Resolution. Each WIFIA Debt Service Reserve Account shall secure the repayment of the corresponding WIFIA Bond.
24.	Construction Fund	Has the meaning ascribed to such term in Section 7.01 (<i>Construction Fund</i>) of the Master Bond Resolution.
25.	WIFIA Projects Construction Accounts	The Southeast Wellfield Project Construction Account and the West Polk Wellfield Project Construction Account, in each case as defined in the respective WIFIA Loan Agreement.
26.	System Accounts	The Revenue Fund, the Operation and Maintenance Fund, the Debt Service Fund, the Reserve Fund, the WIFIA Debt Service Reserve Accounts, and the Renewal and Replacement Fund (in each case, where not otherwise defined herein, as defined in the Master Bond Resolution).
27.	WIFIA Debt Service Account	Not Applicable.
28.	WIFIA Debt Service Reserve Accounts	The debt service reserve accounts within the Reserve Fund, including the Southeast Wellfield Project WIFIA Debt Service Reserve Account and the West Polk Project WIFIA Debt Service Reserve Account (each as defined in the relevant WIFIA Loan Agreement), in each case established and maintained by the Borrower for the sole benefit of the WIFIA Lender and funded from time to time in accordance with Section 14(h) (<i>System Accounts; Permitted</i>

No.	Item	Master Program Terms
		<i>Investments</i>), the relevant WIFIA Loan Agreement, and the Master Bond Resolution Documents.
29.	Rate Covenant	The rate covenant set forth in Section 11.05 (<i>Rate Covenant</i>) of the Master Bond Resolution, a copy as of the Effective Date of which is attached hereto for reference as Annex A . The Borrower shall not amend, modify, or supplement the Rate Covenant without the prior written consent of the WIFIA Lender, which consent shall not be unreasonably withheld.
30.	Additional Bonds Test	The requirements and conditions set forth in Annex B hereto. The Borrower shall not amend, modify, or supplement the Additional Bonds Test without the prior written consent of the WIFIA Lender, which consent shall not be unreasonably withheld.
31.	Flow of Funds	The requirements and conditions specified in Section 9.02 (<i>Disposition of Revenues</i>) of the Master Bond Resolution, a copy of which, as of the Effective Date, is attached hereto as Annex C . The Borrower shall not amend, modify, or supplement the Flow of Funds without the prior written consent of the WIFIA Lender, which consent shall not be unreasonably withheld.
PART D. Other Key WIFIA Loan Documents		
32.	Master Bond Resolution	That certain Resolution No. 2022-05 – Polk Regional Water Cooperative Water Revenue Bond Resolution, passed and duly adopted by the Board of Directors on July 13, 2022, as amended by Resolution No. 2023-[], passed and duly adopted by the Borrower on [], 2023, and as supplemented by Resolution No. 2023-[], passed and duly adopted by the Borrower on [], 2023.
PART E. Borrower Related Notices		
33.	Borrower notice details	Polk Regional Water Cooperative 330 West Church Street Bartow, Florida 33831 Attention: Eric DeHaven, Executive Director Email: ericdehaven@prwcwater.org
34.	Trustee notice details	Not Applicable.

No.	Item	Master Program Terms																		
<i>PART F. Master Program Budget</i>																				
35.	<table border="1"> <thead> <tr> <th data-bbox="280 436 662 583">Project Component Name</th> <th data-bbox="662 436 1105 583">Total Project Component Cost</th> <th data-bbox="1105 436 1317 583">WIFIA Loan Amount (up to 49%)</th> <th data-bbox="1317 436 1498 583">Percentage of Master Program Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="280 583 662 632">Southeast Wellfield</td> <td data-bbox="662 583 1105 632">\$454,699,854</td> <td data-bbox="1105 583 1317 632">\$222,802,928</td> <td data-bbox="1317 583 1498 632">73%</td> </tr> <tr> <td data-bbox="280 632 662 680">West Polk Wellfield</td> <td data-bbox="662 632 1105 680">\$169,380,640</td> <td data-bbox="1105 632 1317 680">\$82,996,513</td> <td data-bbox="1317 632 1498 680">27%</td> </tr> <tr> <td data-bbox="280 680 662 751">TOTAL</td> <td data-bbox="662 680 1105 751">\$624,080,494</td> <td data-bbox="1105 680 1317 751">\$305,799,441</td> <td data-bbox="1317 680 1498 751">100%</td> </tr> </tbody> </table>				Project Component Name	Total Project Component Cost	WIFIA Loan Amount (up to 49%)	Percentage of Master Program Amount	Southeast Wellfield	\$454,699,854	\$222,802,928	73%	West Polk Wellfield	\$169,380,640	\$82,996,513	27%	TOTAL	\$624,080,494	\$305,799,441	100%
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ANNEX A
RATE COVENANT

Reference is made to Section 11.05 (*Rate Covenant*) of the Master Bond Resolution, and the requirements and conditions contained therein as of the Effective Date, which are set forth verbatim below. Capitalized terms used in this **Annex A** shall have the meanings ascribed to such terms in the Master Bond Resolution.

“*Section 11.05. Rate Covenant.* The Issuer covenants with the Bondholders to, during each Bond Year beginning with the Bond Year commencing on October 1, 2023, fix, establish, revise from time to time whenever necessary, maintain and collect rates, fees and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year (excluding for purposes of this Section 11.05 all Hedge Receipts) such that the amount of Gross Revenues to be received in such Bond Year shall not be less than the sum of one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year, plus one hundred fifteen percent (115%) of the Bond Service Requirement for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Reserve Fund (including the various accounts therein).

Without limiting the foregoing, the fees, rates rentals and other charges may be set forth in or provided for by the Implementation Agreement.

For purposes of the foregoing, the Bond Service Requirement for any Bond Year may be reduced by amounts actually deposited into the Revenue Fund at the beginning of such Bond Year that are not needed to pay Hedge Obligations or debt service then due on the Bonds and that are specifically earmarked to pay debt service on Outstanding Bonds and Hedge Obligations next coming due.

Notwithstanding the foregoing, failure of the Issuer to comply with the foregoing provisions of this Section 11.05 shall not constitute an event of default hereunder if funds are otherwise available to pay all amounts due under this Resolution and the Issuer promptly engages the services of a Qualified Independent Consultant to perform a rate study recommending the rate levels necessary to comply with the foregoing provisions of this Section 11.05 in the next succeeding Bond Year. Such study must be completed within ninety (90) days after the Issuer becomes aware of its non-compliance with this section and the Issuer shall adopt the recommendations of such study within thirty (30) days after the completion of the study.

Such rates, fees or other charges shall not be so reduced so as to be insufficient to provide adequate Net Revenues for the purposes provided therefor by this Resolution.”

ANNEX B

ADDITIONAL BONDS TEST

Capitalized terms used in this **Annex B** shall have the meanings ascribed to such terms in this Agreement, and where not otherwise defined herein, the Master Bond Resolution.

The Borrower shall not issue or incur any Additional Obligations except in accordance with all requirements and conditions set forth below, and otherwise in compliance with Sections 12.01 (*Issuance of Obligations*) and 12.02 (*Issuance of Additional Bonds*) of the Master Bond Resolution.

No Additional Senior Obligations shall be issued unless the following conditions are complied with:

(A) Except in the case of Additional Senior Obligations issued for the purpose of refunding Outstanding Senior Obligations, the Borrower shall certify that (i) it is current in all deposits into the various funds, accounts and subaccounts established pursuant to any WIFIA Loan Documents; (ii) all payments theretofore required to have been deposited or made by it under the provisions of any WIFIA Loan Document have been deposited or made; and (iii) it has complied with the covenants and agreements of each WIFIA Loan Document.

(B) There shall have been filed with the Borrower:

(1) a certificate of the Chief Executive Officer demonstrating that the requirements of Section 11.05 of the Master Bond Resolution were met in the last complete Fiscal Year for which the audited financial statements of the Borrower are available; and

(2) either:

(x) a report of the Qualified Independent Consultant setting forth for each of the three Fiscal Years following the Fiscal Year in which the Chief Executive Officer estimates the completion of the Project to be financed by such Additional Senior Obligations (a) estimates of Gross Revenues to be received by the Borrower from the System including the Project to be financed with the Additional Senior Obligations, (b) estimates of Cost of Operation and Maintenance for such Fiscal Years, (c) the Maximum Bond Service Requirement, including the Additional Senior Obligations then proposed to be issued, and (d) that Net Revenues will be sufficient to pay 115% of the Maximum Bond Service Requirement, including the Additional Senior Obligations then proposed to be issued in each such Fiscal Year, and 100% of any amounts required by the terms of any WIFIA Loan Document to be deposited in the Reserve Fund (including the WIFIA Debt Service Reserve Account) or with the issuer of any Reserve Product; or

(y) a certificate of the Chief Executive Officer demonstrating that (i) during any twelve (12) consecutive months designated by the Borrower within the eighteen (18) months immediately preceding the date of delivery of such Additional Senior Obligations with respect to which statement is made or (ii) for the most recently completed Borrower Fiscal Year for which such audited financial statements are available, the Net Revenues

equal at least 115% of the Maximum Bond Service Requirement on all Outstanding Senior Obligations, including the Additional Senior Obligations then proposed to be issued, and 100% of any amounts required by the terms of any WIFIA Loan Document to be deposited in the Reserve Fund (including the WIFIA Debt Service Reserve Account) or with the issuer of any Reserve Product.

(C) Additional Senior Obligations shall be deemed to have been issued pursuant to the Master Bond Resolution the same as the Outstanding Senior Obligations, and all of the other covenants and other provisions of the Master Bond Resolution (except as to details of such Additional Senior Obligations inconsistent therewith) shall be for the equal benefit, protection and security of the holders of all bonds issued pursuant to the Master Bond Resolution.

(D) In the event any Additional Senior Obligations are issued for the purpose of refunding any Senior Obligations then Outstanding, the conditions of Sections 12.02(B) of the Master Bond Resolution shall not apply; provided that the issuance of such Additional Senior Obligations shall not result in (i) an increase in Maximum Bond Service Requirement, (ii) an extension of the final maturity date of the debt to be refunded, or (iii) an increase in annual debt service in any year. The conditions of Section 12.02(B) of the Master Bond Resolution shall apply to Additional Senior Obligations issued to refund Subordinate Debt and to Additional Senior Obligations issued for refunding purposes which cannot meet the conditions of this paragraph.

(E) For all purposes under the Master Bond Resolution, upon the effective date of a new line of credit (whether structured as a draw down loan or a revolving line of credit) the Borrower may assume either (1) that the full amount available thereunder has been drawn on such date of issuance and thereafter, no additional indebtedness shall be deemed to arise when any funding occurs under any such indebtedness (a “**Full Draw LOC**”) or (2) alternatively may assume that the amount of each draw may be treated as a separate Senior Obligation issue under the Master Bond Resolution on each date on which a draw is made under such line of credit (a “**Partial Draw LOC**”). The principal shall be amortized in accordance with the terms thereof; provided, however, if the Borrower executes a (x) Full Draw LOC and designates it as a Designated Maturity Bond, the entire amount may be assumed drawn on the effective date on the date of the first draw thereunder and the repayment schedule shall be assumed to be as described in the definition of Designated Maturity Bond, or (y) Partial Draw LOC and designates it as a Designated Maturity Bond, only the amount drawn on any particular date shall be taken into account and the repayment schedule shall be assumed to be as described in the definition of Designated Maturity Bond, taking into account the current amount to be draw and all previous amounts drawn and outstanding thereunder.

(F) To the extent any Permitted Debt consists of Option Bonds not secured by a Credit Facility, such Bonds must only have scheduled tender dates allowing the holder of such Option Bonds to tender or “put” such Bonds on a date or dates scheduled prior to the maturity date thereof.

ANNEX C
FLOW OF FUNDS

Reference is made to Section 9.02 (*Disposition of Revenues*) of the Master Bond Resolution, and the requirements and conditions contained therein as of the Effective Date, which are set forth verbatim below. Capitalized terms used in this **Annex C** shall have the meanings ascribed to such terms in the Master Bond Resolution.

“*Section 9.02. Disposition of Revenues.* Commencing on the day following the delivery of the first Bonds issued hereunder, except as otherwise provided herein, all Gross Revenues shall be deposited by the Issuer into the Revenue Fund promptly upon receipt.

(a) **DISPOSITION OF REVENUES.** Commencing on the day following the delivery of the first Bonds issued hereunder, except as otherwise provided herein, all Gross Revenues shall be deposited by the Issuer into the Revenue Fund immediately upon receipt. Funds in the Revenue Fund shall be accumulated, paid out, withdrawn and disposed of on or before the 15th day of each month, commencing with the month immediately following the delivery of the first Bonds issued hereunder, only in the following order and priority:

(1) First, by deposit in the Operation and Maintenance Fund, the amount of the Water Charges allocable to the Fixed Operation and Maintenance Cost and the Variable Operation and Maintenance Cost (as such terms are defined in the Implementation Agreement).

(2) Then, by deposit into the Debt Service Fund an amount which, will equal (i) one-sixth of the interest maturing on the Bonds on the next interest payment date, with respect to Bonds that bear interest payable semiannually and one-sixth of the amount of Hedge Obligations payable semiannually on Qualified Swaps, (ii) the amount of interest next maturing on Bonds that bear interest payable monthly, (iii) the amount of Hedge Obligations payable monthly on Qualified Swaps, (iv) the amount of interest accruing in such month on Bonds that bear interest on other than a monthly or semiannual basis (other than Bonds that bear interest only payable upon maturity or redemption), (v) the amount of Hedge Obligations accruing in such month on Qualified Swaps for which Hedge Obligations are payable other than semiannually or monthly, (vi) one-twelfth of all principal, and with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable during the current Bond Year on the various Series of Serial Bonds that mature annually, (vii) one-sixth of all principal, and with respect to Bonds that pay interest only upon maturity or redemption, principal and accreted interest, maturing or becoming payable on the next maturity date in such Bond Year on the various Series of Serial Bonds that mature semiannually, (viii) one-sixth of the Amortization Installments and unamortized principal balances of Term Bonds with respect to the Bonds that are payable semiannually, and (ix) one-twelfth of the Amortization Installments and unamortized principal balances of Term Bonds coming due during the then-current Bond Year with respect to the Bonds that are payable annually, until there are sufficient funds then on deposit equal to the sum of the interest, principal

and redemption payments due on the Bonds on the next interest, principal, maturity and redemption dates in such Bond Year and to timely pay Hedge Obligations coming due.

Deposits required pursuant to the foregoing shall be increased or decreased each month to the extent required to pay interest, principal and redemption premiums and Hedge Obligations next becoming due and payable, after making allowance for any accrued and capitalized interest, and to make up any deficiency or loss that may otherwise arise in such fund or account. Additionally, if Variable Rate Bonds or variable rate Hedge Obligations are outstanding on the fifteenth day of such month, unless the Issuer shall establish a different procedure for the payment or deposit of monthly interest on Variable Rate Bonds, the Issuer shall deposit into the Debt Service Fund in lieu of the monthly interest deposit or the one-sixth semiannual interest deposit described above, the interest actually accruing on such Bonds or Hedge Obligations for such month (plus any deficiencies in interest deposits for the preceding month), assuming the interest rate thereon on the fifteenth day of such month will continue through the end of such month. On or before each interest payment date and each payment date for Hedge Obligations, the Issuer shall make up any deficiencies in such interest deposit, based on the actual interest accruing through such date, from and to the extent of the funds remaining on deposit in the Revenue Fund.

(3) Then, by deposit pro rata (such pro ration to be done on the basis of the amount of the Reserve Requirement for each applicable account in the Reserve Fund) into the Composite Reserve Account and the other special reserve accounts in the Reserve Fund created for separate Series of Bonds, such amounts that, after taking into account other concurrent deposits made in such accounts pursuant to the provisions of this Resolution, and other funds or Reserve Products then on deposit therein or credited to such accounts, if any, will be sufficient to make the funds on deposit therein and Reserve Products credited thereto equal to the Reserve Requirement for each such account.

Notwithstanding anything herein to the contrary, the Issuer may satisfy the Reserve Requirement for any account in the Reserve Fund, in whole or in part with a Reserve Product in lieu of a cash funded deposit. Such Reserve Product must provide for payment of deficiencies (up to the policy limits of such Reserve Product) on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for a payment with respect to Bonds secured by the applicable account in the Reserve Fund, which cannot be cured by funds in any other account held pursuant to this Resolution and available for such purpose. Each such Reserve Product shall name as the beneficiary thereof, the Paying Agent or an Authorized Depository who has agreed to serve as trustee for the benefit of such Bondholders.

If a disbursement is made from a Reserve Product as provided pursuant hereto, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product promptly following such disbursement or to replace such Reserve Product by depositing into the applicable account in the Reserve Fund pursuant to this Section 9.02(a)(3), from the first available Net Revenues, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of this clause (a)(3), amounts necessary to satisfy such

reimbursement obligation and other obligations of the Issuer to such a Reserve Product Provider shall be deemed required deposits into the applicable Reserve Fund account, but shall be used by the Issuer to satisfy its obligations to the Reserve Product Provider.

Notwithstanding the foregoing, if one or more accounts in the Reserve Fund have been funded with cash or Permitted Investments and no event of default shall have occurred and be continuing hereunder, the Issuer may, at any time in its discretion, substitute a Reserve Product meeting the requirements of this Resolution for the cash and Permitted Investments in any such account, and the Issuer may then withdraw such cash and Permitted Investments from such account and apply them to any lawful purpose that, in the opinion of Bond Counsel, will not result in the interest on the Bonds for which such account in the Reserve Fund was held which are Tax-Exempt Bonds to be includable in the gross income of the Holders thereof for federal income tax purposes.

(4) Then, by deposit into the Renewal and Replacement Fund (i) the Base Rate Charges allocable to the Capital Renewal and Replacement Cost (as defined in the Implementation Agreement), and (ii) the equivalent charges paid by members of the Issuer under any subsequent Implementation Agreement.

(5) Then, by payment of all amounts related to any Subordinate Debt required to be paid by the terms of the resolution or other instrument authorizing such Subordinate Debt and the unpaid fees, costs and expenses of any Reserve Product Provider or issuer of a Liquidity Facility or Credit Facility.

(6) Then, by payment of all Rebate Amounts determined to be due and owing pursuant to the Code as provided in Section I 0.03 below.

(7) Then, for any lawful purposes of the Issuer related to the System, including refunds or credits to the members of the Issuer pursuant to the terms of the Implementation Agreement and the Interlocal Agreement.

(b) **ADDITIONAL PAYMENTS.** The Issuer shall not be required to make any further payments into the Debt Service Fund or the Reserve Fund when (i) the aggregate amount of moneys in the Debt Service Fund and the Revenue Fund set aside specifically to pay debt service on the Bonds and the Hedge Obligations, and (ii) with respect to the Bonds only, the moneys in the Reserve Fund set aside specifically to pay debt service on the Bonds are, in the aggregate, at least equal to (A) the aggregate principal amount of Bonds issued and Outstanding pursuant to this Resolution and not theretofore defeased pursuant to Section 14.01 below, plus the amount of interest then due or thereafter to become due on said Bonds and (B) the amount of Hedge Obligations then due or thereafter to become due under Qualified Swaps.”

SCHEDULE II
[RESERVED]

SCHEDULE III
BORROWER DISCLOSURES⁴

PART A. Existing Indebtedness.

1. Senior Obligations

No.	Agreement / Series	Outstanding Principal as of the Effective Date
1.	\$[] Polk Regional Water Cooperative Water Revenue Bond, Series 2023C dated May 11, 2023, maturing on []; Loan Agreement dated [], 2023, between the Borrower and Truist Commercial Equity, Inc.	
2.	Principal Amount Outstanding Not to Exceed in the Aggregate \$15,000,000 Polk Regional Water Cooperative Revolving Revenue Note, Series 2023A and Revolving Revenue Note, Series 2023B (Federally Taxable) dated February 17, 2023, maturing on February 17, 2025; Loan Agreement dated as of February 17, 2023, between the Borrower and Wells Fargo Bank, National Association.	
3.	State of Florida Department of Environmental Protection and Polk Regional Water Cooperative, Florida Drinking Water State Revolving Fund Design Loan Agreement DW532002 dated March 1, 2023.	
4.	State of Florida Department of Environmental Protection and Polk Regional Water Cooperative, Florida Drinking Water State Revolving Fund Design Loan Agreement DW532001 dated August 9, 2022. Amendment 1 to Loan Agreement DW532001 dated January 24, 2023.	
5.	State of Florida Department of Environmental Protection and Polk Regional Water Cooperative Drinking Water State Revolving Fund Planning Loan Agreement DW532000 dated August 3, 2018. Amendment 1 to Loan Agreement DW532000 dated [].	

⁴ **Note to Borrower:** Please provide copies of the following executed SRF Loans or Amendments (as applicable): DW532002, DW532001, DW532000.

2. Subordinate Debt

None.

PART B. Litigation Disclosure.

No litigation other than the following condemnation matters:⁵

No.	Parties	Date Initiated	Description / Status	Venue

PART C. Environmental Matter Disclosure.

None.

⁵ **Note to Borrower:** Borrower to populate with any condemnation proceedings pending at the time of the Effective Date.

SCHEDULE IV

REQUISITION PROCEDURES

This **Schedule IV** sets out the procedures which the Borrower agrees to follow in submitting Requisitions for any Disbursement of a WIFIA Loan. The Borrower expressly agrees to the terms hereof, and further agrees that (i) the rights of the WIFIA Lender contained herein are in addition to (and not in lieu of) any other rights or remedies available to the WIFIA Lender under the WIFIA Loan Documents, and (ii) nothing contained herein shall be construed to limit the rights of the WIFIA Lender to take actions including administrative enforcement action and actions for breach of contract against the Borrower if it fails to carry out its obligations under any WIFIA Loan Agreement during the term thereof. All capitalized terms used and not defined herein shall have the meanings set forth in the WIFIA Master Agreement and the applicable WIFIA Loan Agreement.

PART A. General Requirements.

(a) Manner of Request: All requests by the Borrower for a Disbursement shall be made in writing by electronic submission to the WIFIA Lender, in accordance with Section 31 (*Notices*) of the WIFIA Master Agreement.

(b) Required Documentation: Any request by the Borrower shall include the submission of:

(i) a Requisition, in the form attached as **Exhibit D** (*Form of Requisition*), completed and executed by the Borrower's Authorized Representative, and otherwise in form and substance satisfactory to the WIFIA Lender; and

(ii) all Eligible Project Costs Documentation that has not otherwise been provided to the WIFIA Lender in accordance with **Part C of Schedule V** (*Reporting Requirements*) of the WIFIA Master Agreement.

I Timing: Any request for a Disbursement must be received by the WIFIA Lender and the Servicer (if any) at or before 5:00 P.M. (Eastern Time) on either:

(i) the first (1st) Business Day of a calendar month in order to obtain the requested Disbursement by the fifteenth (15th) day of such calendar month;

(ii) the fifteenth (15th) day of a calendar month, in order to obtain the requested Disbursement by the first (1st) day of the immediately following calendar month;

provided, that, (x) if any such day is not a Business Day, the Disbursement request or payment (as the case may be) shall be made by the next succeeding Business Day; (y) the Borrower shall not request to receive more than one (1) Disbursement per month or every thirty (30) days (whichever is longer); and (z) no Disbursements shall be made after the Final Disbursement Date.

PART B. WIFIA Lender Review Process.

(a) The WIFIA Lender shall review the Requisition and the Eligible Project Costs Documentation for compliance with WIFIA Disbursement requirements.

(b) If a Requisition is approved by the WIFIA Lender, the WIFIA Lender will notify the Borrower of such approval and of the amount so approved. A Requisition containing an apparent mathematical error will be corrected by the WIFIA Lender, after telephonic or email notification to the Borrower, and will thereafter be treated as if submitted in the corrected amount. If the amount requested for Disbursement in the Requisition exceeds the available balance of the WIFIA Loan proceeds remaining to be disbursed, the Disbursement request will be treated as if submitted in the amount of the balance so remaining, and the WIFIA Lender will so notify the Borrower.

(c) The WIFIA Lender shall be entitled to withhold approval (in whole or in part) of any pending or subsequent requests for the Disbursement of WIFIA Loan proceeds if: (i) a Default or an Event of Default shall have occurred and be continuing or (ii) the Borrower (1) knowingly takes any action, or omits to take any action, amounting to fraud or violation of any applicable law, in connection with the transactions contemplated hereby; (2) prevents or materially impairs the ability of the WIFIA Lender to monitor compliance by the Borrower with applicable law pertaining to the Project or with the terms and conditions of any WIFIA Loan Agreement; (3) fails to observe or comply with any applicable law, or any term or condition of any WIFIA Loan Agreement; (4) fails to satisfy the conditions set forth in Section 4 (*Disbursement Conditions*) and Section 11(b) (*Conditions Precedent to Disbursements– Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) of the WIFIA Master Agreement; or (5) fails to deliver Eligible Project Costs Documentation satisfactory to the WIFIA Lender at the times and in the manner specified by the WIFIA Master Agreement and the applicable WIFIA Loan Agreement; provided, that in such case of sub-clause (5) above, the WIFIA Lender may, in its sole discretion, partially approve a Requisition in respect of any amounts for which adequate Eligible Project Costs Documentation has been provided and may, in its sole discretion, disburse in respect of such properly documented amounts. The WIFIA Lender will notify the Borrower of any withholding, and the reasons therefor.

(d) A Requisition may be rejected in whole or in part by the WIFIA Lender if it is: (i) submitted without signature; (ii) submitted under signature of a Person other than a Borrower's Authorized Representative; (iii) submitted after prior Disbursement of all proceeds of the relevant WIFIA Loan; or (iv) submitted without adequate Eligible Project Costs Documentation. The WIFIA Lender will notify the Borrower of any Requisition so rejected, and the reasons therefor. Any Requisition rejected for the reasons specified under this paragraph (d) must be resubmitted in proper form in order to be considered for approval.

SCHEDULE V

REPORTING REQUIREMENTS

PART A. Updated Financial Model/Plan.

The Borrower shall provide to the WIFIA Lender, not later than one hundred eighty (180) days after the end of each Borrower Fiscal Year, an Updated Financial Model/Plan. The Updated Financial Model/Plan shall reflect the Borrower's reasonable expectations, using assumptions that the Borrower believes to be reasonable, and include: (a) the Borrower's capital improvement plan, major maintenance plan, projected rates and charges, projected debt outstanding and annual debt service, projected Revenues and projected Cost of Operation and Maintenance for a reasonable projection period consistent with the Borrower's operating and financial planning and demonstrating that the Borrower has developed and identified adequate revenues to implement a plan for operating, maintaining, and repairing each Project; (b) evidence of compliance with the Rate Covenant for the most recent Borrower Fiscal Year for which the Borrower's Financial Statements are available and the projected debt service coverage ratios (including projected Rate Covenant coverages) through the Forecast Period; and (c) a written narrative identifying any material changes to the underlying assumptions from the previous Updated Financial Model/Plan.

PART B. Annual Financial Statements.

The Borrower shall deliver to the WIFIA Lender, as soon as available, but no later than one hundred eighty (180) days after the end of each Borrower Fiscal Year, a copy of the audited income statement and balance sheet of the Borrower as of the end of such Borrower Fiscal Year and the related audited statements of operations and of cash flow of the Borrower for such Borrower Fiscal Year, (a) setting forth in each case in comparative form the figures for the previous fiscal year, (b) certified without qualification or exception, or qualification as to the scope of the audit, by an independent public accounting firm selected by the Borrower and (c) which shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except, with respect to the annual financial statements, for changes approved or required by the independent public accountants certifying such statements and disclosed therein).

PART C. Construction Monitoring.

(a) The WIFIA Lender shall have the right in its sole discretion to monitor (or direct its agents to monitor) the development of each Project, including environmental compliance, design, and construction of such Project. The Borrower shall be responsible for administering construction oversight of each Project in accordance with applicable federal, state and local governmental requirements. The Borrower agrees to cooperate in good faith with the WIFIA Lender in the conduct of such monitoring by promptly providing the WIFIA Lender with such reports, documentation or other information as shall be requested by the WIFIA Lender or its agents, including any independent engineer reports, documentation or information.

(b) Construction Monitoring Report. During the period beginning from the first quarter following bid advertisement of the first Construction Contract for each Project, through

and until Substantial Completion of such Project, the Borrower shall furnish to the WIFIA Lender, on a quarterly basis, the Construction Monitoring Report. The report shall be delivered to the WIFIA Lender within thirty (30) days of the end of each such quarter (or if such day is not a Business Day, on the next following Business Day). If the then-current projection for the Substantial Completion Date of any Project is a date different than the corresponding Projected Substantial Completion Date, the Borrower shall provide in the relevant Construction Monitoring Report a description in reasonable detail to the reasonable satisfaction of the WIFIA Lender of the reasons for such projected delay or difference. The relevant Projected Substantial Completion Date shall automatically be adjusted to the new date specified by the Borrower in the Construction Monitoring Report unless the WIFIA Lender objects to the adjustment in writing to the Borrower within sixty (60) days following receipt of such Construction Monitoring Report on the basis that such report does not demonstrate the matters specified in this paragraph.

(c) Quarterly Certification of Eligible Project Costs. If requested by the WIFIA Lender, on a basis not more frequently than quarterly, the Borrower shall submit to the WIFIA Lender, concurrently with the delivery of the Construction Monitoring Report, a certificate, in the form of **Exhibit E** (*Form of Certification of Eligible Project Costs Documentation*), signed by the Borrower's Authorized Representative, and attaching Eligible Project Costs Documentation as applicable. If there are no applicable Eligible Project Costs for such quarter, the Borrower may notify the WIFIA Lender by written confirmation of the same by email in accordance with Section 31 (*Notices*) of the WIFIA Master Agreement. Within sixty (60) days following the receipt of such certificate and accompanying Eligible Project Costs Documentation (if applicable), the WIFIA Lender shall notify the Borrower confirming (i) which Eligible Project Costs incurred by the Borrower set forth in the certification have been approved or denied (and, if denied, the reasons therefor) and (ii) the cumulative amount of Eligible Project Costs that have been approved as of the date of such notice. Any such approved amounts of Eligible Project Costs shall then be deemed to be available for Disbursement at such time as the Borrower submits a Requisition in respect of such approved amounts in accordance with Section 4 (*Disbursement Conditions*) of the WIFIA Master Agreement.

(d) Final Specifications. The Borrower shall deliver to the WIFIA Lender, prior to bid advertisement for any Project (including each sub-project or component, if applicable), a copy of the final specifications relating to the development and construction of such Project (or such sub-project or component, as the case may be), demonstrating compliance with all applicable federal requirements and including a summary of the scope of work thereunder.

(e) Modifications. If a Project constitutes a combination of sub-projects and the Borrower reasonably determines that it is necessary or desirable to (a) replace one or more existing sub-projects with one or more new sub-projects or (b) remove one or more existing sub-projects, then the Borrower shall submit a written request to the WIFIA Lender, setting out an explanation for the request, an updated Project description, budget and schedule, and such additional information as may be requested by the WIFIA Lender. Any replacement or removal of a sub-project hereunder shall be consistent with the terms and conditions of this Agreement and the applicable WIFIA Loan Agreement, in compliance with all applicable laws, and subject to the WIFIA Lender's approval (which approval shall be granted in the WIFIA Lender's sole discretion).

PART D. Public Benefits Report.

The Borrower shall deliver to the WIFIA Lender the Public Benefits Report (a) no later than the applicable WIFIA Loan Agreement Effective Date, (b) within ninety (90) days following the applicable Substantial Completion Date and (c) within ninety (90) days following the fifth (5th) anniversary of such Substantial Completion Date. The Borrower agrees that information described in the Public Benefits Report may be made publicly available by the WIFIA Lender at its discretion.

PART E. Notices.

(a) The Borrower shall, within fifteen (15) days (or such other time as may be specified below) after the Borrower learns of the occurrence, give the WIFIA Lender notice of any of the following events or receipt of any of the following notices, as applicable, setting forth details of such event:

(i) Substantial Completion: the occurrence of Substantial Completion of each Project, such notice to be provided in the form set forth in **Exhibit G** (*Form of Certificate of Substantial Completion*);

(iii) Defaults; Events of Default: any Default or Event of Default;

(iv) Litigation: (1) the filing of any litigation, suit or action, or the commencement of any proceeding, against the Borrower before any arbitrator, Governmental Authority, alternative dispute resolution body, or other neutral third-party, that could reasonably be expected to have a Material Adverse Effect, and (2) any final, non-appealable judgment related to the Pledged Collateral that could reasonably be expected to result in the impairment of (A) the Borrower's ability to comply with any of its payment obligations under any WIFIA Bond, this Agreement or any WIFIA Loan Agreement or (B) the existence, priority or perfection (if applicable) of the security interest in the Pledged Collateral for the benefit of the WIFIA Lender (as holder of the WIFIA Bonds) under the Master Bond Resolution;

(v) Delayed Governmental Approvals: any failure to receive or delay in receiving any Governmental Approval or making any required filing, notice, recordation or other demonstration to or with a Governmental Authority, in each case to the extent such failure or delay will or could reasonably be expected to result in a delay to any major milestone date (including any Projected Substantial Completion Date) set forth in any Construction Schedule, together with a written explanation of the reasons for such failure or delay and the Borrower's plans to remedy or mitigate the effects of such failure or delay;

(vi) Environmental Notices: any material notice of violation related to any Project or any material change to any Project or the Master Program that could reasonably be expected to affect the NEPA Determination;

(vii) Amendments: except as otherwise agreed by the WIFIA Lender in writing, copies of any fully executed amendments, modifications, replacements or supplements to any Related Document; provided, that such notice may be accomplished

through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement and any applicable WIFIA Loan Agreement;

(viii) Related Document Defaults: any material breach or default or event of default on the part of the Borrower or any other party under any Related Document; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(ix) Uncontrollable Force: the occurrence of any Uncontrollable Force that could reasonably be expected to materially and adversely affect any Project or the Master Program;

(x) Ratings Changes: any change in the rating assigned to any WIFIA Loan or any Obligations, in each case by any Nationally Recognized Rating Agency that has provided a public rating on such indebtedness, and any notices, reports or other written materials (other than those that are ministerial in nature) received from any such rating agencies; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement and any applicable WIFIA Loan Agreement;

(xi) 2 C.F.R. § 180.350 Notices: any notification required pursuant to 2 C.F.R. § 180.350, whether attributable to a failure by the Borrower to disclose information previously required to have been disclosed or due to the Borrower or any of its principals meeting any of the criteria set forth in 2 C.F.R. § 180.335;

(xii) Issuance of Obligations: copies of any final issuing instrument (together with any continuing disclosure documents, ordinances, official statement, certifications or cash flow projections in connection therewith), prepared in connection with the incurrence of any Permitted Debt (including any Additional Obligations), together with a confirmation by the Borrower that such additional indebtedness satisfies the applicable requirements under the definition of “Permitted Debt”; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement;

(xiii) Postings on EMMA: the posting of any document on EMMA in accordance with the requirements of any continuing disclosure agreement or similar document with respect to any Outstanding Obligations relating to annual financial information and operating data and the reporting of significant events; provided, that such notice may be accomplished through the posting of the relevant documents on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement and any applicable WIFIA Loan Agreement;

(xiv) SAM / UEI: any change in the Borrower’s SAM registration status (including any exclusions, expiration or inactive registration) or Unique Entity Identifier

(including any expiration or change in effectiveness); provided, that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement and any applicable WIFIA Loan Agreement;

(xv) Reorganization, Consolidation or Merger: the occurrence of any reorganization, consolidation, or merger, together with the agreements and documents authorizing the reorganization, consolidation or merger;

(xvi) Fiscal Year: any change to or adoption of any fiscal year other than the Initial Borrower Fiscal Year; provided, that such notice may be accomplished through the posting of the relevant document on EMMA under the WIFIA CUSIP Number with a reference to the relevant WIFIA provision of this Agreement and any applicable WIFIA Loan Agreement;

(xvii) Grant Event: any (A) failure to appropriate funds under any Grant Agreement, (b) cancellation of funds (or any occurrence that permits the cancellation of funds) under, or termination of, a Grant Agreement or (c) any decrease in the available funding amount under a Grant Agreement;

(xviii) Draws on a WIFIA Debt Service Reserve Account: any draws on any WIFIA Debt Service Reserve Account to fund payments of interest on or principal of the corresponding WIFIA Bond when due; and

(xix) Other Adverse Events: the occurrence of any other event or condition, including without limitation any notice of breach from a contract counterparty or any holder of any Obligations, that could reasonably be expected to result in a Material Adverse Effect.

(b) The Borrower shall, at any time while any WIFIA Loan remains Outstanding, promptly deliver to the WIFIA Lender such additional information regarding the business, financial, legal or organizational affairs of the Borrower or regarding the System, any Project or the Gross Revenues as the WIFIA Lender may from time to time reasonably request. The Borrower agrees that the delivery of any documents or information under and pursuant to this Agreement or any WIFIA Loan Agreement shall not be construed as compliance with, or affect in any manner, any obligations of the Borrower under any other contracts, agreements, decrees, Governmental Approvals, or other documents with EPA (other than the WIFIA Loan Documents) or the Federal Government.

EXHIBIT A

FORM OF WIFIA BOND

**POLK REGIONAL WATER COOPERATIVE
WATER REVENUE BOND, SERIES 2023[D/E]**

[] PROJECT

(WIFIA ID – [])

Interest Rate	Final Maturity Date	Dated Date	WIFIA CUSIP
[]%, subject to the Default Rate (as defined and in accordance with the WIFIA Master Agreement and the WIFIA Loan Agreement)	[], subject to adjustment as set forth in the WIFIA Master Agreement and the WIFIA Loan Agreement	[]	[]
Registered Owner	UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting by and through the Administrator of the Environmental Protection Agency		
Maximum Principal Amount	\$([]) (excluding capitalized interest, if any)		

POLK REGIONAL WATER COOPERATIVE, an interlocal agency, a public body corporate and politic created and existing under the laws of the State (the “**Borrower**”), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the “**WIFIA Lender**”), the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all Disbursements made by the WIFIA Lender (such lesser amount, together with any interest that is capitalized and added to principal in accordance with the provisions of the WIFIA Loan Agreement (as defined below), being hereinafter referred to as the “**Outstanding Principal Sum**”), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, all as more fully described in that certain WIFIA Loan Agreement, dated as of the date hereof, between the WIFIA Lender and the Borrower (the “**WIFIA**

Loan Agreement”). All capitalized terms used in this WIFIA Bond and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

The WIFIA Debt Service hereof shall be payable in the amounts, manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule in accordance with the WIFIA Loan Agreement and that certain WIFIA Master Agreement, dated [], 2023, by and between the WIFIA Lender and the Borrower (the “**WIFIA Master Agreement**”) (which WIFIA Loan Amortization Schedule may be revised from time to time in accordance with the WIFIA Loan Agreement and the WIFIA Master Agreement), until paid in full (which Loan Amortization Schedule, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this WIFIA Bond). The WIFIA Lender is hereby authorized to modify the WIFIA Loan Amortization Schedule from time to time to reflect the amount of each Disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder and otherwise in accordance with the terms of the WIFIA Master Agreement and the WIFIA Loan Agreement. Absent manifest error, the WIFIA Lender’s determination of such matters as set forth on the WIFIA Loan Amortization Schedule to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided, however, that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower’s obligations hereunder or under any other WIFIA Loan Document.

Payments hereon are to be made in accordance with Section 8(b) (*Manner of Payment*) and Section 31 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on this WIFIA Bond shall be made in Dollars and in immediately available funds (without counterclaim, offset or deduction). Any payment in respect of the WIFIA Bond shall be treated as a payment in respect of the WIFIA Loan and any prepayment of principal in respect of the WIFIA Loan shall be treated as a redemption in respect of the WIFIA Bond. If the Final Maturity Date is adjusted in accordance with the WIFIA Loan Agreement, the due date of this WIFIA Bond shall be deemed to be amended to change the due date to such revised Final Maturity Date without any further action required on the part of the Borrower or the WIFIA Lender and such amendment shall in no way amend, modify or affect the other provisions of this WIFIA Bond without the prior written agreement of the WIFIA Lender. Any such amendment shall be reflected in a revised Loan Amortization Schedule.

The WIFIA Bond shall not be deemed to constitute a general obligation or a pledge of the faith and credit of the Borrower, any member of the Borrower, the State or any other political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, but is a limited, special obligation of the Borrower that shall be payable from and secured solely by a lien upon, and a pledge of, the Pledged Revenues, in the manner and to the extent provided in the Master Bond Resolution. No Owner (as defined in the Master Bond Resolution) shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the State or of any member of the Borrower or any political subdivision of the State or taxation in any form on any real or personal property for any purpose, including, without limitation, for the payment of principal of and interest on such WIFIA Bond, nor shall any holder be entitled to payment of such principal and interest from any other funds of the Borrower other than the Pledged Revenues, all in the manner and to the extent provided in the Master Bond Resolution. The Borrower has no ad valorem taxing power. The WIFIA Bond and the

indebtedness evidenced thereby shall not constitute a lien upon any real or personal property of the Borrower, or any part thereof, or any other tangible personal property of or in the Borrower.

This WIFIA Bond is issued pursuant Resolution No. 2022-05 – Polk Regional Water Cooperative Water Revenue Bond Resolution, passed and duly adopted by the Board of Directors on July 13, 2022, as amended by Resolution No. 2023-[] passed and duly adopted by the Borrower on [], 2023, and as supplemented by Resolution No. 2023-[] passed and duly adopted by the Borrower on [], 2023 (collectively, the “**Master Bond Resolution**”), the applicable WIFIA Loan Agreement and the WIFIA Master Agreement, and is subject to all the terms and conditions of the WIFIA Loan Documents. This WIFIA Bond is being issued as an “Additional Bond” within the meaning of the Master Bond Resolution. The pledge of the Pledged Revenues to the payment of this WIFIA Bond is on a parity with the “Bonds” and any “Additional Bonds” hereafter issued under (and each as defined in) the Master Bond Resolution.

If the date for payment of the principal of, premium, if any, or interest on this WIFIA Bond is not a Business Day, then payment shall be made on the next Business Day following such date with the same force and effect as if made on the nominal payment date.

This WIFIA Bond has been executed under and pursuant to the WIFIA Loan Documents and is issued to evidence the obligation of the Borrower under the WIFIA Loan Documents to repay the loans made by the WIFIA Lender in connection with the WIFIA Loan Agreement and any other payments of any kind required to be paid by the Borrower under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for details relating to the Borrower’s obligations hereunder.

Payment of the obligations of the Borrower under this WIFIA Bond is secured pursuant to the Master Bond Resolution. This WIFIA Bond is a “Bond” (as such term is defined in the Master Bond Resolution), entitled to all of the benefits of a “Bond” under the Master Bond Resolution. The Lien on the Pledged Collateral securing this WIFIA Bond for the benefit of the WIFIA Lender is (i) on a parity in right of payment and right of security to the Lien on the Pledged Collateral in favor of the Senior Obligations and (b) senior in right of payment and right of security to the Lien on the Pledged Collateral in favor of the Subordinate Debt.

This WIFIA Bond shall be subject to mandatory prepayment on the terms and conditions set forth in the WIFIA Loan Agreement.

This WIFIA Bond may be prepaid at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the WIFIA Loan Agreement; provided, however, such prepayments shall be in principal amounts of at least \$1,000,000 or any integral multiple of \$1 in excess thereof), without penalty or premium, and otherwise in accordance with the WIFIA Loan Agreement.

Any delay on the part of the WIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

All acts, conditions and things required by the Constitution and laws of the State to happen, exist, and be performed precedent to and in the issuance of this WIFIA Bond have happened, exist and have been performed as so required. This WIFIA Bond is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

IN WITNESS WHEREOF, the Borrower has caused this WIFIA Bond to be executed in its name and its seal to be affixed hereto and attested by its duly authorized officer, all as of the Effective Date set forth above.

**POLK REGIONAL WATER
COOPERATIVE,**
by its authorized representative

(SEAL)

By: _____
Name:
Title: Chairman

ATTESTED:

By: _____
Name:
Title: Secretary/ Treasurer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the Undersigned hereby unconditionally sells, assigns
and transfers unto

(Please Insert Social Security or other identifying number of Assignee(s)):

the within WIFIA Bond and all rights thereunder.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B-1

FORM OF CLOSING CERTIFICATE

Reference is made to that certain WIFIA Master Agreement, dated as of [], 2023 (the “**WIFIA Master Agreement**”), by and between Polk Regional Water Cooperative (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Master Agreement.

In connection with Section 11(a) (*Conditions Precedent – Conditions Precedent to Effectiveness of this Agreement*) of the WIFIA Master Agreement, the undersigned, as the Borrower’s Authorized Representative, does hereby certify on behalf of the Borrower and not in his/her personal capacity, as of the date hereof:

- (a) pursuant to Section 11(a)(v) of the WIFIA Master Agreement, attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is or will be a party, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 21 (*Borrower’s Authorized Representative*) of the WIFIA Master Agreement;
- (b) pursuant to Section 11(a)(ii) of the WIFIA Master Agreement, the Borrower has delivered to the WIFIA Lender copies of (i) the Master Bond Resolution, together with any amendments, supplements, waivers or modifications thereto (but excluding any document that solely provides for the issuance or incurrence of Additional Obligations, hedging Obligations or Interim Financing) and (ii) any Related Document with respect to which all or a portion of the proceeds are or will be applied to fund all or any portion of Total Project Costs, in each case that has been entered into on or prior to the Effective Date, and each such document is complete, fully executed, and in full force and effect, and all conditions contained in the Related Documents that are necessary to the closing of the WIFIA transaction contemplated hereby (if any) have been fulfilled;
- (c) pursuant to Section 11(a)(v)(A) of the WIFIA Master Agreement, the aggregate of all funds committed to the development and construction of the Projects under the Master Program as set forth in the Base Case Financial Model and in the Master Program Budget is sufficient to carry out the Master Program, pay all Total Project Costs anticipated for the Master Program and achieve substantial completion for each Project component by its Projected Substantial Completion Date;
- (d) pursuant to Section 11(a)(v)(B) of the WIFIA Master Agreement, the Borrower has (i) obtained a FEIN, as evidenced by the Borrower’s W-9 which is attached hereto as Annex B-1, and a Unique Entity Identifier, in each case as set forth on Part A of Schedule I (*Master Program Terms*) to the WIFIA Master Agreement, and (ii)

registered with, and obtained confirmation of active SAM registration status, which confirmation is attached hereto as Annex B-2;

- (e) pursuant to Section 11(a)(v)(C) of the WIFIA Master Agreement, the representations and warranties of the Borrower set forth in the WIFIA Master Agreement and in each other WIFIA Loan Document to which the Borrower is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date; and
- (f) pursuant to Section 11(a)(v)(D) of the WIFIA Master Agreement, no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the date of the Application.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

POLK REGIONAL WATER COOPERATIVE,
by its authorized representative

By: _____
Name:
Title:

EXHIBIT B-2

FORM OF PROJECT CLOSING CERTIFICATE

Reference is made to that certain WIFIA Master Agreement, dated as of [], 2023 (the “**WIFIA Master Agreement**”), by and between Polk Regional Water Cooperative (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”) that certain WIFIA Loan Agreement, dated as of [], 20[] (the “**WIFIA Loan Agreement**”), by and between the Borrower and the WIFIA Lender. Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement, or if not defined therein, the WIFIA Master Agreement.

In connection with Section 11(b) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) of the WIFIA Master Agreement and Section 11(a) (*Conditions Precedent – Conditions Precedent to Effectiveness*), the undersigned, as the Borrower’s Authorized Representative, does hereby certify on behalf of the Borrower and not in his/her personal capacity, as of the date hereof:

- (a) pursuant to Section 11(b)(vi) of the WIFIA Master Agreement, [the Borrower’s Authorized Representative previously designated and such person’s position and incumbency as previously provided to the WIFIA Lender remains unchanged and is in full force and effect] [attached hereto as Annex A is an incumbency certificate that lists all persons, together with their positions and specimen signatures, who are duly authorized by the Borrower to execute the WIFIA Loan Documents to which the Borrower is or will be a party, and who have been appointed as a Borrower’s Authorized Representative in accordance with Section 21 (*Borrower’s Authorized Representative*) of the WIFIA Master Agreement];
- (b) pursuant to Section 11(b)(ii) of the WIFIA Master Agreement, the Borrower has delivered to the WIFIA Lender copies of each Existing Construction Contract with respect to the Project, together with any amendments, waivers or modifications thereto, and each such document is complete, fully executed, and in full force and effect;
- (c) pursuant to Section 11(b)(iii) of the WIFIA Master Agreement, the Borrower has delivered to the WIFIA Lender any Related Document entered into as of the Effective Date, and each such document is complete, fully executed and in full force and effect;
- (d) pursuant to Section 11(b)(vi)(A) of the WIFIA Master Agreement, the aggregate of all funds committed to the development and construction of the Project as set forth in the Project Budget and the related revised Master Budget, as applicable, are sufficient to carry out the Project, pay all Total Project Costs anticipated for the Project and achieve Substantial Completion for the Project by the Projected Substantial Completion Date;

- (e) pursuant to Section 11(b)(vi)(B) of the WIFIA Master Agreement, (i) the Maximum Principal Amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), together with the amount of any other credit assistance provided under the Act to the Borrower, does not exceed forty-nine percent (49%) of the reasonably anticipated Eligible Project Costs for the Project, (ii) the aggregate amount of Eligible Project Costs previously incurred prior to the WIFIA Loan Agreement Effective Date does not exceed fifty-one percent (51%) of Eligible Project Costs, and (iii) the total federal assistance provided to the Project, including the Maximum Principal Amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the WIFIA Master Agreement), does not exceed eighty percent (80%) of Total Project Costs for the Project;
- (f) pursuant to Section 11(b)(vi)(C) of the WIFIA Master Agreement, the Borrower is in compliance with NEPA and any applicable federal, state or local environmental review and approval requirements with respect to the Project;
- (g) pursuant to Section 11(b)(vi)(D) of the WIFIA Master Agreement, the Borrower has maintained (i) the Borrower's FEIN provided to the WIFIA Lender as a condition precedent to the Effective Date, (ii) the Borrower's Unique Entity Identifier, and (iii) an active registration status with the federal System for Award Management (www.SAM.gov);
- (h) pursuant to Section 11(b)(vi)(E) of the WIFIA Master Agreement, [the WIFIA CUSIP Number is [____]] [the Borrower (i) has maintained the WIFIA CUSIP Number and (ii) [confirms that the expiration date of the WIFIA CUSIP Number is no earlier than the Final Maturity Date] [has extended the expiration date of the WIFIA CUSIP Number to be no earlier than the Final Maturity Date]];
- (i) pursuant to Section 11(b)(vi)(F) of the WIFIA Master Agreement, the representations and warranties of the Borrower set forth in the WIFIA Loan Agreement and in each other Related Document to which the Borrower is a party are true and correct on and as of the WIFIA Loan Agreement Effective Date, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct as of such earlier date;
- (j) pursuant to Section 11(b)(vi)(G) of the WIFIA Master Agreement, the Borrower's Organizational Documents remain in full force and effect, and no amendments or modifications have been made to the Organizational Documents since the Effective Date that have not been delivered to the WIFIA Lender;
- (k) pursuant to Section 11(b)(vi)(H) of the WIFIA Master Agreement, no Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred or arisen since the Effective Date;

- (l) pursuant to Section 11(b)(vi)(I) of the WIFIA Master Agreement, no Default or Event of Default and no event of default under any other Related Document has occurred and is continuing;
- (o) pursuant to Section 11(b)(vii) of the WIFIA Master Agreement, the Borrower has delivered to the WIFIA Lender at least one (1) Investment Grade Rating on the WIFIA Loan by a Nationally Recognized Rating Agency, and such rating has not been reduced, revoked, withdrawn or suspended as of the WIFIA Loan Agreement Effective Date; [and]
- (p) [*any other attachments and provision as may apply to the WIFIA Loan Agreement*].

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first mentioned above.

POLK REGIONAL WATER COOPERATIVE,
by its authorized representative

By: _____
Name:
Title:

ANNEX A TO EXHIBITS B-1 & B-2

INCUMBENCY CERTIFICATE

The undersigned certifies that he/she is the [Secretary] of Polk Regional Water Cooperative, a public agency and unit of special purpose local government organized and existing under the laws of the State, (the “**Borrower**”), and as such he/she is authorized to execute this certificate and further certifies that the following persons have been elected or appointed, are qualified, and are now acting as officers or authorized persons of the Borrower in the capacity or capacities indicated below, and that the signatures set forth opposite their respective names are their true and genuine signatures. He/She further certifies that any of the officers listed below is authorized to sign agreements and give written instructions with regard to any matters pertaining to the WIFIA Loan Documents as the Borrower’s Authorized Representative (each as defined in that certain WIFIA Loan Agreement, dated as of the date hereof, by and between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator):

<u>Name</u>	<u>Title</u>	<u>Signature</u>
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____
[_____]	[_____]	_____

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this _____ day of [____], 20[____].

POLK REGIONAL WATER COOPERATIVE,
by its authorized representative

By: _____
Name:
Title:

EXHIBIT C

FORM OF PUBLIC BENEFITS REPORT

Pursuant to [Section 11(b)(ix) (*Conditions Precedent – Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) and] Part D of Schedule V (*Reporting Requirements*) of the WIFIA Master Agreement (as defined below), Polk Regional Water Cooperative (the “**Borrower**”) is providing this Public Benefits Report in connection with the [*Project name*] (WIFIA ID – [____]). Capitalized terms used in this certificate and not defined shall have the respective meanings ascribed to such terms in the WIFIA Loan Agreement dated [____], 20[____] (the “**WIFIA Loan Agreement**”), between the Borrower and the United States Environmental Protection Agency, acting by and through the Administrator.

Reporting Period: [Prior to the Effective Date][within ninety (90) days following the Substantial Completion Date][within ninety (90) days following the fifth (5th) anniversary of the Substantial Completion Date]

- (i) **The number of total jobs and direct jobs projected to be created by the Project during the period between the Effective Date and the Substantial Completion Date:**

WIFIA projects that the Project will create [____] total jobs, of which the Borrower projects [____] will be direct jobs.

- (ii) **Indicate (yes or no) whether the Project will assist the Borrower in complying with applicable regulatory requirements, and if yes, describe how the project assists with regulatory compliance:**

Yes

If yes, additional description: [____]

No

- (iii) **The Project will assist the Borrower with the following environmental measure:**

(A) with respect to the Southeast Wellfield Project, the amount by which the Project will provide new, expanded, more reliable, or more resilient drinking water (measured in MGD capacity at Substantial Completion): 7.5 MGD; and

(B) with respect to the West Polk Wellfield Project, the amount by which the Project will provide new, expanded, more reliable, or more resilient drinking water (measured in MGD capacity at Substantial Completion): 2.5MGD.

EXHIBIT D

FORM OF REQUISITION

VIA EMAIL

United States Environmental Protection Agency¹
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Re: [Insert name of project] (WIFIA ID – [])

Ladies and Gentlemen:

Pursuant to (i) Section 4 (*Disbursement Conditions*) and Schedule IV (*Requisition Procedures*) to the WIFIA Master Agreement, dated as of [], 2023 (the “**WIFIA Master Agreement**”), by and between Polk Regional Water Cooperative (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”) and (ii) Section 4 (*Disbursement Conditions*) of that certain WIFIA Loan Agreement by and between the Borrower and the WIFIA Lender, dated as of [], 20[] (the “**WIFIA Loan Agreement**”), the Borrower hereby requests a Disbursement in the amount set forth below in respect of Eligible Project Costs paid or incurred by the Borrower. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Master Agreement and the WIFIA Loan Agreement.

In connection with this Requisition, the undersigned, as the Borrower’s Authorized Representative, hereby represents and certifies the following:

1.	Project name	[]
2.	Borrower name	[]
3.	WIFIA Loan ID	[]
4.	Borrower Unique Entity Identifier	[]
5.	Borrower FEIN number	[]
6.	Requisition number	[]
7.	Requested Disbursement amount	[\$[]]
8.	Requested date of Disbursement (the “Disbursement Date”)²	[]

¹ If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

² Note this should be the actual disbursement date on which the Borrower requests to receive the funds, not the date that this Requisition form is submitted to the WIFIA Lender.

9.	Wire or ACH transfer instructions (please specify method)	[]
10.	Total amount of Eligible Project Costs anticipated for the Project as of the Disbursement Date	[\$]
11.	Total amount of Eligible Project Costs paid or incurred by the Borrower as of the Disbursement Date	[\$]
	(A) Total amount of Eligible Project Costs paid or incurred by the Borrower as of the Disbursement Date relating to activities (other than design and planning)	[\$]
12.	Total amounts previously disbursed under the WIFIA Loan Agreement	[\$]
	(A) Total amount of WIFIA disbursements for Eligible Project Costs relating to activities (other than design and planning)	

13. As of the date hereof, and immediately after giving effect to the Disbursement of WIFIA Loan proceeds requested under this Requisition, (a) no Default or Event of Default and no event of default under any other Related Document shall have occurred and be continuing and (b) no event that, with the giving of notice or the passage of time or both, would constitute an event of default under any other Related Document, shall have occurred and be continuing.
14. No Material Adverse Effect, or any event or condition that could reasonably be expected to have a Material Adverse Effect, has occurred since the Effective Date.
15. As of the date hereof, and immediately after giving effect to the Disbursement of WIFIA Loan proceeds requested under this Requisition, the aggregate amount of all Disbursements of such WIFIA Loan (including the requested Disbursement amount but excluding any interest that is capitalized in accordance with the terms hereof) does not exceed (1) the Maximum Principal Amount of such WIFIA Loan or (2) forty-nine percent (49%) of the reasonably anticipated Eligible Project Costs for such Project.
16. The Eligible Project Costs for which reimbursement or payment is being requested has not been reimbursed or paid by any previous disbursement of (a) WIFIA Loan proceeds or [(b) any other source of funding for the Project (other than Interim Financing or Borrower cash) as identified in the Project Budget.]
17. The Borrower, and each of its contractors and subcontractors at all tiers with respect to the Project, has complied with all applicable laws, rules, regulations and requirements, including 40 U.S.C. §§3141-3144, 3146, and 3147 (relating to Davis-Bacon Act requirements) (and regulations relating thereto) and 33 U.S.C. §3914 (relating to American

iron and steel products). Supporting documentation, such as certified payroll records and certifications for all iron and steel products used for the Project, are being maintained and are available for review upon request by the WIFIA Lender.

18. The representations and warranties of the Borrower set forth in the WIFIA Master Agreement and in each other WIFIA Loan Document are true and correct as of the date hereof and as of the Disbursement Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties are true and correct as of such earlier date).
19. The Borrower has delivered all required deliverables under and in compliance with the requirements of **Schedule V** (*Reporting Requirements*), except as has been otherwise agreed by the WIFIA Lender.
20. With respect to any Eligible Project Costs in the Requisition that relate to activities in clauses (b) through (d) of the definition of “Eligible Project Costs,” as of the date hereof, and immediately after giving effect to the Disbursement of WIFIA Loan proceeds requested under this Requisition, the aggregate amount of all disbursements of such WIFIA Loan (including the requested disbursement but excluding any interest that is capitalized in accordance with the terms hereof) will not exceed forty-nine percent (49%) of the aggregate amount of Eligible Project Costs for the relevant Project paid or incurred by the Borrower as of the date on which such disbursement is made.
21. The Eligible Project Costs Documentation evidencing Eligible Project Costs in an amount equal to the amount requested for Disbursement, either (1) has been previously submitted to and approved by the WIFIA Lender in accordance with **Schedule IV** (*Requisition Procedures*) and **Schedule V** (*Reporting Requirements*) of the WIFIA Master Agreement or (2) has been submitted to the WIFIA Lender, together with a summary of such Eligible Project Costs in this Requisition (or attached separately to this Requisition), for approval by the WIFIA Lender.³
22. [The Borrower has demonstrated the following to the WIFIA Lender’s satisfaction, as applicable: (A) conclusion of the NHPA Section 106 consultation process has been achieved for such Project Component; (B) the outcome of any final concurrence or biological opinion from the relevant Governmental Authority with respect to such Project Component subject to the ESA is in full force and effect; and (C) the Borrower has not (1) made any irreversible or irretrievable commitment of resources with respect to such Project Component that has the effect of foreclosing the formulation or implementation of any reasonable and prudent alternative measures under section 7(a)(2) of the ESA or (2) carried out any destruction, excavation, construction, mobilization or other ground-disturbing work prior to the conclusion of the NHPA Section 106 processes relating to such Project Component.]⁴

³ See Schedules IV, V and Exhibit E of the WIFIA Loan Agreement for additional details on EPC Documentation.

⁴ To include for any disbursement for Eligible Project Costs (other than for design or planning activities) for a Project Component of the Project.

23. The WIFIA Debt Service Reserve Account is funded in an amount equal to at least the portion of the WIFIA Debt Service Reserve Requirement required to be on deposit therein on the date hereof in accordance with Section 14(h)(iii) (*System Accounts; Permitted Investments*) of the WIFIA Master Agreement, the WIFIA Loan Agreement and the relevant Master Bond Resolution Documents.
24. [The Borrower has provided evidence satisfactory to the WIFIA Lender of sufficient funding for the development and construction of the Project and the payment of all anticipated Total Project Costs for such Project, including [____].]
25. As of the date hereof, (a) the Rate Covenant is effective, (b) the Borrower is in compliance with the Rate Covenant, and (c) if requested by the WIFIA Lender, the Borrower has provided evidence satisfactory to the WIFIA Lender demonstrating such compliance.

								WIFIA USE ONLY	
Vendor or Contractor Name⁵	Invoice Number⁶	Invoice Date	Payment Date	Invoice Amount	WIFIA Requested Amount⁷	Activity Type⁸	Description of Activity⁹	Approved Amount	Notes

The undersigned acknowledges that if the Borrower makes a false, fictitious, or fraudulent claim, statement, submission, or certification to the Government in connection with the Project, the Government reserves the right to impose on the Borrower the penalties of 18 U.S.C. § 1001, to the extent the Government deems appropriate.

Date: _____

**POLK REGIONAL WATER
COOPERATIVE,**
by its authorized representative

⁵ If seeking reimbursement for internal costs, enter “Internally financed activities.”

⁶ Vendor’s number indicated on the invoice sent to the Borrower.

⁷ If the amount requested for reimbursement by the WIFIA Lender is less than the total amount of the invoice, include an explanation for the difference.

⁸ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the “Description of Activity” column.

⁹ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the disbursement request.

By: _____
Name:
Title:

EXHIBIT E

FORM OF CERTIFICATION OF ELIGIBLE PROJECT COSTS DOCUMENTATION

VIA EMAIL

United States Environmental Protection Agency¹
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, D.C. 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Re: [Insert name of project] (WIFIA ID – [])

Ladies and Gentlemen:

Pursuant to (i) Part C of Schedule V (*Reporting Requirements*) of the WIFIA Master Agreement, dated as of [], 2023 (the “**WIFIA Master Agreement**”), by and between Polk Regional Water Cooperative (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator (the “**WIFIA Lender**”) and (ii) Section 14 (*Covenants*) of that certain WIFIA Loan Agreement by and between the Borrower and the WIFIA Lender, dated as of [], 20[] (the “**WIFIA Loan Agreement**”), the Borrower hereby presents this certificate in connection with the Borrower’s delivery of Eligible Project Costs Documentation to the WIFIA Lender. Capitalized terms used but not defined herein have the meaning set forth in the WIFIA Master Agreement and the WIFIA Loan Agreement.

The undersigned does hereby represent and certify the following:

1. This certificate is being delivered to the WIFIA Lender in connection with the Eligible Project Costs during the period between [] and [] (the “**Quarterly Period**”).
2. A summary of the Eligible Project Costs incurred, invoiced and/or paid (as the case may be) is set out in the [attached excel sheet][table on the following page:]

¹ If there is a Servicer for the WIFIA Loan, provide a copy to the Servicer as well and include its notice details here.

							WIFIA USE ONLY	
Vendor or Contractor Name ²	Invoice Number ³	Invoice Date	Payment Date	Invoice Amount	Activity Type ⁴	Description of Activity ⁵	Approved Amount	Notes

3. The anticipated sources of funding for such Eligible Project Costs are [listed below][set forth in the attached excel sheet].
4. Supporting Eligible Project Costs Documentation for the above Eligible Project Costs for the Quarterly Period are also attached hereto.⁶
5. The most recently delivered Construction Monitoring Report delivered in accordance with (i) Part C of Schedule V (*Reporting Requirements*) of the WIFIA Master Agreement and (ii) Section 14 (*Covenants*) of the WIFIA Loan Agreement sets out a summary of the progress of construction of the Project, no change has occurred since the date of such Construction Monitoring Report that could reasonably be expected to cause a Material Adverse Effect, and the Borrower is otherwise in compliance with (i) Part C of Schedule V (*Reporting Requirements*) of the WIFIA Master Agreement and (ii) Section 14 (*Covenants*) of the WIFIA Loan Agreement.

Date: _____

**POLK REGIONAL WATER
COOPERATIVE,**
by its authorized representative

By: _____
Name:

² If the expectation is to seek reimbursement for internal costs, enter “Internally financed activities.”

³ Vendor’s number indicated on the invoice sent to the Borrower.

⁴ Specify whether activity is: (a) **Development phase activity**, which includes planning, preliminary engineering, design, environmental review, revenue forecasting and other pre-construction activities; (b) **Construction**, which includes construction, reconstruction, rehabilitation and replacement activities; (c) **Acquisition of real property**, which includes acquiring an interest in real property, environmental mitigation, construction contingencies and acquisition of equipment; (d) **Carrying costs**, including capitalized interest on other Project Obligations during construction, as necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses and other carrying costs during construction; (e) **WIFIA fees**, including for application and credit processing; or (f) **Other**, with an explanation in the “Description of Activity” column.

⁵ Provide a brief description of the activities included in the invoice for which WIFIA funds are being requested and any other notes that will aid in the review of the documentation.

⁶ See Schedules IV and V of the WIFIA Loan Agreement for additional details on EPC Documentation.

Title:

EXHIBIT F

FORM OF CONSTRUCTION MONITORING REPORT

VIA EMAIL

United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, DC 20460
Attn: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Re: [*Project name*] (WIFIA ID – [____])

This Construction Monitoring Report for the period of [*insert relevant quarterly period*] (the “**Quarterly Period**”) is provided pursuant to (i) Part D of Schedule V (*Reporting Requirements*) of the WIFIA Master Agreement, dated as of [____], 2023 (the “**WIFIA Master Agreement**”), by and between Polk Regional Water Cooperative (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”) and (ii) Section 14 (*Covenants*) of that certain WIFIA Loan Agreement by and between the Borrower and the WIFIA Lender, dated as of [____], 20[____] (the “**WIFIA Loan Agreement**”). Unless otherwise defined herein, all capitalized terms in this Construction Monitoring Report have the meanings assigned to those terms in the WIFIA Master Agreement and the WIFIA Loan Agreement.

1. **Project Status.** Provide a narrative summary of the Project’s construction progress during the Quarterly Period, including with respect to the Project components or sub-projects where appropriate. Complete the table in Appendix A to update the Project scope, schedule, and costs with the latest information.

2. **Projected Substantial Completion Date on Effective** **Date:**

Current Projected Substantial Completion Date:

If the current Projected Substantial Completion Date differs than the date set forth in the Construction Monitoring Report most recently delivered to the WIFIA Lender (or, if no such report has yet been provided, the date of the Projected Substantial Completion Date set forth in the WIFIA Loan Agreement as of the WIFIA Loan Agreement Effective Date), provide a description in reasonable detail for such projected delay or difference:

3. **Material Problems or Changes (if any)**

Note any problems encountered or anticipated during the construction of the Project during the Quarterly Period that (1) impedes Project completion within the scope, costs, and schedule outlined in the WIFIA Loan Agreement or (2) relates to unforeseen complications in connection with the construction of the Project. This may include commissioning/start-up issues, constructability issues for the Project as planned,

adverse impacts to Project surroundings, changes in or issues with meeting environmental or federal compliance requirements, and unanticipated or abnormal permit approval timelines. Include an assessment of the impact and any current plans to address the problems.

4. Other Matters Related to the Project (if applicable)

Date: _____

**POLK REGIONAL WATER
COOPERATIVE,**
by its authorized representative

By: _____

Name:

Title:

APPENDIX A¹

Q[] Reporting period MM/YY – MM/YY

Project Scope		Project Schedule				Project Costs				
Project Component	Completed (Y/N)	Construction Start Date	Original Construction End Date at Closing	Estimated Substantial Completion Date	Percent Time Complete	Original Construction Cost at Loan Closing	Cost Change	Estimated Costs at Completion	Costs Earned or Paid to Date	Percent Cost Complete
Component 1										
Component 2										
Component 3										
Total										

Table Instructions:

Do not edit gray cells in the table. These cells are prepopulated with your WIFIA Project and matches information provided in Section E of the WIFIA loan application.

Do not delete the rows on this table when Project Components are completed.

Update white cells in the table on a quarterly basis to reflect the latest (actual or projected) information for your WIFIA Project.

Aggregate data for Project Components with more than one construction contracts.

Table Definitions:

Project Component – All project components identified in the WIFIA project listed by name or ID matching the section E spreadsheet of the WIFIA loan application

Completed (Y/N) – indication that project component is substantially complete

Construction Start Date – the effective date the component began or is *expected* to begin construction.

Original Construction End Date at closing – the construction end date for the component as noted in the WIFIA loan agreement or Section E spreadsheet

Estimated Substantial Completion Date – the latest date estimate for substantial completion for the given project component

Percent Time Complete – the percent of time complete based on current reporting period end, construction start date, and estimated substantial completion date

Total – Total the time from earliest component construction start date to the current WIFIA Project estimated substantial completion.

Original Construction Cost at Loan Closing – the construction cost of each element estimated at loan closing as reported in Section E spreadsheet.

Cost Change – the change in construction costs since loan closing

Estimated Costs at Completion – the latest anticipated total costs for the completion of project component

Costs Earned or Paid to Date – the latest incurred costs of project component to Date

Percent Cost Complete – the percent of cost expended on the project component based on costs earned or paid to date, and estimated costs at completion

Total – Total the cost amounts across all project components or contracts

¹ Appendix A summarizes all project components that that comprise the WIFIA loan and describe their anticipated construction status, current construction status, or construction completion. It should be a cumulative list of projects that is updated each quarter. A Microsoft Excel spreadsheet with similar table format is acceptable.

EXHIBIT G

FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[Letterhead of Borrower]

[Date]

VIA EMAIL

United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
WJC-E 7334A
Washington, DC 20460
Attn: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

Project: *[Project Name]* (WIFIA ID – [____])

Dear Director:

This notice is provided pursuant to (i) Part E of Schedule V (*Reporting Requirements*) of that certain WIFIA Master Agreement (the “**WIFIA Master Agreement**”), dated as of [____], 2023, by and between Polk Regional Water Cooperative (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through its Administrator (the “**WIFIA Lender**”) and (ii) Section 14 (*Covenants*) of that certain WIFIA Loan Agreement by and between the Borrower and the WIFIA Lender, dated as of [____], 20[____] (the “**WIFIA Loan Agreement**”).

Unless otherwise defined herein, all capitalized terms in this certificate have the meanings assigned to those terms in the WIFIA Master Agreement and the WIFIA Loan Agreement.

I, the undersigned, in my capacity as the Borrower’s Authorized Representative and not in my individual capacity, do hereby certify to the WIFIA Lender that:

- (a) the Project has satisfied each of the requirements for Substantial Completion set forth in the Construction Contracts;
- (b) Substantial Completion has been declared under each of the relevant Construction Contracts and copies of the notices of Substantial Completion under such agreements are attached to this certification;
- (c) Substantial Completion, as defined in the WIFIA Loan Agreement, has been achieved and the Substantial Completion Date is [____]; and
- (d) The total federal assistance provided to the Project, including the maximum principal amount of the WIFIA Loan (excluding any interest that is capitalized in accordance with the terms hereof), does not exceed eighty percent (80%) of Total Project Costs.

[Signature Page Follows]

POLK REGIONAL WATER COOPERATIVE,
by its authorized representative

By: _____

Name:

Title:

EXHIBIT H-1

OPINIONS REQUIRED FROM COUNSEL TO BORROWER¹

¹ **Note to Borrower**: Form of Borrower Counsel Opinion and Project Participant Opinions under continuing review.

EXHIBIT H-2

OPINIONS REQUIRED FROM BOND COUNSEL TO BORROWER¹

¹ **Note to Borrower**: Form of Bond Counsel Opinion under continuing review.

EXHIBIT I
FORM OF WIFIA LOAN REQUEST

[Letterhead of Borrower]

[Date]¹

United States Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460
Attention: WIFIA Director
Email: WIFIA_Portfolio@epa.gov

RE: Polk Regional Water Cooperative – PRWC Alternative Water Supply Program – Project [] (WIFIA ID – [])

Dear WIFIA Director:

This loan request is provided pursuant to Section 3(c) (*WIFIA Loans Under the Master Program*) of that certain WIFIA Master Agreement, dated as of [], 2023 (the “**WIFIA Master Agreement**”), by and between Polk Regional Water Cooperative (the “**Borrower**”) and the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (the “**WIFIA Lender**”). Unless otherwise defined herein, all capitalized terms in this loan request have the meanings assigned to those terms in the WIFIA Master Agreement.

I, the undersigned, in my capacity as the Borrower’s Authorized Representative and not in my individual capacity, do hereby request that the WIFIA Lender, in accordance with, and subject to the terms and conditions of, the WIFIA Master Agreement, enter into a WIFIA Loan Agreement and related WIFIA Loan Documents with respect to the PRCW Alternative Water Supply Program – Project [] (the “**Project**”).

- (a) The Project consists of [*describe the Project*].
- (b) Attached hereto are: (i) Annex A, an estimated Project budget[;] [and] (ii) Annex B, the most recent Updated Financial Model/Plan delivered to the WIFIA Lender in accordance with Part A of Schedule V (*Reporting Requirements*) of the WIFIA Master Agreement[;] and (iii) Annex C, a proposed revised version of the Master Program Budget].

POLK REGIONAL WATER COOPERATIVE,
by its authorized representative

By: _____
Name:
Title:

¹ To be dated no later than 180 days prior to the end of the Master Availability Period.

ANNEX A TO EXHIBIT I
PROPOSED PROJECT BUDGET

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
WIFIA Loan	\$[]	
Total Sources of Funds	\$[]	100.00%
USES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
Construction		
Design		
Planning		
Land Acquisition		
Other Capital Costs		
Contingency		
Financing Costs		
Total Uses of Funds	\$[]	100.00%
Total Eligible Project Costs	\$[]	100.00%
Total Project Costs	\$[]	100.00%

ANNEX B TO EXHIBIT I
UPDATED FINANCIAL MODEL/PLAN

EXHIBIT J

FORM OF WIFIA LOAN AGREEMENT

[To be attached separately]

EXHIBIT K

FORM OF WIFIA LOAN TERM SHEET

[To be attached separately]

EXHIBIT "B" TO RESOLUTION
FORM OF SOUTHEAST WELLFIELD PROJECT LOAN AGREEMENT



WIFIA/NRF Draft April 18, 2023
WIFIA CUSIP Number:

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

WIFIA LOAN AGREEMENT

For Up to \$222,802,928

With

POLK REGIONAL WATER COOPERATIVE

For the

**PRWC ALTERNATIVE WATER SUPPLY PROGRAM –
PROJECT 1 (SOUTHEAST WELLFIELD)
(WIFIA ID – 19139FL)**

Dated as of , 2023

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SCHEDULE IV – Truth in Bonding and Disclosure Statement

WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this “**Agreement**”), dated as of [], 2023, is by and between the Borrower (as defined herein) and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, § 5021 *et seq.* of Public Law 113-121, which is codified as 33 U.S.C. §§ 3901-3915;

WHEREAS, the Act authorizes the WIFIA Lender to enter into agreements to provide financial assistance with one or more eligible entities to make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, the Borrower and the WIFIA Lender entered into or (concurrently with the execution and delivery of this Agreement) are entering into that certain WIFIA Master Agreement, dated as of [], 2023, pursuant to which the parties thereto have set forth certain common terms and conditions applicable to each WIFIA Loan and Project under the Master Program;

WHEREAS, pursuant to the Application, the Borrower has requested that the WIFIA Lender make the WIFIA Loan in a principal amount not to exceed the Maximum Principal Amount to be used to pay a portion of the Eligible Project Costs for the Project;

WHEREAS, pursuant to the WIFIA Term Sheet, as of the date hereof, the Administrator has approved WIFIA financial assistance for the Project to be provided in the form of the WIFIA Loan, subject to the terms and conditions contained herein and in the WIFIA Master Agreement;

WHEREAS, based on the Application, the WIFIA Master Agreement and the representations, warranties and covenants set forth herein and therein, the WIFIA Lender proposes to make funding available to the Borrower through the issuance of the WIFIA Bond (as defined herein) to be issued by the Borrower, upon the terms and conditions set forth herein and in the WIFIA Master Agreement;

WHEREAS, the Borrower agrees to repay any amount due pursuant to this Agreement and the WIFIA Bond in accordance with the terms and provisions of this Agreement, the WIFIA Master Agreement and the WIFIA Bond; and

WHEREAS, the WIFIA Lender has entered into this Agreement in reliance upon, among other things, the information and representations of the Borrower set forth in the Application, the WIFIA Master Agreement, and the supporting information provided by the Borrower.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending

to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the WIFIA Lender as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1. Definitions. Capitalized terms used in this Agreement (including in the recitals hereto) and not otherwise defined herein shall have the meanings assigned to such terms in the WIFIA Master Agreement. Any term used in this Agreement (including in the recitals hereto) that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect. In addition, as used in this Agreement (including in the recitals hereto), the following terms have the following meanings:

“**Agreement**” has the meaning provided in the preamble hereto.

“**Borrower**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Interest Payment Date**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Maximum Principal Amount**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Payment Date**” means each Interest Payment Date and each Principal Payment Date.

“**Principal Payment Date**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Project**” has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

“**Southeast Wellfield Project Construction Account**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Southeast Wellfield Project WIFIA Debt Service Reserve Account**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA Bond**” has, if applicable, the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as “Not Applicable” in **Schedule I**, means a bond as evidence of the Borrower’s Obligation shall not be applicable with respect to the WIFIA Loan hereunder.

“**WIFIA Debt Service Reserve Requirement**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA Interest Rate**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Term*).

“**WIFIA Lender**” has the meaning provided in the preamble hereto.

“**WIFIA Loan**” means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed the Maximum Principal Amount, to be used in respect of Eligible Project Costs.

“**WIFIA Loan Agreement Effective Date**” means the date of this Agreement, as specified in Part A of Schedule I (*WIFIA Loan Specific Terms*).

“**WIFIA Loan Amortization Schedule**” means, with respect to the WIFIA Loan, the loan amortization schedule reflected in **Schedule III** (*WIFIA Loan Amortization Schedule*), as amended from time to time in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*) of the WIFIA Master Agreement.

“**WIFIA Master Agreement**” has the meaning provided in the recitals hereto.

Section 2. Interpretation.

(a) Except as otherwise expressly provided herein, the rules of interpretation set forth in Section 2 of the WIFIA Master Agreement shall apply herein, *mutatis mutandis*, as if set out in this Agreement in full (and as if each reference therein to “this Agreement” were a reference to this Agreement, and each reference to any “WIFIA Loan” or any “WIFIA Bond” were a reference, respectively, to the WIFIA Loan or the WIFIA Bond as such terms are defined in this Agreement).

(b) This Agreement is one of the WIFIA Loan Agreements referenced in the WIFIA Master Agreement.

ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed the Maximum Principal Amount. WIFIA Loan proceeds available to be drawn shall be disbursed from time to time in accordance with Section 4 (*Disbursement Conditions*) hereof and Section 11(c) (*Conditions Precedent to Disbursements*) of the WIFIA Master Agreement.

Section 4. Disbursement Conditions. The WIFIA Loan shall be disbursed in accordance with Section 4 (*Disbursement Conditions*) of the WIFIA Master Agreement.

Section 5. [Reserved].

Section 6. Interest Rate. The Borrower shall pay interest on the applicable WIFIA Loan Balance at the WIFIA Interest Rate. Interest will accrue and be computed on the WIFIA Loan Balance from time to time pursuant to, and otherwise in accordance with, Section 6 (*Interest Rate*) of the WIFIA Master Agreement.

Section 7. [Reserved].

Section 8. Repayments.

(a) Payment of WIFIA Debt Service. Payments of WIFIA Debt Service shall be made by the Borrower on each Payment Date occurring on or after the Debt Service Payment Commencement Date in the amounts and manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule and otherwise in accordance with Section 8 (*Repayments*) of the WIFIA Master Agreement.

(b) WIFIA Bond. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, on or prior to the WIFIA Loan Agreement Effective Date, the WIFIA Bond, substantially in the form of Exhibit A (*Form of WIFIA Bond*) to the WIFIA Master Agreement, having a principal amount not to exceed the Maximum Principal Amount.

Section 9. Prepayment. The Borrower may prepay the WIFIA Loan in accordance with Section 9(a) (*Optional Prepayments*) of the WIFIA Master Agreement.

Section 10. Fees and Expenses. The Borrower shall pay to the WIFIA Lender (a) each of the Servicing Fees set forth in **Part E of Schedule I** (*WIFIA Loan Specific Terms*) and (b) any other applicable fees, costs, charges, and expenses, in each case pursuant to and in accordance with Section 10 (*Fees and Expenses*) of the WIFIA Master Agreement.

ARTICLE III CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness of this Agreement. The effectiveness of this Agreement is subject to the satisfaction, or the WIFIA Lender's written waiver, as determined by the WIFIA Lender in its sole discretion, of each of the conditions precedent to the effectiveness of this Agreement set forth in Section 11(b) (*Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) of the WIFIA Master Agreement (each of which is incorporated by reference herein, *mutatis mutandis*, as if set out in this Agreement in full and as if each reference therein to any "Project," any "WIFIA Loan," any "WIFIA Bond" or any "WIFIA Loan Agreement" were a reference, respectively, to the Project, the WIFIA Loan, the WIFIA Bond, or this Agreement (as such terms are defined in this Agreement)).

(b) Conditions Precedent to Disbursements. Notwithstanding anything in this Agreement to the contrary, the WIFIA Lender shall have no obligation to make any Disbursement of the WIFIA Loan to the Borrower (including the initial Disbursement hereunder) until each of the conditions precedent with respect to the WIFIA Loan set forth in Section 11(c) (*Conditions Precedent to Disbursements*) of the WIFIA Master Agreement (each of which is incorporated by reference herein, *mutatis mutandis*, as if set out in this Agreement in full and as if each reference therein to any "Project," any "WIFIA Loan," any "WIFIA Bond" or any "WIFIA Loan Agreement" were a reference, respectively, to the Project, the WIFIA Loan, the WIFIA Bond or

this Agreement (as such terms are defined in this Agreement)) has been satisfied or waived in writing by the WIFIA Lender in its sole discretion.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 12. Representations and Warranties of Borrower. The representations and warranties set out in Section 12 (*Representations and Warranties of Borrower*) of the WIFIA Master Agreement shall be made on the WIFIA Loan Agreement Effective Date and as of each date on which any disbursement of the WIFIA Loan is requested or made, except as otherwise expressly provided in Section 12 of the WIFIA Master Agreement. Each such representation and warranty is incorporated by reference herein, *mutatis mutandis*, for the benefit of the WIFIA Lender as if set out in this Agreement in full (and as if each reference therein to “this Agreement” were a reference to this Agreement and as if each reference therein to (a) any “Project” or the “Master Program,” (b) any “WIFIA Loan” or (c) any “WIFIA Bond” were a reference, respectively, to (i) the Project, (ii) the WIFIA Loan or (iii) the WIFIA Bond (as such terms are defined in this Agreement)). The Borrower acknowledges that it makes such representations and warranties with the intention of inducing the WIFIA Lender to enter into this Agreement and the other WIFIA Loan Documents and to advance the WIFIA Loan to the Borrower, and that the WIFIA Lender has entered into this Agreement and the other WIFIA Loan Documents on the basis of, and in full reliance on, each such representation and warranty.

Section 13. Representations and Warranties of WIFIA Lender. The representations and warranties set out in Section 13 (*Representations and Warranties of WIFIA Lender*) of the WIFIA Master Agreement shall be made on the WIFIA Loan Agreement Effective Date, *mutatis mutandis*, for the benefit of the Borrower as if set out in this Agreement in full (and as if each reference therein to any “WIFIA Loan” were a reference to the WIFIA Loan (as such term is defined in this Agreement)).

ARTICLE V COVENANTS

Section 14. Covenants. The Borrower covenants and agrees, until the date the WIFIA Bond and all of the obligations of the Borrower under this Agreement and each other WIFIA Loan Document with respect to the WIFIA Loan or the Project (other than contingent indemnity obligations) have been irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements under this Agreement to the Borrower, unless the WIFIA Lender waives compliance in writing, to comply with each of the covenants set forth in the WIFIA Master Agreement, including Section 14 (*Affirmative Covenants*), Section 15 (*Negative Covenants*) and Section 16 (*Reporting Requirements*) of the WIFIA Master Agreement, which covenants are incorporated by reference herein *mutatis mutandis* as if fully set forth herein (and as if each reference therein to “this Agreement” were a reference to this Agreement and as if each reference therein to (a) any “Project” or the “Master Program,” (b) any “WIFIA Loan” or (c) any “WIFIA Bond” were a reference, respectively, to (i) the Project, (ii) the WIFIA Loan or (iii) the WIFIA Bond (as such terms are defined in this Agreement)).

Section 15. [Reserved].

Section 16. [Reserved].

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 17. Events of Default and Remedies.

(a) Each Event of Default set out in Section 17 (*Events of Default and Remedies*) of the WIFIA Master Agreement shall constitute an Event of Default under this Agreement, except as otherwise expressly provided in Section 17 (*Events of Default and Remedies*) of the WIFIA Master Agreement.

(b) Upon the occurrence of any Event of Default hereunder, the WIFIA Lender, by written notice to the Borrower shall have each of the rights and remedies to which it is entitled as provided in and with the same effect as described in Section 17 (*Events of Default and Remedies*) of the WIFIA Master Agreement.

ARTICLE VII MISCELLANEOUS

Section 18. Governing Law. This Agreement shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 19. Effectiveness. This Agreement shall be effective on the WIFIA Loan Effective Date.

Section 20. Survival. The indemnification requirements of Section 32 (*Indemnification*) of the WIFIA Master Agreement, the reporting and record keeping requirements of Section 14(o) (*Access; Records*) of the WIFIA Master Agreement, in each case, as incorporated herein, and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such Sections.

Section 21. Miscellaneous. Article VII (*Miscellaneous*) of the WIFIA Master Agreement (other than Sections 25 (*Governing Law*), 34 (*Effectiveness*) and 36 (*Survival*) of the WIFIA Master Agreement) shall be incorporated in this Agreement, *mutatis mutandis*, as if set out in this Agreement in full (and as if each reference therein to “this Agreement” were a reference to this Agreement and as if each reference therein to (a) any “Project” or the “Master Program,” (b) any “WIFIA Loan” or (c) any “WIFIA Bond” were a reference, respectively, to (i) the Project, (ii) the WIFIA Loan or (iii) the WIFIA Bond (as such terms are defined in this Agreement)).

Section 22. Truth in Bonding and Disclosure Statement. Pursuant to the applicable provisions of Section 218.385, Florida Statutes, as amended, certain information in respect of the issuance of the WIFIA Bond, including all disclosure information required by the Borrower, is set forth in **Schedule IV** (*Truth in Bonding and Disclosure Statement*), which disclosure information, including from the financial advisor to the Borrower, has been provided to the Borrower prior to the award and issuance of the WIFIA Bond to the WIFIA Lender.

[The remainder of this page intentionally left blank; signature pages immediately follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**POLK REGIONAL WATER
COOPERATIVE,**
by its authorized representative

By: _____
Name:
Title:

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the
Environmental Protection Agency

By: _____
Name: Michael S. Regan
Title: Administrator

SCHEDULE I

WIFIA LOAN SPECIFIC TERMS

No.	Item	WIFIA Loan Specific Term
<i>PART A. Key Borrower Metrics</i>		
1.	WIFIA Loan Agreement Effective Date	[], 2023.
2.	Borrower	Polk Regional Water Cooperative, a Legal Entity organized and existing under the laws of the State.
3.	Legal Entity	An interlocal agency, public body corporate and politic, created pursuant to Section 163.01(7)(g) and Chapter 189, Florida Statutes.
4.	State	Florida.
5.	WIFIA CUSIP Number	[], as the CUSIP number with respect to the WIFIA Loan for purposes of monitoring through EMMA.
<i>PART B. Key Project Metrics</i>		
6.	Project	The project is the Southeast Wellfield Project, located in southeast Polk County, Florida, which consists of the development of Phase I of the Southeast Polk water supply program, including design and construction of (i) a new lower Floridan aquifer wellfield, (ii) a new water production facility, and (iii) a water transmission system with related transmission lines to connect to existing distribution systems in Polk County.
7.	Project Location	Polk County, Florida.
8.	Projected Substantial Completion Date	December 31, 2026, as such date may be adjusted in accordance with Part C of Schedule V (<i>Reporting Requirements</i>) of the WIFIA Master Agreement.
9.	Development Default Date	December 31, 2028.
10.	NEPA Determination	Finding of No Significant Impact for the Project issued by EPA on April 12, 2023 in accordance with NEPA.
<i>PART C. Key Loan and Security Metrics</i>		

No.	Item	WIFIA Loan Specific Term
11.	Maximum Principal Amount	Principal amount up to \$222,802,928 (excluding interest that is capitalized in accordance with this Agreement).
12.	WIFIA Interest Rate	[]% per annum.
13.	Default Rate	Interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) 200 basis points.
14.	Interest Payment Date	Each April 1 and October 1, beginning on the Debt Service Payment Commencement Date.
15.	Capitalized Interest Period	The period from (and including) the first Disbursement to (but excluding) the date that is six (6) months prior to the first Payment Date, subject to earlier termination as set forth in Section 8(a)(iii) (<i>Payment of WIFIA Debt Service</i>) of the WIFIA Master Agreement.
16.	Interest Only Period	The period commencing from (and including) the Debt Service Payment Commencement Date and ending on September 30, 2032 (or on such earlier date as all amounts due or to become due to the WIFIA Lender hereunder have been irrevocably paid in full in cash).
17.	Principal Payment Date	Each October 1, beginning on October 1, 2032.
18.	Final Maturity Date	The earliest of (a) October 1, 2059; (b) the date on which the maturity of the WIFIA Loan and corresponding WIFIA Bond have been accelerated or subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof; and (c) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.
19.	Southeast Wellfield Project Construction Account	A separate account within the Construction Fund established for the Project pursuant to the Master Bond Resolution, into which the WIFIA Loan proceeds shall be deposited, withdrawn and used and applied by the Borrower solely to pay Eligible Project Costs with respect to the Project.
20.	Southeast Wellfield Project WIFIA Debt Service Reserve Account	The 2023D Debt Service Reserve Account, within the Reserve Fund, established and maintained by the Borrower for the sole benefit of the WIFIA Lender with respect to the WIFIA Loan and funded from time to time

No.	Item	WIFIA Loan Specific Term
		in accordance with this Agreement, the Master Agreement and the Master Bond Resolution Documents.
21.	WIFIA Debt Service Reserve Requirement	<p>An amount equal to no less than fifty percent (50%) of the maximum WIFIA Debt Service on the WIFIA Loan in any Borrower Fiscal Year, with WIFIA Debt Service calculated for this purpose to assume disbursement of the entire available WIFIA Loan on the initial disbursement date, regardless of the actual disbursement amount.</p> <p>Such amount shall be funded by the Borrower in the Pro-Rated DSR Amount (as defined below) for each Borrower Fiscal Year following initial disbursement of the WIFIA Loan; <u>provided</u> that the initial Pro-Rated DSR Amount shall be deposited into the Southeast Wellfield Project WIFIA Debt Service Reserve Account on or prior to the date of the first disbursement of the WIFIA Loan and thereafter by each September 30 of each Borrower Fiscal Year succeeding the Fiscal Year which the initial deposit was made until funded in full.</p> <p>The Pro-Rated DSR Amount shall be calculated as the amount equal to fifty percent (50%) of the maximum WIFIA Debt Service (assuming disbursement of the entire WIFIA Loan) <i>divided by</i> the number of Borrower Fiscal Years from the date of the first disbursement of the WIFIA Loan to the end of the Interest Only Period (the “Pro-Rated DSR Amount”). The Pro-Rated DSR Amount shall be adjusted upon a decrease in the interest rate on the WIFIA Loan or if by the Final Disbursement Date the WIFIA Loan has not been disbursed in full and any excess returned to the Borrower.</p>
PART D. Other Key WIFIA Loan Documents		
22.	WIFIA Bond	The bond issued and delivered by the Borrower in substantially the form of Exhibit A (<i>Form of WIFIA Bond</i>) to the WIFIA Master Agreement.
23.	WIFIA Term Sheet	WIFIA term sheet, dated as of [] 2023, between the Borrower and the WIFIA Lender.
24.	WIFIA Supplemental Resolution	[], passed and duly adopted by the Board of Directors on [], 2023, authorizing the execution, delivery and performance by the Borrower of this Agreement, the WIFIA Bond, and certain related actions by the

No.	Item	WIFIA Loan Specific Term
		Borrower in connection with the issuance of the WIFIA Loan.
<i>PART E. Fees</i>		
25.	Servicing Set-Up Fee	A one-time servicing set-up fee equal to \$25,990.
26.	Construction Period Servicing Fee	An annual construction period servicing fee equal to \$25,990.
27.	Initial Construction Period Servicing Fee	The initial Construction Period Servicing Fee in a pro-rated amount equal to \$8,660. ¹
28.	Operating Period Servicing Fee	An annual operating period servicing fee equal to \$17,330.

¹ **Note to Draft:** This amount assumes a May 2023 closing.

SCHEDULE II
PROJECT DETAILS²

PART A. Project Budget.

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
WIFIA Loan	\$222,802,928	49%
SRF Loan	\$21,906,290	5%
SWFWMD Grants	\$176,986,333	39%
FL State Appropriations (Heartland Grant)	\$4,683,275	1%
Member Contributions	\$28,321,028	6%
Total Sources of Funds		
USES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
Design & Planning	\$39,632,184	9%
Construction	\$341,422,267	75%
Contingency	\$51,213,340	11%
Land Acquisition	\$21,254,000	5%
Financing Costs	\$1,178,063	<1%
Total Uses of Funds	\$454,699,854	100%
Total Eligible Project Costs	\$454,699,854	100%
Total Project Costs	\$454,699,854	100%

PART B. Construction Schedule.

Projected Substantial Completion Date: December 31, 2026

PROJECT ELEMENT	DESIGN COMPLETION	CONSTRUCTION START	CONSTRUCTION END
SE Aquifer Wellfield	August 2024	May 2023	December 2026
SE Water Production Facility	August 2024	May 2023	December 2026
SE Water Transmission System	August 2024	May 2023	December 2026

² **Note to Borrower:** Borrower to review and confirm.

PART C. Existing Construction Contracts.

Contract Name	Effective Date	Amount	Parties	Description
Construction Manager At Risk Agreement	11/16/22	[\$] ³	Borrower and Florida Water Partners	Construction manager-at-risk agreement for the Project

³ **Note to Borrower:** Borrower to provide.

SCHEDULE III
WIFIA LOAN AMORTIZATION SCHEDULE⁴

[To be attached with final interest rate on the WIFIA Loan Agreement Effective Date]

⁴ **Note to Draft:** To be finalized by the EPA and Borrower teams on closing day.

SCHEDULE IV

TRUTH-IN-BONDING AND DISCLOSURE STATEMENT

Pursuant to the applicable provisions of Section 218.385, Florida Statutes, as amended, certain information in respect to the issuance of the WIFIA Bond, including all disclosure information required by the Borrower, is as follows:

(a) An itemized list setting forth the nature and estimated amounts of expenses to be incurred by the WIFIA Lender and paid for by the Borrower in connection with the WIFIA Loan and the issuance of the WIFIA Bond is set forth as follows. Fees and expenses of consultants and advisors to the WIFIA Lender are estimated to be \$[____]. None of such fees and expenses are being charged to the Borrower as part of an underwriting spread, if any, set forth in the following sentence, but instead are being paid directly by the WIFIA Lender and will be reimbursed by the Borrower pursuant to Section 10 (*Fees and Expenses*). The underwriting spread to be paid by the Borrower to the WIFIA Lender will be zero Dollars (\$0). The Borrower's responsibilities for the fees and expenses of the WIFIA Lender, including the Servicing Fees, are as set forth in Section 10 (*Fees and Expenses*).

(b) No "finder" as that term is defined in Section 218.386(1)(a), Florida Statutes, as amended, has entered into an understanding with the WIFIA Lender, or to the knowledge of the WIFIA Lender, with the Borrower, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Borrower and the WIFIA Lender or to exercise or attempt to exercise any influence to effect any transaction in connection with the WIFIA Loan.

(c) No other fee, bonus or other compensation is estimated to be paid by the WIFIA Lender in connection with the WIFIA Loan to any person not regularly employed or retained by the WIFIA Lender (including any "finder," as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred and paid by the WIFIA Lender as set forth in clause (a) above.

(d) The Borrower is issuing the WIFIA Bond for the purpose of financing a portion of Eligible Project Costs for the Project, as more particularly described herein. The WIFIA Loan is a drawdown loan and therefore, due to the varying timing of the draws, it is impossible to determine the total interest to be paid on the WIFIA Bond. However, assuming the full amount of the WIFIA Loan, in the maximum principal amount of \$[____], is drawn in accordance with the Anticipated WIFIA Loan Disbursement Schedule and assuming that the WIFIA Bond is outstanding through [____], at the WIFIA Interest Rate of [____]%, total interest paid over the life of the WIFIA Bond is estimated to be approximately \$[____].

(e) The WIFIA Bond will be payable solely from the Pledged Revenues. The issuance of the WIFIA Bond, based on the assumptions described in clause (d) above, will result in a maximum of approximately \$[____] of Pledged Revenues not being available to the Borrower to finance the other services of the Borrower each year until the Final Maturity Date.

(f) The name and address of the WIFIA Lender are set forth in Section 31 (*Notices*) of the WIFIA Master Agreement.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[], 2023

Polk Regional Water Cooperative
 P.O. Box 9005
 Bartow, Florida 33831

RE: WIFIA Loan Term Sheet for the Polk Regional Water Cooperative Alternative Water Supply Program – Project 1 (Southeast Wellfield) (WIFIA ID - 19139FL)

Ladies and Gentlemen:

This WIFIA Loan Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the Borrower (as defined below) received by USEPA on October 18, 2022 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (as further described below, the “**Project**”) in the form of a secured loan (the “**WIFIA Loan**”), pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended from time to time, the “**Act**”), codified as 33 U.S.C. §§ 3901-3915, subject in all respects to (i) the terms and conditions contained herein, (ii) the terms and conditions contained in that certain WIFIA Master Agreement, dated as of [], 2023, by and between the WIFIA Lender (as defined below) and the Borrower (the “**WIFIA Master Agreement**”), and (iii) the execution and delivery of the WIFIA loan agreement with respect to the Project to be entered into on the terms and conditions acceptable to the USEPA contained therein (the “**WIFIA Loan Agreement**”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

By executing this Term Sheet, the Borrower confirms its agreement to reimburse USEPA for any and all fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and preparation of the WIFIA Master Agreement, the WIFIA Loan Agreement and related documents (whether or not any such agreement is ultimately executed).

This Term Sheet shall be governed by the federal laws of the United States of America, if and to the extent such federal laws are applicable, and by the internal laws of the State of Florida, if and to the extent such federal laws are not applicable. This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

INDICATIVE TERMS OF THE WIFIA LOAN

WIFIA LENDER	United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “ WIFIA Lender ”).
BORROWER	Polk Regional Water Cooperative, an interlocal agency, public body corporate and politic, created pursuant to Section 163.01(7)(g) and Chapter 189, Florida Statutes, organized and existing under the laws of the State of Florida (the “ Borrower ”).
SOUTHEAST WELLFIELD PARTICIPANTS	<p>The City of Auburndale, the City of Bartow, the City of Davenport, the City of Eagle Lake, the City of Haines City, the City of Lake Alfred, the Town of Lake Hamilton, the City of Lakeland, the City of Winter Haven, the Town of Dundee, and Polk County, and any other party to the Southeast Wellfield Implementation Agreement (as defined below) that becomes a “Project Participant” (as defined therein) in accordance therewith (collectively, the “Southeast Wellfield Participants”).</p> <p>Southeast Wellfield Implementation Agreement means the Second Amended and Restated Project Implementation Agreement, dated as of July 13, 2022, among the Borrower and the other parties thereto, including the Southeast Wellfield Participants, for the development, construction, operation, maintenance and funding of the Project (the “Southeast Wellfield Implementation Agreement”).</p>
PROJECT	The project is the Southeast Wellfield Project, located in southeast Polk County, Florida, which consists of the development of Phase I of the Southeast Polk water supply program, including design and construction of (i) a new lower Floridan aquifer wellfield, (ii) a new water production facility, and (iii) a water transmission system with related transmission lines to connect to existing distribution systems in Polk County (the “ Project ”).
WIFIA LOAN AMOUNT	A maximum principal amount (sum of disbursements and excluding any capitalized interest) not to exceed \$222,802,928; <u>provided</u> that (a) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs for the Project, and (b) the total federal assistance for the Project, including but not limited to the maximum principal amount of the WIFIA Loan and all

	federal grants, shall not exceed eighty percent (80%) of Total Project Costs for the Project.
INTEREST RATE	<p>The WIFIA Loan shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar maturity (based on the weighted-average life of the WIFIA Loan) as published, on the execution date of the WIFIA Loan Agreement, in the United States Treasury Bureau of the Fiscal Service’s daily rate table for State and Local Government Series (SLGS) securities.</p> <p>The WIFIA Loan shall also bear default interest at a rate of 200 basis points above the otherwise applicable interest rate, at such times and upon such terms as provided in the WIFIA Master Agreement.</p>
PAYMENT DATES	<p>Principal and interest on the WIFIA Loan (and corresponding WIFIA Bond) shall be repaid in accordance with the terms set forth in the WIFIA Loan Agreement.</p> <p>The debt service payment commencement date of the WIFIA Loan shall in no event be later than five (5) years after the Substantial Completion Date of the Project.</p>
FINAL MATURITY DATE	The earliest of (a) October 1, 2059; (b) the date on which the maturity of the WIFIA Loan and corresponding WIFIA Bond have been accelerated or subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof; and (c) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date, which is projected to be [December 31, 2026].
DEDICATED SOURCE OF REPAYMENT	The dedicated source of repayment for the WIFIA Loan shall be the Pledged Revenues of the Borrower’s water system.
SECURITY AND LIEN PRIORITY	The WIFIA Loan shall be evidenced through the issuance by the Borrower of the WIFIA Bond, which shall be a “Bond” as described in the Master Bond Resolution, and secured under the Master Bond Resolution by a senior lien on, and security interest in, the Pledged Collateral. The obligation of the Borrower to make payments on WIFIA Debt Service under the WIFIA Loan and the WIFIA Bond is and shall be (i) secured equally and ratably under the Master Bond Resolution with the other Senior Obligations outstanding thereunder and (ii) senior in right of payment and right of security in favor of the Subordinate Debt outstanding under the Master Bond Resolution.

	<p>“Pledged Collateral” means all of the interests of the Borrower in (a) the Pledged Revenues; (b) the WIFIA Debt Service Reserve Account, the WIFIA Projects Construction Accounts and, in each case, all amounts on deposit therein or credited thereto; and (c) to the extent provided in the Master Bond Resolution, the Revenue Fund and the accounts therein, including all amounts on deposit therein or credited thereto.</p>
DEBT SERVICE RESERVE ACCOUNT	<p>The Borrower shall (i) establish the 2023D WIFIA Debt Service Reserve Account on or prior to the Effective Date, and (ii) fund and maintain the 2023D WIFIA Debt Service Reserve Account in an amount equal to the WIFIA Debt Service Reserve Requirement for the WIFIA Loan in accordance with the WIFIA Loan Documents. The 2023D WIFIA Debt Service Reserve Account shall be for the sole benefit of the WIFIA Lender and shall not be subject to any security interest in favor of any other Person.</p>
RATE COVENANT	<p>As set forth in further detail in the WIFIA Master Agreement, the Borrower shall fix, establish, maintain and collect rates, fees, and other charges for water and services provided by the System during each Bond Year (as defined in the Master Bond Resolution) that will be at least sufficient to yield, during each Bond Year beginning with the Bond Year commencing on October 1, 2023, Gross Revenues equal to at least:</p> <ul style="list-style-type: none"> (i) one hundred percent (100%) of the cost of Operation and Maintenance (as defined in the Master Bond Resolution) of the System for such Bond Year; <i>plus</i> (ii) one hundred fifteen percent (115%) of the Bond Service Requirement (as defined in the Master Bond Resolution) for such Bond Year; <i>plus</i> (iii) one hundred percent (100%) of any amounts required to be deposited in such Bond Year into the reserve accounts.
ADDITIONAL INDEBTEDNESS	<p>As set forth in further detail in the WIFIA Master Agreement, the Borrower shall not issue or incur any Additional Obligations unless the conditions described in Section 15(a) (<i>Indebtedness</i>) of the WIFIA Master Agreement are satisfied, including:</p> <ul style="list-style-type: none"> (a) Except in the case of Additional Senior Obligations issued for the purpose of refunding Outstanding Senior Obligations, the Borrower shall certify that (i) it is current in

all deposits into the various funds, accounts and subaccounts established pursuant to any WIFIA Loan Documents; (ii) all payments theretofore required to have been deposited or made by it under the provisions of any WIFIA Loan Document have been deposited or made; and (iii) it has complied with the covenants and agreements of each WIFIA Loan Document.

(b) There shall have been filed with the Borrower:

(i) a certificate of the Borrower's chief executive officer demonstrating that the requirements of Section 11.05 of the Master Bond Resolution were met in the last complete Borrower Fiscal Year for which the audited financial statements of the Borrower are available; and

(ii) either:

(A) a report of the Qualified Independent Consultant (as defined in the Master Bond Resolution) setting forth for each of the three Borrower Fiscal Years following the Borrower Fiscal Year in which the Borrower's chief executive officer estimates the completion of the Project to be financed by such Additional Senior Obligations (1) estimates of Gross Revenues to be received by the Borrower from the System including the Project to be financed with the Additional Senior Obligations, (2) estimates of Cost of Operation and Maintenance for such Borrower Fiscal Years, (3) the Maximum Bond Service Requirement (as defined in the Master Bond Resolution), including the Additional Senior Obligations then proposed to be issued, and (4) that Net Revenues will be sufficient to pay 115% of the Maximum Bond Service Requirement, including the Additional Senior Obligations then proposed to be issued in each such Borrower Fiscal Year, and 100% of any amounts required by the terms of any WIFIA Loan Document to be deposited in the Reserve Fund (including the WIFIA Debt Service Reserve Account) or with the issuer of any Reserve Product (as defined in the Master Bond Resolution), or

(B) a certificate of the Borrower's chief executive officer demonstrating that (1) during any twelve (12) consecutive months designated by the Borrower within the eighteen (18) months immediately preceding the date of delivery of such Additional Senior Obligations with respect to which statement is made or (2) for the most recently completed Borrower Fiscal Year for which audited financial statements are available, the Net Revenues equal at least

115% of the Maximum Bond Service Requirement on all Outstanding Senior Obligations, including the Additional Senior Obligations then proposed to be issued, and 100% of any amounts required by the terms of any WIFIA Loan Document to be deposited in the Reserve Fund (including the WIFIA Debt Service Reserve Account) or with the issuer of any Reserve Product (as defined in the Master Bond Resolution).

(c) Additional Senior Obligations shall be deemed to have been issued pursuant to the Master Bond Resolution the same as the Outstanding Senior Obligations, and all of the other covenants and other provisions of the Master Bond Resolution (except as to details of such Additional Senior Obligations inconsistent therewith) shall be for the equal benefit, protection and security of the holders of all bonds issued pursuant to the Master Bond Resolution.

(d) In the event any Additional Senior Obligations are issued for the purpose of refunding any Senior Obligations then Outstanding, the conditions of Sections 12.02(B) of the Master Bond Resolution shall not apply; provided that the issuance of such Additional Senior Obligations shall not result in (i) an increase in Maximum Bond Service Requirement, (ii) an extension of the final maturity date of the debt to be refunded, or (iii) an increase in annual debt service in any year. The conditions of Section 12.02(B) of the Master Bond Resolution shall apply to Additional Senior Obligations issued to refund Subordinate Debt and to Additional Senior Obligations issued for refunding purposes which cannot meet the conditions of this paragraph.

(e) For all purposes under the Master Bond Resolution, upon the effective date of a new line of credit (whether structured as a draw down loan or a revolving line of credit) the Borrower may assume either (i) that the full amount available thereunder has been drawn on such date of issuance and thereafter, no additional indebtedness shall be deemed to arise when any funding occurs under any such indebtedness (a “**Full Draw LOC**”) or (ii) alternatively may assume that the amount of each draw may be treated as a separate Senior Obligation issue under the Master Bond Resolution on each date on which a draw is made under such line of credit (a “**Partial Draw LOC**”). The principal shall be amortized in accordance with the terms thereof; provided, however, if the Borrower executes a (x) Full Draw LOC and designates it as a Designated Maturity Bond (as defined in the Master Bond Resolution), the entire amount may be assumed drawn on the

	<p>effective date on the date of the first draw thereunder and the repayment schedule shall be assumed to be as described in the definition of Designated Maturity Bond, or (y) Partial Draw LOC and designates it as a Designated Maturity Bond, only the amount drawn on any particular date shall be taken into account and the repayment schedule shall be assumed to be as described in the definition of Designated Maturity Bond, taking into account the current amount to be draw and all previous amounts drawn and outstanding thereunder.</p> <p>(f) To the extent any Permitted Debt consists of Option Bonds (as defined in the Master Bond Resolution) not secured by a Credit Facility (as defined in the Master Bond Resolution), such Bonds must only have scheduled tender dates allowing the holder of such Option Bonds to tender or “put” such Bonds on a date or dates scheduled prior to the maturity date thereof.</p> <p>Additionally, the Borrower may not create, incur or suffer to exist any Obligations (a) the payments with respect to which are senior or prior in right of payment by the Borrower to any WIFIA Loan (as evidenced by a WIFIA Bond), (b) secured by a Lien on the Pledged Collateral (or any portion thereof) that is senior to the Lien on the Pledged Collateral in favor of the WIFIA Lender (as holder of the WIFIA Bonds) under the Master Bond Resolution, (c) all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of the Borrower other than the Pledged Revenues, or (d) that bear interest at a variable interest rate (including Variable Rate Bonds (as defined in the Master Bond Resolution)) if such incurrence would cause the principal amount of all Variable Rate Bonds to exceed [twenty-five percent (25%)]¹ of the principal amount of all Outstanding Obligations at such time. The Borrower shall not incur any indebtedness of any kind payable from, secured or supported by the Pledged Collateral, including Permitted Debt, without the prior written consent of the WIFIA Lender, while an Event of Default relating to a Payment Default or a Bankruptcy Related Event has occurred and is continuing.</p>
<p>RESTRICTED PAYMENTS AND TRANSFERS</p>	<p>The Borrower shall not permit Gross Revenues or other assets of the System, or any funds in any accounts held under the Master Bond Resolution or in any other fund or account held by or on behalf of the Borrower, to be paid or transferred</p>

¹ NTD: Variable rate debt restriction under discussion by the parties.

	or otherwise applied for purposes other than ownership, operation or maintenance of the System and such other uses as expressly permitted pursuant to Article IX (<i>Creation and Use of Funds and Accounts; Disposition of Revenues</i>) of the Master Bond Resolution.
WIFIA LOAN DOCUMENTATION	The WIFIA Loan shall be subject to the preparation, execution and delivery of the WIFIA Master Agreement, the WIFIA Loan Agreement, the WIFIA Bond and any other loan documentation required by the WIFIA Lender in connection therewith, in each case acceptable to the WIFIA Lender and the Borrower, which will contain certain conditions precedent, representations and warranties, affirmative and negative covenants, events of default, and other provisions as agreed between the WIFIA Lender and the Borrower, in each case in accordance with the terms of the WIFIA Master Agreement.
GOVERNING LAW	The WIFIA Master Agreement and the WIFIA Loan Agreement shall each be governed by the federal laws of the United States of America, if and to the extent such federal laws are applicable, and the internal laws of the State of Florida, if and to the extent such federal laws are not applicable.
COUNTERPARTS	This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

[Signature pages follow]

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the United States
Environmental Protection Agency

By: _____
Name: Michael S. Regan
Title: Administrator

ACKNOWLEDGED AND AGREED:

POLK REGIONAL WATER COOPERATIVE,
by its authorized representative

By: _____
Name:
Title:

EXHIBIT "C" TO RESOLUTION

FORM OF WEST POLK WELLFIELD PROJECT LOAN AGREEMENT



WIFIA/NRF Draft April 18, 2023
WIFIA CUSIP Number:

**UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY**

WIFIA LOAN AGREEMENT

For Up to \$82,996,513

With

POLK REGIONAL WATER COOPERATIVE

For the

**PRWC ALTERNATIVE WATER SUPPLY PROGRAM –
PROJECT 2 (WEST POLK WELLFIELD)
(WIFIA ID – 19239FL)**

Dated as of [__], 2023

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Schedules

SCHEDULE I – WIFIA Loan Specific Terms

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SCHEDULE III – WIFIA Loan Amortization Schedule

SCHEDULE IV – Truth in Bonding and Disclosure Statement

WIFIA LOAN AGREEMENT

THIS WIFIA LOAN AGREEMENT (this “**Agreement**”), dated as of [], 2023, is by and between the Borrower (as defined herein) and the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “**Administrator**”), with an address at 1200 Pennsylvania Avenue NW, Washington, DC 20460 (the “**WIFIA Lender**”).

RECITALS:

WHEREAS, the Congress of the United States of America enacted the Water Infrastructure Finance and Innovation Act, § 5021 *et seq.* of Public Law 113-121, which is codified as 33 U.S.C. §§ 3901-3915;

WHEREAS, the Act authorizes the WIFIA Lender to enter into agreements to provide financial assistance with one or more eligible entities to make secured loans with appropriate security features to finance a portion of the eligible costs of projects eligible for assistance;

WHEREAS, the Borrower and the WIFIA Lender entered into or (concurrently with the execution and delivery of this Agreement) are entering into that certain WIFIA Master Agreement, dated as of [], 2023, pursuant to which the parties thereto have set forth certain common terms and conditions applicable to each WIFIA Loan and Project under the Master Program;

WHEREAS, pursuant to the Application, the Borrower has requested that the WIFIA Lender make the WIFIA Loan in a principal amount not to exceed the Maximum Principal Amount to be used to pay a portion of the Eligible Project Costs for the Project;

WHEREAS, pursuant to the WIFIA Term Sheet, as of the date hereof, the Administrator has approved WIFIA financial assistance for the Project to be provided in the form of the WIFIA Loan, subject to the terms and conditions contained herein and in the WIFIA Master Agreement;

WHEREAS, based on the Application, the WIFIA Master Agreement and the representations, warranties and covenants set forth herein and therein, the WIFIA Lender proposes to make funding available to the Borrower through the issuance of the WIFIA Bond (as defined herein) to be issued by the Borrower, upon the terms and conditions set forth herein and in the WIFIA Master Agreement;

WHEREAS, the Borrower agrees to repay any amount due pursuant to this Agreement and the WIFIA Bond in accordance with the terms and provisions of this Agreement, the WIFIA Master Agreement and the WIFIA Bond; and

WHEREAS, the WIFIA Lender has entered into this Agreement in reliance upon, among other things, the information and representations of the Borrower set forth in the Application, the WIFIA Master Agreement, and the supporting information provided by the Borrower.

NOW, THEREFORE, the premises being as stated above, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged to be adequate, and intending

to be legally bound hereby, it is hereby mutually agreed by and between the Borrower and the WIFIA Lender as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1. Definitions. Capitalized terms used in this Agreement (including in the recitals hereto) and not otherwise defined herein shall have the meanings assigned to such terms in the WIFIA Master Agreement. Any term used in this Agreement (including in the recitals hereto) that is defined by reference to any other agreement shall continue to have the meaning specified in such agreement, whether or not such agreement remains in effect. In addition, as used in this Agreement (including in the recitals hereto), the following terms have the following meanings:

“**Agreement**” has the meaning provided in the preamble hereto.

“**Borrower**” has the meaning ascribed to such term in **Part A of Schedule I** (*WIFIA Loan Specific Terms*).

“**Interest Payment Date**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Maximum Principal Amount**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Payment Date**” means each Interest Payment Date and each Principal Payment Date.

“**Principal Payment Date**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**Project**” has the meaning ascribed to such term in **Part B of Schedule I** (*WIFIA Loan Specific Terms*).

“**West Polk Wellfield Project Construction Account**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**West Polk Wellfield Project WIFIA Debt Service Reserve Account**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA Bond**” has, if applicable, the meaning ascribed to such term in **Part D of Schedule I** (*WIFIA Loan Specific Terms*), or if designated as “Not Applicable” in **Schedule I**, means a bond as evidence of the Borrower’s Obligation shall not be applicable with respect to the WIFIA Loan hereunder.

“**WIFIA Debt Service Reserve Requirement**” has the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Terms*).

“**WIFIA Interest Rate**” has, with respect to the WIFIA Loan, the meaning ascribed to such term in **Part C of Schedule I** (*WIFIA Loan Specific Term*).

“**WIFIA Lender**” has the meaning provided in the preamble hereto.

“**WIFIA Loan**” means the secured loan made by the WIFIA Lender to the Borrower on the terms and conditions set forth herein, pursuant to the Act, in a principal amount not to exceed the Maximum Principal Amount, to be used in respect of Eligible Project Costs.

“**WIFIA Loan Agreement Effective Date**” means the date of this Agreement, as specified in Part A of Schedule I (*WIFIA Loan Specific Terms*).

“**WIFIA Loan Amortization Schedule**” means, with respect to the WIFIA Loan, the loan amortization schedule reflected in **Schedule III** (*WIFIA Loan Amortization Schedule*), as amended from time to time in accordance with Section 8(c) (*Adjustments to WIFIA Loan Amortization Schedule*) of the WIFIA Master Agreement.

“**WIFIA Master Agreement**” has the meaning provided in the recitals hereto.

Section 2. Interpretation.

(a) Except as otherwise expressly provided herein, the rules of interpretation set forth in Section 2 of the WIFIA Master Agreement shall apply herein, *mutatis mutandis*, as if set out in this Agreement in full (and as if each reference therein to “this Agreement” were a reference to this Agreement, and each reference to any “WIFIA Loan” or any “WIFIA Bond” were a reference, respectively, to the WIFIA Loan or the WIFIA Bond as such terms are defined in this Agreement).

(b) This Agreement is one of the WIFIA Loan Agreements referenced in the WIFIA Master Agreement.

ARTICLE II THE WIFIA LOAN

Section 3. WIFIA Loan Amount. The principal amount of the WIFIA Loan shall not exceed the Maximum Principal Amount. WIFIA Loan proceeds available to be drawn shall be disbursed from time to time in accordance with Section 4 (*Disbursement Conditions*) hereof and Section 11(c) (*Conditions Precedent to Disbursements*) of the WIFIA Master Agreement.

Section 4. Disbursement Conditions. The WIFIA Loan shall be disbursed in accordance with Section 4 (*Disbursement Conditions*) of the WIFIA Master Agreement.

Section 5. [Reserved].

Section 6. Interest Rate. The Borrower shall pay interest on the applicable WIFIA Loan Balance at the WIFIA Interest Rate. Interest will accrue and be computed on the WIFIA Loan Balance from time to time pursuant to, and otherwise in accordance with, Section 6 (*Interest Rate*) of the WIFIA Master Agreement.

Section 7. [Reserved].

Section 8. Repayments.

(a) Payment of WIFIA Debt Service. Payments of WIFIA Debt Service shall be made by the Borrower on each Payment Date occurring on or after the Debt Service Payment Commencement Date in the amounts and manner and on the Payment Dates as set forth in the WIFIA Loan Amortization Schedule and otherwise in accordance with Section 8 (*Repayments*) of the WIFIA Master Agreement.

(b) WIFIA Bond. As evidence of the Borrower's obligation to repay the WIFIA Loan, the Borrower shall issue and deliver to the WIFIA Lender, on or prior to the WIFIA Loan Agreement Effective Date, the WIFIA Bond, substantially in the form of Exhibit A (*Form of WIFIA Bond*) to the WIFIA Master Agreement, having a principal amount not to exceed the Maximum Principal Amount.

Section 9. Prepayment. The Borrower may prepay the WIFIA Loan in accordance with Section 9(a) (*Optional Prepayments*) of the WIFIA Master Agreement.

Section 10. Fees and Expenses. The Borrower shall pay to the WIFIA Lender (a) each of the Servicing Fees set forth in **Part E of Schedule I** (*WIFIA Loan Specific Terms*) and (b) any other applicable fees, costs, charges, and expenses, in each case pursuant to and in accordance with Section 10 (*Fees and Expenses*) of the WIFIA Master Agreement.

ARTICLE III CONDITIONS PRECEDENT

Section 11. Conditions Precedent.

(a) Conditions Precedent to Effectiveness of this Agreement. The effectiveness of this Agreement is subject to the satisfaction, or the WIFIA Lender's written waiver, as determined by the WIFIA Lender in its sole discretion, of each of the conditions precedent to the effectiveness of this Agreement set forth in Section 11(b) (*Conditions Precedent to Effectiveness of Each WIFIA Loan Agreement*) of the WIFIA Master Agreement (each of which is incorporated by reference herein, *mutatis mutandis*, as if set out in this Agreement in full and as if each reference therein to any "Project," any "WIFIA Loan," any "WIFIA Bond" or any "WIFIA Loan Agreement" were a reference, respectively, to the Project, the WIFIA Loan, the WIFIA Bond, or this Agreement (as such terms are defined in this Agreement)).

(b) Conditions Precedent to Disbursements. Notwithstanding anything in this Agreement to the contrary, the WIFIA Lender shall have no obligation to make any Disbursement of the WIFIA Loan to the Borrower (including the initial Disbursement hereunder) until each of the conditions precedent with respect to the WIFIA Loan set forth in Section 11(c) (*Conditions Precedent to Disbursements*) of the WIFIA Master Agreement (each of which is incorporated by reference herein, *mutatis mutandis*, as if set out in this Agreement in full and as if each reference therein to any "Project," any "WIFIA Loan," any "WIFIA Bond" or any "WIFIA Loan Agreement" were a reference, respectively, to the Project, the WIFIA Loan, the WIFIA Bond or

this Agreement (as such terms are defined in this Agreement)) has been satisfied or waived in writing by the WIFIA Lender in its sole discretion.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 12. Representations and Warranties of Borrower. The representations and warranties set out in Section 12 (*Representations and Warranties of Borrower*) of the WIFIA Master Agreement shall be made on the WIFIA Loan Agreement Effective Date and as of each date on which any disbursement of the WIFIA Loan is requested or made, except as otherwise expressly provided in Section 12 of the WIFIA Master Agreement. Each such representation and warranty is incorporated by reference herein, *mutatis mutandis*, for the benefit of the WIFIA Lender as if set out in this Agreement in full (and as if each reference therein to “this Agreement” were a reference to this Agreement and as if each reference therein to (a) any “Project” or the “Master Program,” (b) any “WIFIA Loan” or (c) any “WIFIA Bond” were a reference, respectively, to (i) the Project, (ii) the WIFIA Loan or (iii) the WIFIA Bond (as such terms are defined in this Agreement)). The Borrower acknowledges that it makes such representations and warranties with the intention of inducing the WIFIA Lender to enter into this Agreement and the other WIFIA Loan Documents and to advance the WIFIA Loan to the Borrower, and that the WIFIA Lender has entered into this Agreement and the other WIFIA Loan Documents on the basis of, and in full reliance on, each such representation and warranty.

Section 13. Representations and Warranties of WIFIA Lender. The representations and warranties set out in Section 13 (*Representations and Warranties of WIFIA Lender*) of the WIFIA Master Agreement shall be made on the WIFIA Loan Agreement Effective Date, *mutatis mutandis*, for the benefit of the Borrower as if set out in this Agreement in full (and as if each reference therein to any “WIFIA Loan” were a reference to the WIFIA Loan (as such term is defined in this Agreement)).

ARTICLE V COVENANTS

Section 14. Covenants. The Borrower covenants and agrees, until the date the WIFIA Bond and all of the obligations of the Borrower under this Agreement and each other WIFIA Loan Document with respect to the WIFIA Loan or the Project (other than contingent indemnity obligations) have been irrevocably paid in full in immediately available funds and the WIFIA Lender no longer has any commitment to make Disbursements under this Agreement to the Borrower, unless the WIFIA Lender waives compliance in writing, to comply with each of the covenants set forth in the WIFIA Master Agreement, including Section 14 (*Affirmative Covenants*), Section 15 (*Negative Covenants*) and Section 16 (*Reporting Requirements*) of the WIFIA Master Agreement, which covenants are incorporated by reference herein *mutatis mutandis* as if fully set forth herein (and as if each reference therein to “this Agreement” were a reference to this Agreement and as if each reference therein to (a) any “Project” or the “Master Program,” (b) any “WIFIA Loan” or (c) any “WIFIA Bond” were a reference, respectively, to (i) the Project, (ii) the WIFIA Loan or (iii) the WIFIA Bond (as such terms are defined in this Agreement)).

Section 15. [Reserved].

Section 16. [Reserved].

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

Section 17. Events of Default and Remedies.

(a) Each Event of Default set out in Section 17 (*Events of Default and Remedies*) of the WIFIA Master Agreement shall constitute an Event of Default under this Agreement, except as otherwise expressly provided in Section 17 (*Events of Default and Remedies*) of the WIFIA Master Agreement.

(b) Upon the occurrence of any Event of Default hereunder, the WIFIA Lender, by written notice to the Borrower shall have each of the rights and remedies to which it is entitled as provided in and with the same effect as described in Section 17 (*Events of Default and Remedies*) of the WIFIA Master Agreement.

ARTICLE VII MISCELLANEOUS

Section 18. Governing Law. This Agreement shall be governed by the federal laws of the United States of America if and to the extent such federal laws are applicable and the internal laws of the State, if and to the extent such federal laws are not applicable.

Section 19. Effectiveness. This Agreement shall be effective on the WIFIA Loan Effective Date.

Section 20. Survival. The indemnification requirements of Section 32 (*Indemnification*) of the WIFIA Master Agreement, the reporting and record keeping requirements of Section 14(o) (*Access; Records*) of the WIFIA Master Agreement, in each case, as incorporated herein, and the payment requirements of Section 10 (*Fees and Expenses*) shall survive the termination of this Agreement as provided in such Sections.

Section 21. Miscellaneous. Article VII (*Miscellaneous*) of the WIFIA Master Agreement (other than Sections 25 (*Governing Law*), 34 (*Effectiveness*) and 36 (*Survival*) of the WIFIA Master Agreement) shall be incorporated in this Agreement, *mutatis mutandis*, as if set out in this Agreement in full (and as if each reference therein to “this Agreement” were a reference to this Agreement and as if each reference therein to (a) any “Project” or the “Master Program,” (b) any “WIFIA Loan” or (c) any “WIFIA Bond” were a reference, respectively, to (i) the Project, (ii) the WIFIA Loan or (iii) the WIFIA Bond (as such terms are defined in this Agreement)).

Section 22. Truth in Bonding and Disclosure Statement. Pursuant to the applicable provisions of Section 218.385, Florida Statutes, as amended, certain information in respect of the issuance of the WIFIA Bond, including all disclosure information required by the Borrower, is set

forth in **Schedule IV** (*Truth in Bonding and Disclosure Statement*), which disclosure information, including from the financial advisor to the Borrower, has been provided to the Borrower prior to the award and issuance of the WIFIA Bond to the WIFIA Lender.

[The remainder of this page intentionally left blank; signature pages immediately follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**POLK REGIONAL WATER
COOPERATIVE,**
by its authorized representative

By: _____
Name:
Title:

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the
Environmental Protection Agency

By: _____
Name: Michael S. Regan
Title: Administrator

SCHEDULE I

WIFIA LOAN SPECIFIC TERMS

No.	Item	WIFIA Loan Specific Term
<i>PART A. Key Borrower Metrics</i>		
1.	WIFIA Loan Agreement Effective Date	[], 2023.
2.	Borrower	Polk Regional Water Cooperative, a Legal Entity organized and existing under the laws of the State.
3.	Legal Entity	An interlocal agency, public body corporate and politic, created pursuant to Section 163.01(7)(g) and Chapter 189, Florida Statutes.
4.	State	Florida.
5.	WIFIA CUSIP Number	[], as the CUSIP number with respect to the WIFIA Loan for purposes of monitoring through EMMA.
<i>PART B. Key Project Metrics</i>		
6.	Project	The project is the West Polk Wellfield Project, located in west Polk County, Florida, which consists of the development of Phase I of the West Polk water supply program, including design and construction of (i) a new lower Floridan aquifer wellfield, (ii) a new water production facility, and (iii) a water transmission system with related transmission lines to connect to existing distribution systems in Polk County.
7.	Project Location	Polk County, Florida.
8.	Projected Substantial Completion Date	October 31, 2027, as such date may be adjusted in accordance with Part C of Schedule V (Reporting Requirements) of the WIFIA Master Agreement.
9.	Development Default Date	October 31, 2029.
10.	NEPA Determination	Finding of No Significant Impact for the Project issued by EPA on April 12, 2023 in accordance with NEPA.
<i>PART C. Key Loan and Security Metrics</i>		

No.	Item	WIFIA Loan Specific Term
11.	Maximum Principal Amount	Principal amount up to \$82,996,513 (excluding interest that is capitalized in accordance with this Agreement).
12.	WIFIA Interest Rate	[]% per annum.
13.	Default Rate	Interest rate equal to the sum of (a) the WIFIA Interest Rate plus (b) 200 basis points.
14.	Interest Payment Date	Each April 1 and October 1, beginning on the Debt Service Payment Commencement Date.
15.	Capitalized Interest Period	The period from (and including) the first Disbursement to (but excluding) the date that is six (6) months prior to the first Payment Date, subject to earlier termination as set forth in Section 8(a)(iii) (<i>Payment of WIFIA Debt Service</i>) of the WIFIA Master Agreement.
16.	Interest Only Period	The period commencing from (and including) the Debt Service Payment Commencement Date and ending on September 30, 2032 (or on such earlier date as all amounts due or to become due to the WIFIA Lender hereunder have been irrevocably paid in full in cash).
17.	Principal Payment Date	Each October 1, beginning on October 1, 2032.
18.	Final Maturity Date	The earliest of (a) October 1, 2059; (b) the date on which the maturity of the WIFIA Loan and corresponding WIFIA Bond have been accelerated or subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof; and (c) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date.
19.	West Polk Wellfield Project Construction Account	A separate account within the Construction Fund established for the Project pursuant to the Master Bond Resolution, into which the WIFIA Loan proceeds shall be deposited, withdrawn and used and applied by the Borrower solely to pay Eligible Project Costs with respect to the Project.
20.	West Polk Wellfield Project WIFIA Debt Service Reserve Account	The 2023E WIFIA Debt Service Reserve Account, within the Reserve Fund, established and maintained by the Borrower for the sole benefit of the WIFIA Lender with respect to the WIFIA Loan and funded from time to

No.	Item	WIFIA Loan Specific Term
		time in accordance with this Agreement, the Master Agreement and the Master Bond Resolution Documents.
21.	WIFIA Debt Service Reserve Requirement	<p>An amount equal to no less than fifty percent (50%) of the maximum WIFIA Debt Service on the WIFIA Loan in any Borrower Fiscal Year, with WIFIA Debt Service calculated for this purpose to assume disbursement of the entire available WIFIA Loan on the initial disbursement date, regardless of the actual disbursement amount.</p> <p>Such amount shall be funded by the Borrower in the Pro-Rated DSR Amount (as defined below) for each Borrower Fiscal Year following initial disbursement of the WIFIA Loan; <u>provided</u> that the initial Pro-Rated DSR Amount shall be deposited into the Southeast Wellfield Project WIFIA Debt Service Reserve Account on or prior to the date of the first disbursement of the WIFIA Loan and thereafter by each September 30 of each Borrower Fiscal Year succeeding the Fiscal Year which the initial deposit was made until funded in full.</p> <p>The Pro-Rated DSR Amount shall be calculated as the amount equal to fifty percent (50%) of the maximum WIFIA Debt Service (assuming disbursement of the entire WIFIA Loan) <i>divided by</i> the number of Borrower Fiscal Years from the date of the first disbursement of the WIFIA Loan to the end of the Interest Only Period (the “Pro-Rated DSR Amount”). The Pro-Rated DSR Amount shall be adjusted upon a decrease in the interest rate on the WIFIA Loan or if by the Final Disbursement Date the WIFIA Loan has not been disbursed in full and any excess returned to the Borrower.</p>
PART D. Other Key WIFIA Loan Documents		
22.	WIFIA Bond	The bond issued and delivered by the Borrower in substantially the form of Exhibit A (<i>Form of WIFIA Bond</i>) to the WIFIA Master Agreement.
23.	WIFIA Term Sheet	WIFIA term sheet, dated as of [] 2023, between the Borrower and the WIFIA Lender.
24.	WIFIA Supplemental Resolution	[], passed and duly adopted by the Board of Directors on [], 2023, authorizing the execution, delivery and performance by the Borrower of this Agreement, the WIFIA Bond, and certain related actions by the

No.	Item	WIFIA Loan Specific Term
		Borrower in connection with the issuance of the WIFIA Loan.
<i>PART E. Fees</i>		
25.	Servicing Set-Up Fee	A one-time servicing set-up fee equal to \$20,210.
26.	Construction Period Servicing Fee	An annual construction period servicing fee equal to \$20,210.
27.	Initial Construction Period Servicing Fee	The initial Construction Period Servicing Fee in a pro-rated amount equal to \$6,730. ¹
28.	Operating Period Servicing Fee	An annual operating period servicing fee equal to \$17,330.

¹ **Note to Draft:** This amount assumes a May 2023 closing.

SCHEDULE II
PROJECT DETAILS²

PART A. Project Budget.

SOURCES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
WIFIA Loan	\$82,996,513	49%
SRF Loan	\$14,370,666	8%
SWFWMD Grants	\$59,440,000	35%
FL State Appropriations (Heartland Grant)	\$4,541,093	3%
Member Contributions	\$8,032,368	5%
Total Sources of Funds	\$169,380,640	100%
USES OF FUNDS	AMOUNT (\$ USD)	PERCENTAGE (%)
Design & Planning	\$19,383,190	11%
Construction	\$124,045,010	73%
Contingency	\$18,606,752	11%
Land Acquisition	\$6,953,000	4%
Financing Costs	\$392,688	1%
Total Uses of Funds	\$169,380,640	100%
Total Eligible Project Costs	\$169,380,640	100%
Total Project Costs	\$169,380,640	100%

PART B. Construction Schedule.

Projected Substantial Completion Date: October 31, 2027

PROJECT ELEMENT	DESIGN COMPLETION	CONSTRUCTION START	CONSTRUCTION END
WP Aquifer Wellfield	August 2025	September 2025	September 2027
WP Water Production Facility	August 2025	September 2025	September 2027
WP Water Transmission System	August 2025	September 2025	September 2027

² **Note to Borrower:** Borrower to review and confirm.

PART C. Existing Construction Contracts.

Contract Name	Effective Date	Amount	Parties	Description
Construction Manager At Risk Agreement	11/16/22	[\$] ³	Borrower and Florida Water Partners	Construction manager-at-risk agreement for the Project

³ **Note to Borrower:** Borrower to provide.

SCHEDULE III
WIFIA LOAN AMORTIZATION SCHEDULE⁴

[To be attached with final interest rate on the WIFIA Loan Agreement Effective Date]

⁴ **Note to Draft:** To be finalized by the EPA and Borrower teams on closing day.

SCHEDULE IV

TRUTH-IN-BONDING AND DISCLOSURE STATEMENT

Pursuant to the applicable provisions of Section 218.385, Florida Statutes, as amended, certain information in respect to the issuance of the WIFIA Bond, including all disclosure information required by the Borrower, is as follows:

(a) An itemized list setting forth the nature and estimated amounts of expenses to be incurred by the WIFIA Lender and paid for by the Borrower in connection with the WIFIA Loan and the issuance of the WIFIA Bond is set forth as follows. Fees and expenses of consultants and advisors to the WIFIA Lender are estimated to be \$[____]. None of such fees and expenses are being charged to the Borrower as part of an underwriting spread, if any, set forth in the following sentence, but instead are being paid directly by the WIFIA Lender and will be reimbursed by the Borrower pursuant to Section 10 (*Fees and Expenses*). The underwriting spread to be paid by the Borrower to the WIFIA Lender will be zero Dollars (\$0). The Borrower's responsibilities for the fees and expenses of the WIFIA Lender, including the Servicing Fees, are as set forth in Section 10 (*Fees and Expenses*).

(b) No "finder" as that term is defined in Section 218.386(1)(a), Florida Statutes, as amended, has entered into an understanding with the WIFIA Lender, or to the knowledge of the WIFIA Lender, with the Borrower, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Borrower and the WIFIA Lender or to exercise or attempt to exercise any influence to effect any transaction in connection with the WIFIA Loan.

(c) No other fee, bonus or other compensation is estimated to be paid by the WIFIA Lender in connection with the WIFIA Loan to any person not regularly employed or retained by the WIFIA Lender (including any "finder," as defined in Section 218.386(1)(a), Florida Statutes, as amended), except as specifically enumerated as expenses to be incurred and paid by the WIFIA Lender as set forth in clause (a) above.

(d) The Borrower is issuing the WIFIA Bond for the purpose of financing a portion of Eligible Project Costs for the Project, as more particularly described herein. The WIFIA Loan is a drawdown loan and therefore, due to the varying timing of the draws, it is impossible to determine the total interest to be paid on the WIFIA Bond. However, assuming the full amount of the WIFIA Loan, in the maximum principal amount of \$[____], is drawn in accordance with the Anticipated WIFIA Loan Disbursement Schedule and assuming that the WIFIA Bond is outstanding through [____], at the WIFIA Interest Rate of [____]%, total interest paid over the life of the WIFIA Bond is estimated to be approximately \$[____].

(e) The WIFIA Bond will be payable solely from the Pledged Revenues. The issuance of the WIFIA Bond, based on the assumptions described in clause (d) above, will result in a maximum of approximately \$[____] of Pledged Revenues not being available to the Borrower to finance the other services of the Borrower each year until the Final Maturity Date.

(f) The name and address of the WIFIA Lender are set forth in Section 31 (*Notices*) of the WIFIA Master Agreement.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

[], 2023

Polk Regional Water Cooperative
P.O. Box 9005
Bartow, Florida 33831

RE: WIFIA Loan Term Sheet for the Polk Regional Water Cooperative Alternative Water Supply Program – Project 2 (West Polk Wellfield) (WIFIA ID – 19239FL)

Ladies and Gentlemen:

This WIFIA Loan Term Sheet (this “**Term Sheet**”) constitutes (a) the approval of the United States Environmental Protection Agency, acting by and through the Administrator of the Environmental Protection Agency (hereinafter, the “**USEPA**”), of the application for credit assistance of the Borrower (as defined below) received by USEPA on October 18, 2022 (the “**Application**”) and (b) the agreement of USEPA to provide financing for the above-referenced project (as further described below, the “**Project**”) in the form of a secured loan (the “**WIFIA Loan**”), pursuant to the Water Infrastructure Finance and Innovation Act (“**WIFIA**”), § 5021 *et seq.* of Public Law 113-121 (as amended from time to time, the “**Act**”), codified as 33 U.S.C. §§ 3901-3915, subject in all respects to (i) the terms and conditions contained herein, (ii) the terms and conditions contained in that certain WIFIA Master Agreement, dated as of [], 2023, by and between the WIFIA Lender (as defined below) and the Borrower (the “**WIFIA Master Agreement**”), and (iii) the execution and delivery of the WIFIA loan agreement with respect to the Project to be entered into on the terms and conditions acceptable to the USEPA contained therein (the “**WIFIA Loan Agreement**”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the WIFIA Loan Agreement or, if not defined therein, the WIFIA Master Agreement.

By executing this Term Sheet, the Borrower confirms its agreement to reimburse USEPA for any and all fees and expenses that USEPA incurs for legal counsel, financial advice, and other consultants in connection with the evaluation of the Project and the negotiation and preparation of the WIFIA Master Agreement, the WIFIA Loan Agreement and related documents (whether or not any such agreement is ultimately executed).

This Term Sheet shall be governed by the federal laws of the United States of America, if and to the extent such federal laws are applicable, and by the internal laws of the State of Florida, if and to the extent such federal laws are not applicable. This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

INDICATIVE TERMS OF THE WIFIA LOAN

WIFIA LENDER	United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “ WIFIA Lender ”).
BORROWER	Polk Regional Water Cooperative, an interlocal agency, public body corporate and politic, created pursuant to Section 163.01(7)(g) and Chapter 189, Florida Statutes, organized and existing under the laws of the State of Florida (the “ Borrower ”).
WEST POLK WELLFIELD PARTICIPANTS	<p>The City of Auburndale, the City of Bartow, the City of Lakeland, the City of Polk City, the City of Winter Haven, Polk County , and any other party to the West Polk Wellfield Implementation Agreement (as defined below) that becomes a “Project Participant” (as defined therein) in accordance therewith (collectively, the “West Polk Wellfield Participants”).</p> <p>West Polk Wellfield Implementation Agreement means the Second Amended and Restated Project Implementation Agreement, dated as of July 13, 2022, among the Borrower and the other parties thereto, including the West Polk Wellfield Participants, for the development, construction, operation, maintenance and funding of the Project (the “West Polk Wellfield Implementation Agreement”).</p>
PROJECT	The project is the West Polk Wellfield Project, located in west Polk County, Florida, which consists of the development of Phase I of the West Polk water supply program, including design and construction of (i) a new lower Floridan aquifer wellfield, (ii) a new water production facility, and (iii) a water transmission system with related transmission lines to connect to existing distribution systems in Polk County (the “ Project ”).
WIFIA LOAN AMOUNT	A maximum principal amount (sum of disbursements and excluding any capitalized interest) not to exceed \$82,996,513; <u>provided</u> that (a) the maximum principal amount of the WIFIA Loan, together with the amount of any other credit assistance provided under the Act, shall not exceed forty-nine percent (49%) of reasonably anticipated Eligible Project Costs for the Project, and (b) the total federal assistance for the Project, including but not limited to the maximum principal amount of the WIFIA Loan and all federal grants, shall not exceed eighty percent (80%) of Total Project Costs for the Project.
INTEREST RATE	The WIFIA Loan shall bear interest at a fixed rate, calculated by adding one basis point (0.01%) to the rate of securities of a similar

	<p>maturity (based on the weighted-average life of the WIFIA Loan) as published, on the execution date of the WIFIA Loan Agreement, in the United States Treasury Bureau of the Fiscal Service’s daily rate table for State and Local Government Series (SLGS) securities.</p> <p>The WIFIA Loan shall also bear default interest at a rate of 200 basis points above the otherwise applicable interest rate, at such times and upon such terms as provided in the WIFIA Master Agreement.</p>
PAYMENT DATES	<p>Principal and interest on the WIFIA Loan (and corresponding WIFIA Bond) shall be repaid in accordance with the terms set forth in the WIFIA Loan Agreement.</p> <p>The debt service payment commencement date of the WIFIA Loan shall in no event be later than five (5) years after the Substantial Completion Date of the Project.</p>
FINAL MATURITY DATE	<p>The earliest of (a) October 1, 2059; (b) the date on which the maturity of the WIFIA Loan and corresponding WIFIA Bond have been accelerated or subject to mandatory redemption or prepayment (as the case may be) prior to maturity thereof; and (c) the Payment Date immediately preceding the date that is thirty-five (35) years following the Substantial Completion Date, which is projected to be October 31, 2027.</p>
DEDICATED SOURCE OF REPAYMENT	<p>The dedicated source of repayment for the WIFIA Loan shall be the Pledged Revenues of the Borrower’s water system.</p>
SECURITY AND LIEN PRIORITY	<p>The WIFIA Loan shall be evidenced through the issuance by the Borrower of the WIFIA Bond, which shall be a “Bond” as described in the Master Bond Resolution, and secured under the Master Bond Resolution by a senior lien on, and security interest in, the Pledged Collateral. The obligation of the Borrower to make payments on WIFIA Debt Service under the WIFIA Loan and the WIFIA Bond is and shall be (i) secured equally and ratably under the Master Bond Resolution with the other Senior Obligations outstanding thereunder and (ii) senior in right of payment and right of security in favor of the Subordinate Debt outstanding under the Master Bond Resolution.</p> <p>“Pledged Collateral” means all of the interests of the Borrower in (a) the Pledged Revenues; (b) the WIFIA Debt Service Reserve Account, the WIFIA Projects Construction Accounts and, in each case, all amounts on deposit therein or credited thereto; and (c) to the extent provided in the Master Bond Resolution, the Revenue Fund and the accounts therein, including all amounts on deposit therein or credited thereto.</p>

<p>DEBT SERVICE RESERVE ACCOUNT</p>	<p>The Borrower shall (i) establish the 2023E WIFIA Debt Service Reserve Account on or prior to the Effective Date, and (ii) fund and maintain the 2023E WIFIA Debt Service Reserve Account in an amount equal to the WIFIA Debt Service Reserve Requirement for the WIFIA Loan in accordance with the WIFIA Loan Documents. The 2023E WIFIA Debt Service Reserve Account shall be for the sole benefit of the WIFIA Lender and shall not be subject to any security interest in favor of any other Person.</p>
<p>RATE COVENANT</p>	<p>As set forth in further detail in the WIFIA Master Agreement, the Borrower shall fix, establish, maintain and collect rates, fees, and other charges for water and services provided by the System during each Bond Year (as defined in the Master Bond Resolution) that will be at least sufficient to yield, during each Bond Year beginning with the Bond Year commencing on October 1, 2023, Gross Revenues equal to at least:</p> <ul style="list-style-type: none"> (i) one hundred percent (100%) of the cost of Operation and Maintenance (as defined in the Master Bond Resolution) of the System for such Bond Year; <i>plus</i> (ii) one hundred fifteen percent (115%) of the Bond Service Requirement (as defined in the Master Bond Resolution) for such Bond Year; <i>plus</i> (iii) one hundred percent (100%) of any amounts required to be deposited in such Bond Year into the reserve accounts.
<p>ADDITIONAL INDEBTEDNESS</p>	<p>As set forth in further detail in the WIFIA Master Agreement, the Borrower shall not issue or incur any Additional Obligations unless the conditions described in Section 15(a) (<i>Indebtedness</i>) of the WIFIA Master Agreement are satisfied, including:</p> <ul style="list-style-type: none"> (a) Except in the case of Additional Senior Obligations issued for the purpose of refunding Outstanding Senior Obligations, the Borrower shall certify that (i) it is current in all deposits into the various funds, accounts and subaccounts established pursuant to any WIFIA Loan Documents; (ii) all payments theretofore required to have been deposited or made by it under the provisions of any WIFIA Loan Document have been deposited or made; and (iii) it has complied with the covenants and agreements of each WIFIA Loan Document. (b) There shall have been filed with the Borrower: <ul style="list-style-type: none"> (i) a certificate of the Borrower’s chief executive officer demonstrating that the requirements of Section 11.05 of the Master Bond Resolution were met in the last complete Borrower

	<p>Fiscal Year for which the audited financial statements of the Borrower are available; and</p> <p>(ii) either:</p> <p>(A) a report of the Qualified Independent Consultant (as defined in the Master Bond Resolution) setting forth for each of the three Borrower Fiscal Years following the Borrower Fiscal Year in which the Borrower's chief executive officer estimates the completion of the Project to be financed by such Additional Senior Obligations (1) estimates of Gross Revenues to be received by the Borrower from the System including the Project to be financed with the Additional Senior Obligations, (2) estimates of Cost of Operation and Maintenance for such Borrower Fiscal Years, (3) the Maximum Bond Service Requirement (as defined in the Master Bond Resolution), including the Additional Senior Obligations then proposed to be issued, and (4) that Net Revenues will be sufficient to pay 115% of the Maximum Bond Service Requirement, including the Additional Senior Obligations then proposed to be issued in each such Borrower Fiscal Year, and 100% of any amounts required by the terms of any WIFIA Loan Document to be deposited in the Reserve Fund (including the WIFIA Debt Service Reserve Account) or with the issuer of any Reserve Product (as defined in the Master Bond Resolution), or</p> <p>(B) a certificate of the Borrower's chief executive officer demonstrating that (1) during any twelve (12) consecutive months designated by the Borrower within the eighteen (18) months immediately preceding the date of delivery of such Additional Senior Obligations with respect to which statement is made or (2) for the most recently completed Borrower Fiscal Year for which audited financial statements are available, the Net Revenues equal at least 115% of the Maximum Bond Service Requirement on all Outstanding Senior Obligations, including the Additional Senior Obligations then proposed to be issued, and 100% of any amounts required by the terms of any WIFIA Loan Document to be deposited in the Reserve Fund (including the WIFIA Debt Service Reserve Account) or with the issuer of any Reserve Product (as defined in the Master Bond Resolution).</p> <p>(c) Additional Senior Obligations shall be deemed to have been issued pursuant to the Master Bond Resolution the same as the Outstanding Senior Obligations, and all of the other covenants and other provisions of the Master Bond Resolution (except as to details of such Additional Senior Obligations inconsistent therewith) shall be for the equal benefit, protection and security of the holders of all bonds issued pursuant to the Master Bond Resolution.</p>
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(d) In the event any Additional Senior Obligations are issued for the purpose of refunding any Senior Obligations then Outstanding, the conditions of Sections 12.02(B) of the Master Bond Resolution shall not apply; provided that the issuance of such Additional Senior Obligations shall not result in (i) an increase in Maximum Bond Service Requirement, (ii) an extension of the final maturity date of the debt to be refunded, or (iii) an increase in annual debt service in any year. The conditions of Section 12.02(B) of the Master Bond Resolution shall apply to Additional Senior Obligations issued to refund Subordinate Debt and to Additional Senior Obligations issued for refunding purposes which cannot meet the conditions of this paragraph.

(e) For all purposes under the Master Bond Resolution, upon the effective date of a new line of credit (whether structured as a draw down loan or a revolving line of credit) the Borrower may assume either (i) that the full amount available thereunder has been drawn on such date of issuance and thereafter, no additional indebtedness shall be deemed to arise when any funding occurs under any such indebtedness (a “**Full Draw LOC**”) or (ii) alternatively may assume that the amount of each draw may be treated as a separate Senior Obligation issue under the Master Bond Resolution on each date on which a draw is made under such line of credit (a “**Partial Draw LOC**”). The principal shall be amortized in accordance with the terms thereof; provided, however, if the Borrower executes a (x) Full Draw LOC and designates it as a Designated Maturity Bond (as defined in the Master Bond Resolution), the entire amount may be assumed drawn on the effective date on the date of the first draw thereunder and the repayment schedule shall be assumed to be as described in the definition of Designated Maturity Bond, or (y) Partial Draw LOC and designates it as a Designated Maturity Bond, only the amount drawn on any particular date shall be taken into account and the repayment schedule shall be assumed to be as described in the definition of Designated Maturity Bond, taking into account the current amount to be draw and all previous amounts drawn and outstanding thereunder.

(f) To the extent any Permitted Debt consists of Option Bonds (as defined in the Master Bond Resolution) not secured by a Credit Facility (as defined in the Master Bond Resolution), such Bonds must only have scheduled tender dates allowing the holder of such Option Bonds to tender or “put” such Bonds on a date or dates scheduled prior to the maturity date thereof.

Additionally, the Borrower may not create, incur or suffer to exist any Obligations (a) the payments with respect to which are senior or prior in right of payment by the Borrower to any WIFIA Loan

	(as evidenced by a WIFIA Bond), (b) secured by a Lien on the Pledged Collateral (or any portion thereof) that is senior to the Lien on the Pledged Collateral in favor of the WIFIA Lender (as holder of the WIFIA Bonds) under the Master Bond Resolution, (c) all or a portion of the proceeds of which are or will be applied at any time to fund all or any portion of Total Project Costs, that are secured by a Lien on any assets or property of the Borrower other than the Pledged Revenues, or (d) that bear interest at a variable interest rate (including Variable Rate Bonds (as defined in the Master Bond Resolution)) if such incurrence would cause the principal amount of all Variable Rate Bonds to exceed [twenty-five percent (25%)] ¹ of the principal amount of all Outstanding Obligations at such time. The Borrower shall not incur any indebtedness of any kind payable from, secured or supported by the Pledged Collateral, including Permitted Debt, without the prior written consent of the WIFIA Lender, while an Event of Default relating to a Payment Default or a Bankruptcy Related Event has occurred and is continuing.
RESTRICTED PAYMENTS AND TRANSFERS	The Borrower shall not permit Gross Revenues or other assets of the System, or any funds in any accounts held under the Master Bond Resolution or in any other fund or account held by or on behalf of the Borrower, to be paid or transferred or otherwise applied for purposes other than ownership, operation or maintenance of the System and such other uses as expressly permitted pursuant to Article IX (<i>Creation and Use of Funds and Accounts; Disposition of Revenues</i>) of the Master Bond Resolution.
WIFIA LOAN DOCUMENTATION	The WIFIA Loan shall be subject to the preparation, execution and delivery of the WIFIA Master Agreement, the WIFIA Loan Agreement, the WIFIA Bond and any other loan documentation required by the WIFIA Lender in connection therewith, in each case acceptable to the WIFIA Lender and the Borrower, which will contain certain conditions precedent, representations and warranties, affirmative and negative covenants, events of default, and other provisions as agreed between the WIFIA Lender and the Borrower, in each case in accordance with the terms of the WIFIA Master Agreement.
GOVERNING LAW	The WIFIA Master Agreement and the WIFIA Loan Agreement shall each be governed by the federal laws of the United States of America, if and to the extent such federal laws are applicable, and the internal laws of the State of Florida, if and to the extent such federal laws are not applicable.

¹ NTD: Variable rate debt restriction under discussion by the parties.

COUNTERPARTS	This Term Sheet, and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Electronic delivery of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.
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[Signature pages follow]

If the foregoing terms are acceptable, please countersign this letter in the space indicated below.

Sincerely,

**UNITED STATES ENVIRONMENTAL
PROTECTION AGENCY**, acting by and
through the Administrator of the United States
Environmental Protection Agency

By: _____

Name: Michael S. Regan

Title: Administrator

ACKNOWLEDGED AND AGREED:

POLK REGIONAL WATER COOPERATIVE,
by its authorized representative

By: _____

Name:

Title:



SUBJECT

Adopt Resolution 2023-11 to Approve the Truist Loan - Action Item

DESCRIPTION

The PRWC is in the process of securing a draw-down WIFIA loan in the amount of \$305,799,441 and maturing in 2059 to provide long-term funding for eligible project costs through the anticipated five-year construction period. The estimated interest rate of the WIFIA loan as of March 3rd was approximately 4.04%. The PRWC anticipates closing on the WIFIA loan in June 2023.

As an alternative to drawing from the WIFIA loan for the initial three years of construction, Truist Bank received preliminary credit approval and submitted a proposal to the PRWC for a \$175,000,000 million fixed-rate tax-exempt bank loan maturing in five years to be used as interim financing at an interest rate of 3.55% with Put Dates beginning in November 2025 and every 6-months thereafter. The PRWC would use proceeds of the Truist loan to pay construction costs until approximately November 2025, at which time the PRWC would draw on the WIFIA loan to repay the Truist loan. The Truist loan would be fully funded at closing, allowing for the loan proceeds to be invested in a fully collateralized depository account with Truist Bank in accordance with the proposed PRWC Funding Policy (agenda item F.1), earning a fixed interest rate of 3.55% through November 2025. The PRWC could choose to either make periodic interest rate payments on the Truist loan or capitalize interest until maturity, but regardless, the total net interest cost when taking into account investment earnings, result in debt service savings when compared to a standalone WIFIA loan. Additionally, by delaying draws from the WIFIA loan during the first three years of construction funded by the Truist loan, the PRWC maintains the flexibility to request a one-time interest rate reset on the WIFIA loan assuming certain conditions are met.

RECOMMENDATION

Adopt Resolution 2023-11 to approve the Truist interim loan

FISCAL IMPACT

The Truist loan amount is expected to be issued in the approximate amount of \$154,338,308, with a not to exceed amount of \$175,000,000. If the PRWC were to take advantage of the Truist proposal and not make a draw upon the WIFIA loan for the first three years of construction, and if interest rates were to decline within that three-year period by 0.50% or greater, the PRWC could experience a significant reduction of future WIFIA loan interest costs. The flexibility for PRWC to request a one-time interest rate reset should interest rates decline creates a valuable financial option with significant

potential upside and limited downside risk. Also, the interest earnings on the Truist loan proceeds help offset the interest cost of the loan during the first three years.

CONTACT INFORMATION

Alex Bugallo, RBC Capital Markets
Eric DeHaven

RESOLUTION NO. 2023-11

A RESOLUTION OF THE POLK REGIONAL WATER COOPERATIVE AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$175,000,000 WATER REVENUE BOND, SERIES 2023C TO FINANCE PROJECT COSTS, INCLUDING COSTS OF THE ACQUISITION AND CONSTRUCTION OF THE SOUTHEAST WELLFIELD PROJECT AND THE WEST POLK WELLFIELD PROJECT AND OTHER COSTS RELATED THERETO AND FUNDING CAPITALIZED INTEREST AND PAYING COSTS OF ISSUANCE FOR SUCH BOND; EXPRESSING THE INTENT FOR PURPOSES OF COMPLIANCE WITH UNITED STATES TREASURY REGULATION SECTION 1.150-2 TO REIMBURSE WITH THE PROCEEDS OF REVENUE BONDS THE CAPITAL EXPENDITURES MADE WITH RESPECT TO SUCH PROJECT; AUTHORIZING THE AWARD OF THE SALE OF SUCH BOND ON A NEGOTIATED BASIS TO TRUIST COMMERCIAL EQUITY, INC., IN ACCORDANCE WITH CERTAIN PARAMETERS SET FORTH HEREIN; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT TO SECURE THE REPAYMENT OF SAID 2023 BOND; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT TO PROVIDE FOR THE INVESTMENT AND DISBURSEMENT OF THE PROCEEDS OF SAID 2023 BOND; AUTHORIZING THE PROPER OFFICIALS OF THE ISSUER TO DO ANY OTHER ADDITIONAL THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE EXECUTION OF THE LOAN AGREEMENT, THE ESCROW AGREEMENT, SUCH 2023 BOND, AND THE SECURITY THEREFOR; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS IN CONNECTION WITH SAID LOAN; PROVIDING FOR SEVERABILITY AND OTHER MATTERS IN REGARD THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of Directors (the "Board") of the Polk Regional Water Cooperative (the "Issuer") adopted Resolution No. 2022-05 on July 13, 2022, as amended and supplemented (the "Bond Resolution"), as supplemented by Resolution No. 2023-02 adopted by the Board on January 18, 2023, pursuant to which the Issuer has issued its Revolving Revenue Note, Series 2023A and Revolving Revenue Note, Series 2023B (Federally Taxable) (collectively, the "Outstanding Notes"); and

WHEREAS, the Issuer is authorized under the Act and the Bond Resolution to issue its Water Revenue Bond, Series 2023C (the "2023C Bond") to finance a portion of the costs of development, acquisition and construction of the 2023 Project (as defined in the Loan Agreement), fund capitalized interest on the 2023C Bond and to pay issuance costs; and

WHEREAS, Truist Commercial Equity, Inc. (the "Lender") intends to purchase the 2023C Bond by negotiated sale pursuant to the terms of a Loan Agreement between the Issuer and the Lender in substantially the form attached hereto as Exhibit "A" (the "Loan Agreement"); and

WHEREAS, the proceeds of the 2023C Bond will be held, invested and disbursed pursuant to the terms of an Escrow Agreement among the Issuer, Truist Bank in its capacity as Escrow Agent, and the Lender in substantially the form attached hereto as Exhibit "B" (the "Escrow Agreement"); and

WHEREAS, because of the currently fluctuating conditions existing in the market for securities similar to the 2023C Bond, the Issuer finds it appropriate to delegate the authority as provided herein to accept the offer of the Lender to purchase the 2023C Bond to be issued pursuant to the terms of the Loan Agreement if certain conditions set forth in this Resolution are met, and to make certain other determinations with respect to the 2023C Bond and the security therefor all as forth herein;

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

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Section 163.01, Chapter 159 and Chapter 189, Florida Statutes, the Interlocal Agreement, the Constitution of the State and other applicable provisions of law (collectively, the "Act") and the Bond Resolution. Capitalized terms not defined herein shall have the meanings ascribed to them in the Bond Resolution and the Loan Agreement.

SECTION 2. FINDINGS. It is hereby ascertained, determined and declared:

(A) The Issuer is an interlocal agency, created by its members pursuant to the Interlocal Agreement under Section 163.01, Florida Statutes, to provide for the planning, acquisition, development, management, operation, improvement and maintenance of Projects and the System.

(B) The Issuer anticipates obtaining a loan from the United States Environmental Protection Agency pursuant to the Water Infrastructure Finance and Innovation Act (the "WIFIA Loan") to provide long-term financing for a portion of the costs of development, acquisition and construction of the 2023 Project.

(C) The Issuer is authorized under the Act and the Bond Resolution to issue the 2023C Bond to finance a portion of the costs of development, acquisition and construction of the 2023 Project, fund capitalized interest on the 2023C Bond and to pay issuance costs.

(D) The Board, based on the advice of RBC Capital Markets, LLC (the "Financial Advisor"), the Issuer's financial advisor, has reviewed the proposal of the Lender regarding a loan in a principal amount not exceeding \$175,000,000, the proceeds of which will be applied to the 2023 Project, to fund capitalized interest on the 2023C Bond and to pay all or a portion of the costs of issuance of the 2023C Bond.

(E) The Pledged Revenues are anticipated to be sufficient to timely pay the principal of and interest on the 2023C Bond as the same shall become due.

(F) Because of the characteristics of the 2023C Bond and prevailing market conditions, and after review of responses to a request for proposals distributed by the Financial Advisor, and based in part on advice of the Financial Advisor, the Board has determined that it is best to award the sale of the 2023C Bond to the Lender at a negotiated sale, with the interest rate, dated date, maturity date and redemption provisions either set forth herein or as to be set forth in the Loan

Agreement, a form of which is attached hereto as Exhibit "A," or in the 2023C Bond, a form of which is attached to the form of the Loan Agreement.

(G) Prior to the sale of the 2023C Bond, the Lender must provide the Issuer with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes, and a Truth-in-Bonding Statement pursuant to Section 218.385(2), Florida Statutes, in order for the Lender's offer to purchase the 2023C Bond to be accepted pursuant to this Resolution, and no further disclosure is required by the Issuer.

(H) The 2023C Bond shall be issued as a Tax-Exempt Bond, the interest on which shall be excludable from gross income under the applicable provisions of the Internal Revenue Code.

(I) The 2023C Bond shall not be secured by the Composite Reserve Account created by the Bond Resolution or any reserve account within the Reserve Fund and there shall be no Reserve Requirement with respect to the 2023C Bond.

(J) The 2023C Bond will not be issued unless the applicable requirements of the Bond Resolution are satisfied. Upon issuance in accordance with the terms hereof and of the Loan Agreement, the 2023C Bond will constitute a Series of Bonds issued under the Bond Resolution, as supplemented hereby, entitled to all the security and benefits thereof.

(K) The covenants and agreements set forth herein and in the Bond Resolution to be performed by the Issuer shall be for the equal benefit, protection and security of the Lender and the Holders of the 2023C Bond, and the 2023C Bond shall be of equal rank with all other Bonds and Additional Bonds issued under the Bond Resolution, without preference, priority or distinction over any other Bond.

(L) All applicable covenants contained in the Bond Resolution shall be fully applicable to the 2023C Bond as if originally issued thereunder.

(M) The Authorized Signatories may authorize the modification of the name or series designation of the 2023C Bond, as deemed appropriate, the approval of such modification to be evidenced by the execution and delivery of the 2023C Bond showing such modification.

(N) Principal of the 2023C Bond shall be payable to the Lender in accordance with the Loan Agreement.

(O) If the date for the payment of principal of or interest on the 2023C Bond shall be a day other than a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

(P) The 2023C Bond shall be subject to redemption as set forth in the Loan Agreement and the 2023C Bond. Notwithstanding anything in the Bond Resolution to the contrary, notice of redemption shall be given as provided in the Loan Agreement.

SECTION 3. AUTHORIZATION OF 2023 BOND AND 2023 PROJECT. The Issuer hereby authorizes the issuance of the 2023C Bond and hereby authorizes the use of proceeds of the 2023C Bond to pay costs of the 2023 Project, fund capitalized interest on the 2023C Bond and pay all or a portion of the costs of issuance of the 2023C Bond, all as more particularly described

in the Loan Agreement. The 2023 Project shall be deemed to be a "Project" as defined in the Bond Resolution and an "Approved Water Project" as defined in the Interlocal Agreement.

SECTION 4. APPROVAL OF FORM OF AND AUTHORIZATION OF LOAN AGREEMENT AND EXECUTION OF LOAN AGREEMENT AND 2023 BOND. The Issuer is authorized to execute the Loan Agreement with the Lender in substantially the form attached hereto as Exhibit "A" and the Escrow Agreement with Truist Bank and the Lender in substantially the form attached hereto as Exhibit "B", and to make and deliver to the Lender the 2023C Bond, substantially in the form attached to the Loan Agreement, and to apply the proceeds thereof to pay costs of the 2023 Project, to capitalize interest on the 2023C Bond, and to pay the costs of issuance of the 2023C Bond. The forms and terms of the Loan Agreement, the Escrow Agreement and the 2023C Bond (collectively, the "Loan Documents") attached hereto are hereby approved, and the Chairman, the Secretary, the Executive Director and the officers, attorneys and other agents or employees of the Issuer (collectively, the "Authorized Signatories") are each individually authorized to execute and deliver the same, with such changes, insertions, omissions and filling of blanks, including, without limitation, the principal amount of the 2023C Bond and redemption provisions, as may be approved by the Authorized Signatories, such approval to be conclusively evidenced by the execution thereof by the Authorized Signatories and the full and complete satisfaction of the conditions set forth in this 4; provided, however, that the principal amount of the 2023C Bond shall in no event exceed \$175,000,000, the true interest cost rate on the 2023C Bond shall not exceed 5.00% per annum (subject to adjustment as provided in the Loan Agreement) and shall not exceed the maximum rate permitted by law and the final maturity date of the 2023C Bond shall not be later than October 1, 2053.

The 2023C Bond shall be issued as a fully registered bond and be in a denomination equal to the outstanding principal amount thereof and shall be subject to restrictions on transfer set forth in the form thereof. The principal of the 2023C Bond shall be payable in installments in the amounts and on the dates set forth on the schedule attached to the 2023C Bond, as may be approved by the Authorized Signatories, such approval to be conclusively evidenced by the execution thereof by the Authorized Signatories.

Interest on the 2023C Bond will be computed on the basis of a 360-day year and the actual number of days elapsed.

Notwithstanding anything in the Bond Resolution to the contrary, notice of redemption shall be given as provided in the Loan Agreement. Notwithstanding any other provision hereof, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Issuer, whether or not expressly set forth in such notice.

SECTION 5. PAYMENT OF DEBT SERVICE ON 2023 BOND; LOAN AGREEMENT AND 2023 BOND NOT TO BE GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER. The 2023C Bond will be secured by the Pledged Revenues to the extent and in the manner provided in the Bond Resolution and the Loan Agreement on parity with the Outstanding Notes and any Additional Bonds hereafter issued, all as more particularly described in the Bond Resolution and the Loan Agreement. The Loan Agreement is incorporated by reference herein and the 2023C Bond shall be a Bond under the Bond Resolution and all of the covenants contained in the Bond Resolution shall be fully applicable to the 2023C Bond as if originally issued thereunder.

The Loan Agreement and 2023C Bond and the obligations of the Issuer thereunder shall not be deemed to constitute general obligations or a pledge of the faith and credit of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation, but shall be payable solely from and secured by a lien upon and a pledge of Pledged Revenues. No holder or owner of the 2023C Bond shall ever have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for any purpose, including, without limitation, for the payment of debt service with respect thereto. The Loan Agreement and the 2023C Bond and the indebtedness evidenced thereby shall not constitute a lien upon any real or personal property of the Issuer, or any part thereof, or any other tangible personal property of or in the Issuer, but shall constitute a lien only on the Pledged Revenues, all in the manner and to the extent provided in the Bond Resolution.

SECTION 6. AUTHORIZATIONS. In accordance with the terms of this Resolution, the Authorized Signatories are authorized to execute manually or by their facsimile signatures and deliver on behalf of the Issuer the Loan Documents as provided hereby. All officials and employees of the Issuer, 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 and giving of notices on behalf of the Issuer as they shall deem necessary or desirable in connection with the completion of the Loan (as defined in the Loan Agreement) and the carrying out of the intention of this Resolution.

The Authorized Signatories and such other officers of the Issuer legally authorized to take action in their absence, and such other officers and employees of the Issuer as may be designated by the Chairman or the Secretary or any Assistant Secretary of the Issuer, are each designated as agents of the Issuer in connection with issuance and delivery of the 2023C Bond and the execution and delivery of the Loan Agreement and the Escrow Agreement, and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the Loan Documents and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution or the Bond Resolution or any action relating to the Loan Documents heretofore taken by the Issuer, including, without limitation the execution and delivery of a term sheet. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2023C Bond and may request disbursements of the Loan in accordance with the terms of the Loan Agreement.

The Vice-Chairman is hereby authorized to do all acts or things required of the Chairman by the terms hereof in the event of the Chairman's absence or unavailability. Any Assistant Secretary is hereby authorized to do all acts and things required of the Secretary (or such other member of the Board delegated such authority).

SECTION 7. REIMBURSEMENT. The Issuer has paid within 60 days prior to the date of this Resolution or expects to pay on or after the date of this Resolution and before the issuance of the 2023C Bond certain costs of the 2023 Project with funds other than proceeds of the 2023C Bond (the "Advanced Funds"). The Issuer reasonably expects to use proceeds of the 2023C Bond to reimburse itself for expenditures made with the Advanced Funds. This Section 7 is a declaration of the official intent of the Issuer in that regard, within the contemplation of Section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury. The

maximum principal amount of proceeds of the 2023C Bond expected to be issued to finance the cost of the 2023 Project is \$175,000,000. All of the expenditures initially to be made with the Advanced Funds and then to be reimbursed by the Issuer from proceeds of the 2023C Bond will be for costs of the 2023 Project of a type constituting capital expenditures or preliminary expenditures relating to the 2023 Project or costs of issuing the 2023C Bond.

SECTION 8. CONTROLLING LAW; MEMBERS OF THE BOARD OF ISSUER NOT LIABLE. This Resolution shall be governed by and construed in accordance with the laws of the State of Florida. All covenants, stipulations, obligations and agreements of the Issuer contained in the Bond Resolution and herein shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Board in his or her individual capacity, and neither the members of the Board nor any official executing the Loan Agreement, the Escrow Agreement, the 2023C Bond or other documents contemplated hereby shall be liable personally on the Loan Agreement, the Escrow Agreement, the 2023C Bond or the Bond Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Board or such official.

SECTION 9. AUTHORITY AS PAYING AGENT AND REGISTRAR. The Issuer is hereby designated paying agent and registrar for the 2023C Bond.

SECTION 10. REPEAL OF INCONSISTENT RESOLUTIONS AND ACTIONS. All resolutions or actions of the Issuer in conflict herewith are hereby superseded and repealed to the extent of such conflict.

SECTION 11. EFFECT OF PARTIAL INVALIDITY. If any one or more provisions of this Resolution, the Loan Agreement, or the 2023C Bond shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, the 2023C Bond or the Loan Agreement, but this Resolution, the Loan Agreement and the 2023C Bond shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

SECTION 12. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

[Signatures on Following Page]

Passed and duly adopted by the Board of Directors of the Polk Regional Water Cooperative on the 26th day of April, 2023.

POLK REGIONAL WATER COOPERATIVE

(SEAL)

By: _____
Chairman

ATTESTED:

By: _____
Secretary

#185031687_v10 155673.00008

EXHIBIT "A"
FORM OF LOAN AGREEMENT

LOAN AGREEMENT

Dated _____, 2023

By and Between

POLK REGIONAL WATER COOPERATIVE

(the "Cooperative")

and

TRUIST COMMERCIAL EQUITY, INC.

(the "Lender")

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement"), made and entered into this ____ day of _____, 2023, by and between **POLK REGIONAL WATER COOPERATIVE** (the "Cooperative"), a Florida interlocal agency, and **TRUIST COMMERCIAL EQUITY, INC.** (the "Lender"), a Delaware corporation.

WITNESSETH:

WHEREAS, capitalized terms used in these recitals and not otherwise defined shall have the meanings specified in Article I of this Agreement or the Bond Resolution;

WHEREAS, the Cooperative was formed pursuant to Section 163.01 and Chapter 189, Florida Statutes, pursuant to an Interlocal Agreement Relating to Establishment of the Polk Regional Water Cooperative, effective as of June 1, 2016 (the "Interlocal Agreement") as executed by Polk County, Florida (the "County") and the municipalities located within the County and set forth therein (collectively, the "Members"); and

WHEREAS, the Board of Directors of the Cooperative (the "Board") duly adopted Resolution No. 2022-05 on July 13, 2022, as amended by Resolution No. 2023-__ adopted by the Board on April 26, 2023 (the "Resolution"), as supplemented by Resolution No. 2023-__ adopted by the Board on April 26, 2023 (the "Supplemental Resolution" and collectively with the Resolution, the "Bond Resolution"), is authorized to borrow money, and more particularly issue the Bond described below for financing the 2023 Project; and

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I DEFINITION OF TERMS

Section 1.01. Definitions. Capitalized terms used in this Agreement shall have the respective meanings assigned thereto by the Bond Resolution (as hereinafter defined) and the following terms not otherwise defined shall have the respective meanings as follows unless the context clearly requires otherwise:

"Act" means, collectively, Section 163.01, Chapter 159 and Chapter 189, Florida Statutes, the Interlocal Agreement, the Constitution of the State, the Bond Resolution, and other applicable provisions of law.

"Agreement" shall mean this Loan Agreement and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Bond" shall mean the Polk Regional Water Cooperative Water Revenue Bond, Series 2023C issued by the Cooperative under this Agreement and the Bond Resolution.

"Bond Counsel" shall mean, Holland & Knight LLP, Lakeland, Florida, or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the

federal tax exemption of interest on obligations issued by states and political subdivisions hired by the Cooperative to render an opinion on such matters with regard to the Bond.

"Bondholder" or "Holder" shall mean the Lender as the holder of the Bond and any subsequent registered holder of the Bond.

"Bondholder Put Date" means November 13, 2025 and every six months thereafter until November 13, 2028, unless modified as provided in the definition of "Optional Tender Date."

"Bond Resolution" shall have the meaning given in the recitals hereto.

"Business Day" shall mean any day other than a Saturday, a Sunday, or a day on which the office of the Holder at which payments on the Bond are due or the offices of the Cooperative are lawfully closed.

"Chair" means the Chair or the Vice Chair of the Cooperative Board of Directors.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the applicable rules and regulations promulgated thereunder.

"2023 Construction Account" shall have the meaning given in Section 3.08 hereof.

"Cooperative" shall mean the Polk Regional Water Cooperative.

"Default Rate" means the lesser of (a) 18% per annum and (b) the maximum rate permitted by law.

"Demand Purchase Price" shall have the meaning ascribed thereto in Section 3.02.

"Escrow Agent" shall mean Truist Bank, through its Corporate Trust and Escrow Services department, and its successors and assigns.

"Escrow Agreement" shall mean the Escrow Agreement dated _____, 2023, among the Cooperative, the Escrow Agent and the Lender, pursuant to which the Lender shall hold the 2023 Construction Account as provided in Section 3.08 hereof.

"Event of Default" shall mean an Event of Default as defined in Section 5.01 of this Agreement.

"Event of Taxability" means the occurrence after the date hereof of a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on all or a portion of any Bond is or was includable in the gross income of a Holder for Federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Cooperative has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity at the Cooperative's own expense to contest the same, either directly or in the name of any Holder, and until the conclusion of any appellate review, if sought. An Event of Taxability does not include and is not triggered by a change in law by Congress that causes the interest to be includable under the

Holder's gross income. For all purposes of this definition, the effective date of any Event of Taxability will be the first date as of which interest is deemed includable in the gross income of the Holder of the Bond.

"Extension Fee" means 0.625% of the then outstanding principal amount of the Bond.

"Fiscal Year" shall mean the 12-month period commencing October 1 of each year and ending on the succeeding September 30, or such other 12-month period as the Cooperative may designate as its "fiscal year" as permitted by law.

"Implementation Agreement" shall have the meaning given to such term in the Bond Resolution.

"Interest Payment Date" shall mean each April 1 and October 1, commencing October 1, 2023 until the Bond has been paid in full.

"Interest Rate" means a per annum rate equal to (a) 3.55%, (b) after an Event of Taxability, the Taxable Rate, and (c) during the Term-Out Period, the Term-Out Interest Rate. Notwithstanding the foregoing, however, after, and during the continuance of, an Event of Default, "Interest Rate" shall mean the Default Rate.

"Lender" shall mean Truist Commercial Equity, Inc.

"Loan" shall refer to an amount equal to the outstanding principal of the Bond, together with unpaid interest and penalties, if any, which have accrued.

"Loan Documents" means this Agreement, the Bond, the Supplemental Resolution, the Interlocal Agreement, the Implementation Agreement and all other documents, agreements, certificates, schedules, notes, and opinions, however described, referenced herein or executed or delivered pursuant hereto or in connection with or arising with the Loan or the transaction contemplated by this Agreement.

"Maturity Date" shall mean October 1, 2048.

"Optional Tender Date" means each Bondholder Put Date, unless the Cooperative shall have received written notice from the Cooperative not less than 120 days (or such shorter period of time as shall have been agreed to by the Cooperative) prior to the applicable Bondholder Put Date that such Bondholder has elected not to tender such Bond for purchase on such Bondholder Put Date whereupon such due date shall not be an Optional Tender Date; and in the event the Bondholder elects not to tender such Bond for purchase upon any Bondholder Put Date as described above, the Bondholder may also deliver written notice to the Borrower establishing or modifying the date of the next succeeding Bondholder Put Date or Dates, and, from and after such notice, the succeeding Bondholder Put Date(s) shall be the date(s) specified in such notice unless and until modified by subsequent notice pursuant to the terms hereof.

"Parity Obligations" shall mean collectively, the Cooperative's outstanding Revolving Revenue Note, Series 2023A and Revolving Revenue Note, Series 2023B and the obligations under the SRF Loan Agreements.

"Pledged Revenues" shall have the meaning given in the Bond Resolution.

"2023 Project" means collectively, the Southeast Wellfield Project and the West Polk Wellfield Project, the costs of which are to be funded in whole or in part with proceeds from the Bond.

"Southeast Wellfield" shall have the meaning given in the Bond Resolution.

"Southeast Wellfield Project" means the project for the Southeast Wellfield, as further described in the Implementation Agreement for the Southeast Wellfield.

"SRF Loan Agreements" means collectively, the (i) State Department of Environmental Protection Drinking Water State Revolving Fund Loan Agreement DW532000 to the Cooperative pursuant to the loan agreement entered into by the Cooperative and the State Department of Environmental Protection, as amended from time to time, (ii) the State Department of Environmental Protection Drinking Water State Revolving Fund Loan Agreement DW532001 to the Cooperative pursuant to the loan agreement entered into by the Cooperative and the State Department of Environmental Protection, as amended from time to time, and (iii) the State Department of Environmental Protection Drinking Water State Revolving Fund Design Loan Agreement DW532002 to the Cooperative pursuant to the loan agreement entered into by the Cooperative and the State Department of Environmental Protection, as amended from time to time.

"State" means the State of Florida.

"Taxable Period" means the period of time between (a) the date that interest on any Bond is deemed to be includable in the gross income of the Holder thereof for federal income tax purposes as a result of an Event of Taxability, and (b) the date of the Event of Taxability and after which the Bond bears interest at the Taxable Rate.

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

"Term-Out Commencement Date" means the date of the final Bondholder Put Date.

"Term-Out Payment Commencement Date" means the October 1 next succeeding the Term-Out Commencement Date.

"Term-Out Interest Rate" means the interest rate per annum equal to the sum of (i) the then published yield on the 25-Year United States Treasury bond and (ii) three percent (3.00%).

"Term-Out Period" means the period commencing on the Term-Out Commencement Date through and including the Maturity Date.

"West Polk Wellfield" shall have the meaning given in the Bond Resolution.

"West Polk Wellfield Project" means the project for the West Polk Wellfield, as further described in the Implementation Agreement for the West Polk Wellfield.

"WIFIA Loan" means the loan to the Cooperative from the United States Environmental Protection Agency pursuant to the Water Infrastructure Finance and Innovation Act (WIFIA).

Section 1.02. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

Section 1.03. Titles and Headings. The titles and headings of the Articles and Sections of this Agreement, which have been inserted for convenience of reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Section 2.01. Representations and Warranties of Cooperative. The Cooperative represents and warrants to the Lender as follows:

(a) Existence. The Cooperative is an interlocal agency established under the Act is duly organized and validly existing under the constitution and the laws of the State, with full power to enter into this Agreement, to perform its obligations hereunder and to issue and deliver the Bond to the Lender. The making, execution and performance of this Agreement on the part of the Cooperative and the issuance and delivery of the Bond have been duly authorized by all necessary action on the part of the Cooperative and will not violate or conflict with the Act, or any agreement, indenture or other instrument by which the Cooperative or any of its material properties is bound.

(b) Validity, Etc. This Agreement, the Bond and the Bond Resolution are valid and binding obligations of the Cooperative enforceable against the Cooperative in accordance with their respective terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium or similar laws relating to or from time to time affecting the enforcement of creditors' rights and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c) Litigation. There are no actions, suits or proceedings pending or, to the best knowledge of the Cooperative, threatened against or affecting the Cooperative, at law or in equity, or before or by any governmental authority, that, if adversely determined, would materially impair the ability of the Cooperative to perform the Cooperative's obligations under this Agreement or under the Bond.

(d) No Financial Material Adverse Change. No material adverse change in the financial condition of the Cooperative or the Pledged Revenues has occurred since the audited financial statements of the Cooperative for its year ended September 30, 2021.

(e) Powers of Cooperative. The Cooperative has the legal power and authority to pledge the Pledged Revenues to the repayment of the Loan to the extent and the manner provided in the Bond Resolution.

(f) Authorizations, etc. No authorization, consent, approval, license, exemption or registration or filing with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, has been or will be necessary for the valid execution, delivery and performance by the Cooperative of this Agreement, the Bond and the related documents, except such as have been obtained, given or accomplished.

Section 2.02. Representations and Warranties of Lender. The Lender represents and warrants to the Cooperative as follows:

(a) Existence. The Lender is a Delaware corporation, authorized to do business in the State of Florida, with full power to enter into this Agreement, to perform its obligations hereunder and to make the Loan. The performance of this Agreement on the part of the Lender and the making of the Loan have been duly authorized by all necessary action on the part of the Lender and will not violate or conflict with applicable law or any material agreement, indenture or other instrument by which the Lender or any of its material properties is bound.

(b) Validity. This Agreement is a valid and binding obligation of the Lender enforceable against the Lender in accordance with its terms, except to the extent that enforceability may be subject to valid bankruptcy, insolvency, financial emergency, reorganization, moratorium or similar laws relating to or from time to time affecting the enforcement of creditors' rights and except to the extent that the availability of certain remedies may be precluded by general principles of equity.

(c) Knowledge and Experience. The Lender (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of making the Loan and owning the Bond, (ii) has received and reviewed such financial information concerning the Pledged Revenues as it has needed in order to fairly evaluate the merits and risks of making the Loan and owning the Bond, and (iii) is purchasing the Bond as an investment for its own account and not with a current view toward resale to the public.

ARTICLE III THE BOND

Section 3.01. Purpose and Use. On the date of this Agreement, the Lender shall make available to the Cooperative the Loan in the principal amount of [_____ Dollars (\$_____)]. The proceeds available under this Agreement shall be used solely to pay the Costs of the 2023 Project, fund capitalized interest on the Bond and the costs of issuance of the Bond.

Section 3.02. The Bond. The Bond shall be issued as an Option Bond and a Designated Maturity Bond and shall be substantially in the form set forth as **Exhibit A** to this Agreement. The general terms of the Bond shall be as follows:

(a) Amount of Bond. The principal amount of the Bond shall be [_____ Dollars (\$ _____)].

(b) Interest. The Bond shall bear interest at the Interest Rate payable on each Interest Payment Date. The Interest Rate shall be subject to adjustment as provided in the Bond. The Bondholder shall promptly notify the Cooperative in writing of any adjustments in the Interest Rate. Notwithstanding any provision hereof the contrary, in no event shall the interest rate on the Bond exceed the maximum rate permitted by law. Interest shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

(c) Prepayments and Principal Payments. The Bond shall finally mature on the Maturity Date. The Bond shall be further subject to optional redemption, by the Cooperative, including as applicable, payment of a make whole premium, if any, as provided in the Bond. Any prepayment shall be made on such date as shall be specified by the Cooperative in a written notice delivered to the Bondholder not less than two (2) Business Days prior to the specified prepayment date and such notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Cooperative, whether or not expressly set forth in such notice. Any prepayment shall be applied first to accrued interest, then to other charges due the Bondholder, and the balance thereof shall apply to the principal.

(d) Optional Tender. On each Optional Tender Date, the Bondholder shall have the right to demand that the Bond be purchased by the Cooperative at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the Optional Tender Date and any past due amounts (the "Demand Purchase Price"). Upon the waiver by the Lender of the Optional Tender Date, the Cooperative shall pay the Lender the Extension Fee on the date that would have been the Bondholder Put Date if not waived under the definition of Optional Tender Date. On the Optional Tender Date, if not so waived under the definition thereof, the Bondholder shall deliver the original Bond to the Cooperative in such manner as set forth in the Bond and the Cooperative shall be obligated to pay the Demand Purchase Price in immediately available funds to the Bondholder on the Optional Tender Date. The Extension Fee may, after consultation with Bond Counsel, be paid with amounts on deposit under the Escrow Agreement.

(e) Term-Out Period. If on May 13, 2026 (the second Bondholder Put Date) the Bond shall not have been paid in full by the Cooperative, all amounts on deposit under the Escrow Agreement shall be applied to redeem the Bond in inverse order of scheduled amortization. The Term-Out Period shall begin on the Term-Out Commencement Date with respect to any principal amount of the Bond that remains unpaid. During the Term-Out Period, the remaining principal amount of the Bond shall bear interest at the Term-Out Interest Rate and shall be subject to mandatory prepayment by Amortization Installments payable in twenty (20) equal annual principal installments commencing on the Term-Out Payment Commencement Date and continuing on each October 1 thereafter with a final balloon payment becoming due on the twentieth principal installment date or earlier if the Maturity Date should occur before the twentieth principal installment payment date, together with accrued interest thereon, and without premium.

Section 3.03. Conditions Precedent to Issuance of Bond. Prior to or simultaneously with the delivery of the Bond, there shall be filed with the Lender the following, each in form and substance reasonably acceptable to the Lender:

(a) an opinion of legal counsel to the Cooperative substantially to the effect that (i) the Bond Resolution has been duly adopted and this Agreement and the Bond has been duly authorized, executed and delivered by the Cooperative and each constitutes a valid, binding and enforceable agreement of the Cooperative in accordance with their respective terms, except to the extent that the enforceability of the rights and remedies set forth therein may be limited by bankruptcy, insolvency, financial emergency or other laws affecting creditors' rights generally or by usual equity principles; (ii) the Cooperative's execution, delivery and performance of this Agreement and execution and issuance of the Bond are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not heretofore obtained or effected; (iii) the execution, issuance and delivery of the Bond has been duly and validly authorized by the Cooperative, and the Bond constitutes a valid and binding special obligation of the Cooperative enforceable in accordance with its terms; (iv) the Cooperative (A) is a Florida interlocal agency and created pursuant to the Act in the State of Florida, and (B) has power and authority to adopt the Bond Resolution, to execute and deliver this Agreement, to execute and deliver the Bond, and to consummate the transactions contemplated by such instruments; (v) the execution, delivery and performance of the Bond and this Agreement, and compliance with the terms thereof and hereof, under the circumstances contemplated hereby, do not and will not in any material respect conflict with, or constitute on the part of the Cooperative a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument to which the Cooperative or to which its properties are subject or conflict with, violate or result in a breach of any existing law, administrative rule or regulation, judgment, court order or consent decree to which the Cooperative or its properties are subject; (vi) to the best of such counsel's knowledge, there is no claim, action, suit, proceeding, inquiry, investigation, litigation or other proceeding, at law or in equity, pending or threatened in any court or other tribunal, state or federal (W) restraining or enjoining, or seeking to restrain or enjoin, the issuance, sale, execution or delivery of the Bond, (X) in any way questioning or affecting the validity or enforceability of any provision of this Agreement, the Bond, or the Bond Resolution, (Y) in any way questioning or affecting the validity of any of the proceedings or authority for the authorization, sale, execution or delivery of the Bond, or of any provision made or authorized for the payment thereof, or (Z) questioning or affecting the organization or existence of the Cooperative or the right of any of its officers to their respective offices; (vii) the Cooperative has the legal authority to finance the 2023 Project, pay all or a portion of the costs of issuance of the Bond, to grant a lien on the Pledged Revenues to the extent and in the manner provided in the Bond Resolution; and (viii) all conditions contained in the Bond Resolution precedent to the issuance of the Bond have been complied with;

(b) an opinion of Bond Counsel (who may rely on opinion of legal counsel to the Cooperative), to the effect that assuming compliance by the Cooperative with certain covenants relating to requirements contained in the Code, interest on the Bond is excludable from gross income of the holder for purposes of federal income taxation;

(c) the original executed Bond and Agreement; and

(d) such other documents as the Lender reasonably may reasonably request.

When the documents and items mentioned in clauses (a) through (d), inclusive, of this Section shall have been filed with the Lender, and when the Bond shall have been executed as required by this Agreement, and all conditions of the Bond Resolution have been met, the Cooperative shall deliver the Bond to or upon the order of the Lender upon receipt of the purchase price therefor.

Section 3.04. Registration of Transfer; Assignment of Rights of Lender. The Cooperative shall keep in the Cooperative's records the registration of the Bond and the registration of transfers of the Bond as provided in this Agreement. The transfer of the Bond may be registered only upon the books kept for the registration of the Bond and registration of transfer thereof upon surrender thereof to the Cooperative together with an assignment duly executed by the Bondholder or its attorney or legal representative in the form of the assignment set forth on the form of the Bond attached as **Exhibit A** to this Agreement; provided, however, that the Bond may be transferred only in whole and not in part. In the case of any such registration of transfer, the Cooperative shall execute and deliver in exchange for the Bond a new Bond registered in the name of the transferee. In all cases in which the Bond shall be transferred hereunder, the Cooperative shall execute and deliver at the earliest practicable time a new Bond in accordance with the provisions of this Agreement. The Cooperative may make a charge for every such registration of transfer of a Bond sufficient to reimburse it for any tax or other governmental charges required to be paid with respect to such registration of transfer (other than charges of the Cooperative), and its out of pocket expenses, but no other charge shall be made for registering the transfer hereinabove granted. The Bond shall be issued in fully registered form and shall be payable in any lawful coin or currency of the United States.

The Bond may only be sold, assigned or otherwise transferred to an "accredited investor," as defined in Rule 501(A)(1), (2) or (3) under Regulation D of the Securities Act of 1933, as amended, or a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended. The person in whose name the Bond shall be registered shall be deemed and regarded the absolute owner thereof for all purposes, and payment of principal and interest on such Bond shall be made only to or upon the written order of such person. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The registration of transfer of the Bond on the registration books of the Cooperative shall be deemed to effect a transfer of the rights and obligations of the Lender under this Agreement to the transferee. Thereafter, such transferee shall be deemed to be the Lender under this Agreement and shall be bound by all provisions of this Agreement that are binding upon the Lender. The Cooperative and the transferor shall execute and record such instruments and take such other actions as the Cooperative and such transferee may reasonably request in order to confirm that such transferee has succeeded to the capacity of Lender under this Agreement and the Bond.

The Holder of the Bond is hereby granted power to transfer absolute title thereof by assignment thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against such owner's assignor or any person in the chain of title and before the maturity of the Bond; provided, however, that the Bond may be transferred only in whole and not in part and provided further, that no transfer shall be permitted absent the Cooperative's receipt of a letter in form and substance similar to the one

included as part of **Exhibit B** hereto from such proposed transferee. Every prior Holder of the Bond shall be deemed to have waived and renounced all of such owner's equities or rights therein in favor of every such bona fide purchaser, and every such bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby.

In the event any Bond is mutilated, lost, stolen, or destroyed, the Cooperative shall execute a new Bond of like date and denomination as that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Cooperative, and in the case of any lost, stolen, or destroyed Bond, there first shall be furnished to the Cooperative evidence of such loss, theft or destruction together, at the request of the Cooperative, with an indemnity satisfactory to it.

Section 3.05. Ownership of the Bond. The person in whose name the Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the Bond shall be made only to the Holder thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bond, and interest thereon, to the extent of the sum or sums so paid.

Section 3.06. Use of Proceeds of Bond Permitted Under Applicable Law. The Cooperative represents, warrants and covenants that the proceeds of the Bond will be used solely to finance the 2023 Project and to pay all or a portion of the costs of issuance of the Bond.

Section 3.07. Authentication. Until the Bond shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A, duly executed by the manual signature of the registrar as authenticating agent, it shall not be entitled to any benefit or security under this Agreement. The Bond shall not be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the registrar, and such certificate of the registrar upon the Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Agreement.

Section 3.08. 2023 Construction Fund Accounts. Pursuant to Section 7.01 of the Resolution, there is hereby created and established within the Construction Fund (as defined in the Resolution) an account to be held by the Escrow Agent under the Escrow Agreement to be designated the "2023 Project Construction Account" (the "2023 Construction Account"). The 2023 Construction Account shall be kept separate and apart from all other funds and accounts of the Cooperative. The proceeds of the Bond shall be deposited into the 2023 Construction Account as directed in the Escrow Agreement and a closing memorandum signed by the Cooperative. The moneys on deposit in the 2023 Construction Account shall be withdrawn, used and applied by the Cooperative solely for the payment of interest on the Bond and Costs of the 2023 Project, including through reimbursement or to redeem the Bond as provided in this Agreement. Until the proceeds of the Bond are needed to pay Costs of the 2023 Project, such proceeds shall be retained in the 2023 Construction Account to be invested and reinvested in Permitted Investments pursuant to Section 10.02 of the Resolution at the direction of the Cooperative in accordance with the terms

of the Escrow Agreement. Additional accounts in the 2023 Construction Account may be created in the Escrow Agreement.

Amounts on deposit in the 2023 Construction Account shall be disbursed in accordance with the terms hereof and the Escrow Agreement and by the Escrow Agent to pay interest on the Bond.

All income derived from investment of funds in the 2023 Construction Account shall be used to pay Costs of the 2023 Project, fund capitalized interest on the Bond, or to redeem the Bond as provided in this Agreement.

The Cooperative covenants to commence the acquisition and construction of the 2023 Project promptly upon delivery of the Bond and to thereafter work with due diligence to complete it. Upon completion thereof, any amounts then remaining in the 2023 Construction Account and not reserved by the Cooperative for the payment of any remaining parts of the Costs of the 2023 Project may be used to pay debt service on the Bond or to redeem the Bond in the manner that the Bond is permitted to be redeemed under the terms of the Resolution or this Agreement, or may be used for any other lawful purpose.

ARTICLE IV COVENANTS OF THE COOPERATIVE

Section 4.01. Performance of Covenants. The Cooperative covenants that it will perform faithfully at all times its covenants, undertakings and agreements contained in this Agreement and the Bond or in any proceedings of the Cooperative relating to the Loan.

Section 4.02. Payment of Bond.

(a) The Cooperative has under the Bond Resolution irrevocably pledged the Pledged Revenues as security for the repayment of the Bond. The lien of the Bond on the Pledged Revenues is on parity with the lien thereon of the Parity Obligations and any Additional Bonds hereafter issued.

(b) The Bond will be a special obligation of the Cooperative solely secured by, and payable from, the Pledged Revenues as provided in this Agreement. The Bond will not constitute a general debt, liability or obligation of the Cooperative or the State of Florida or any political subdivision thereof within the meaning of any constitutional or statutory limitation. Neither the faith and credit nor the taxing power of the Cooperative or of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bond and the Bondholder shall never have the right to compel any exercise of any ad valorem taxing power of the Members of the Cooperative or of the State of Florida or any political subdivision thereof, directly or indirectly to enforce such payment. The Bond shall not constitute a lien upon any property of the Cooperative except upon the Pledged Revenues.

Section 4.03. Tax Covenants. It is the intention of the Cooperative that the interest on the Bond be and remain excluded from gross income for federal income tax purposes and to this end the Cooperative hereby represents to and covenants with the Lender that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter

1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Bond issued hereunder from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Cooperative covenants and agrees:

(a) to the extent required by the Code, to make or cause to be made all necessary determinations and calculations of the Rebate Amount and required payments of the Rebate Amount;

(b) to set aside sufficient moneys of the Cooperative to timely pay the Rebate Amount to the United States of America;

(c) to pay, at the time and to the extent required under the Code, the Rebate Amount to the United States of America from legally available funds;

(d) to maintain and retain all records pertaining to the Rebate Amount with respect to the Bond and required payments of the Rebate Amount with respect to the Bond for at least six years after the Maturity Date or such other period as shall be necessary to comply with the Code;

(e) to refrain from taking any action that would cause the Bond to become an arbitrage bond under Section 148 of the Code.

The Cooperative understands that the foregoing covenants impose continuing obligations on the Cooperative that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Bond.

Notwithstanding any other provision of the Bond Resolution, the obligation of the Cooperative to pay the Rebate Amount to the United States of America and to comply with the other requirements of this Section 4.03 shall survive the defeasance or payment in full of the Bond.

Section 4.04. Application of Provisions of Bond Resolution. The Bond shall for all purposes be considered to be an Additional Bond issued under the authority of Section 12.02 of the Bond Resolution and shall be entitled to all the protection and security provided in and by the Bond Resolution for Additional Bonds, and the Bond shall be in all respects entitled to the same security, rights and privileges enjoyed by the Parity Obligations except as otherwise provided herein. The debt service on the Bond shall be payable on a parity with the Parity Obligations and any Additional Bonds hereafter issued. The terms and provisions of the Bond Resolution as supplemented hereby shall remain in full force and effect and be applicable with respect to the Bond. The Lender agrees that the Cooperative shall not be required to comply with Section 12.02 of the Bond Resolution in connection with additional State Revolving Fund loans or loans with the United States Environmental Protection Agency under the Water Infrastructure Financing Act, outstanding in the aggregate amount of not to exceed \$320,000,000 at any time.

Section 4.05. Amendments, Changes or Modifications to the Agreement. This Agreement shall not be amended, changed or modified except in writing signed by the Lender and the Cooperative.

Section 4.06. No Amendment to Resolution. The Cooperative covenants to not amend, without the written consent of the Holder the Supplemental Resolution or Sections 11.05, 12.02 and 13.01 of the Bond Resolution.

Section 4.07. Financial Information. The Cooperative shall send electronically (or make available electronically) to the Lender the Cooperative's audited financial statements for each Fiscal Year ending on or after September 30, 2022, within 270 days after the end thereof, and shall electronically provide the Lender with a copy of its Annual Budget within 30 days after approval thereof by the Board. The Cooperative will promptly provide to the Lender such other information as is reasonably requested by the Lender.

Section 4.08. No Pledge; Additional Bonds. Except for the completion of the 2023 Project and the refinancing of the Bond, the Cooperative will not issue any additional Bonds payable from Pledged Revenues without the express written consent of the Lender.

ARTICLE V EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Events of Default; Remedies. The provisions of Section 13.01 of the Bond Resolution shall apply for purposes of this Agreement and shall be applied to the Bond as though fully restated herein.

The occurrence of any of the following events (including the expiration of any specified time) shall constitute an "Event of Default," unless waived by the Purchaser in writing:

- (a) An Event of Default under the Bond Resolution shall have occurred; and
- (b) The Cooperative shall default in the performance of or compliance with any covenant contained herein, other than a covenant that is dealt with in any other subsection of this Section 5.01, which default or non-compliance shall continue and not be cured within thirty (30) days after the earlier of (i) written notice thereof to the Cooperative by the Lender or (ii) actual knowledge of such breach by a responsible officer of the Cooperative, or such longer period as may be reasonably necessary to cure such default, as long as the Cooperative initiates curative action within such 30-day period and diligently prosecutes such action until the cure has been achieved, but not to exceed 90 days;

If any Holders of Additional Bonds are granted acceleration rights, the Lender shall have the same acceleration rights. Upon the occurrence and continuance of an Event of Default, the interest rate on the Bond shall become Default Rate; provided, however, such Default Rate shall not apply as a result of a default solely due to a breach of the covenants contained in Section 10.03 of the Bond Resolution or Section 4.03 of this Agreement.

**ARTICLE VI
MISCELLANEOUS PROVISIONS**

Section 6.01. Covenants of Cooperative, Etc.; Successors. All of the covenants, stipulations, obligations and agreements contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Cooperative to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Section 6.02. Term of Agreement. Except as otherwise specified in this Agreement, this Agreement and all representations, warranties, covenants and agreements contained herein or made in writing by the Cooperative in connection herewith shall be in full force and effect from the date of this Agreement and shall continue in effect until as long as the Bond is outstanding and unpaid.

Section 6.03. Amendments and Supplements. This Agreement shall not be amended, changed or modified without the prior written consent of the Lender and the Cooperative.

Section 6.04. Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic telephone line facsimile transmission or other similar electronic or digital transmission method (provided customary evidence of receipt is obtained); the day after it is sent, if sent by overnight common carrier service; and five days after it is sent, if mailed, certified mail, return receipt requested, postage prepaid. In each case, notice shall be sent to:

(a) As to the Cooperative:

Polk Regional Water Cooperative
330 West Church Street
Bartow, FL 33831
Attention: Executive Director
Email: ericdehaven@prwcwater.org

(b) As to the Lender:

Truist Commercial Equity, Inc.
333 S. Garland Avenue, 17th Floor
Orlando, FL 32801
Attention: Brian S. Orth
Email: Brian.Orth@truist.com

or at such other address as shall be furnished in writing by any such party to the other, and shall be deemed to have been given as of the date so delivered or deposited in the United States mail.

Either party may, by notice sent to the other, designate a different or additional address to which notices under this Agreement are to be sent.

Section 6.05. Benefits Exclusive; Assignment. Except as herein otherwise provided, nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Cooperative and the Bondholder, any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the Cooperative and the Bondholder. This Agreement shall be binding upon and inure to the benefit of the successors in interest and permitted assigns of the parties. The Cooperative shall have no rights to assign any of its rights or obligations hereunder without the prior written consent of the Lender.

Section 6.06. Severability. In case any one or more of the provisions of this Agreement, any amendment or supplement hereto or of the Bond shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, any amendment or supplement hereto or the Bond, but this Agreement, any amendment or supplement hereto and the Bond shall be construed and enforced at the time as if such illegal or invalid provisions had not been contained therein, nor shall such illegality or invalidity or any application thereof affect any legal and valid application thereof from time to time. In case any covenant, stipulation, obligation or agreement contained in the Bond or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation, or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Cooperative to the full extent from time to time permitted by law.

Section 6.07. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bond or the date fixed for prepayment of the Bond shall be other than a Business Day, then payment of such interest or principal shall be made on the next succeeding Business Day with the same force and effect as if paid on the date of maturity or the date fixed for prepayment, and no interest on any such principal amount shall accrue for the period after such date of maturity or such date fixed for prepayment.

Section 6.08. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 6.09. Applicable Law; Venue; Jury Trial. This Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Florida. The Cooperative and the Lender waive any objection either might otherwise have to venue in any judicial proceeding brought in connection herewith lying in Polk County, Florida. The Cooperative and the Holder by acceptance of the Bond, hereby knowingly, voluntarily, intentionally, and irrevocably waive, to the fullest extent permitted by applicable law, the right either of them may have to a trial by jury in respect to any litigation, whether in contract or tort, at law or in equity, based hereon or arising out of, under or in connection with the Bond and any other document or instrument contemplated to be executed in conjunction with the Bond, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of any party

hereto. This provision is a material inducement for the Holder entering into or accepting the Bond. Further, the Cooperative hereby certifies that no representative or agent of the Holder, nor the Holder's counsel, has represented, expressly or otherwise, that the Holder would not, in the event of such litigation, seek to enforce this waiver of right to jury trial provision.

Section 6.10. No Personal Liability. Notwithstanding anything to the contrary contained herein or in the Bond, or in any other instrument or document executed by or on behalf of the Cooperative in connection herewith, no stipulation, covenant, agreement or obligation of any present or future member of the Board, officer, employee or agent of the Cooperative, officer, employee or agent of a successor to the Cooperative, in any such person's individual capacity, and no such person, in his or her individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of or interest on the Bond or for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such person, in his or her individual capacity, either directly or through the Cooperative or any successor to the Cooperative, under any rule or law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise and all such liability of any such person, in his or her individual capacity, is hereby expressly waived and released.

Section 6.11. Incorporation by Reference. All recitals appearing at the beginning of this Agreement are hereby incorporated herein by reference.

Section 6.12. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereunder (including in connection with any amendment, waiver or other modification hereof or of any other documents related hereto), the Cooperative acknowledges and agrees, that: (a) (i) it has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, (ii) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and any other loan documents, (iii) the Lender is not acting as a municipal advisor or financial advisor to the Cooperative and (iv) the Lender has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act to the Cooperative with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Lender has provided other services or is currently providing other services to the Cooperative on other matters); (b) (i) the Lender is and has been acting solely as a principal in an arm's length commercial lending transaction and has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Cooperative, or any other person and (ii) the Lender has no obligation to the Cooperative, with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (c) notwithstanding anything herein to the contrary, it is the intention of the Cooperative and the Lender that the loan documents represent a commercial loan transaction not involving the issuance and sale of a municipal security, and that any bond, note or other debt instrument that may be delivered to the Lender is delivered solely to evidence the repayment obligations of the Cooperative under the loan document; and (d) the Lender may be engaged in a broad range of transactions that involve interests that differ from those of the Cooperative, and the Lender has no obligation to disclose any of such interests to the Cooperative. To the fullest extent permitted by law, the Cooperative hereby waives and releases any claims that it may have against the Lender with respect to any breach or alleged breach of

agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby. The transactions contemplated herein and the Bond are delivered, pursuant to and in reliance upon the bank exemption and/or the institutional buyer exemption provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq, to the extent that such rules apply to the transactions contemplated hereunder.

Section 6.13. Permission to Use Information. Cooperative agrees and consents that Holder shall be permitted to use information related to the loan transaction in connection with marketing, press releases or other transactional announcements or updates provided to investors or trade publications, including, but not limited to, the placement of the logo or other identifying name on marketing materials or of "tombstone" advertisements in publications of its choice at its own expense.

Section 6.14. Patriot Act Notice. The Holder hereby notifies the Cooperative that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 signed into law October 26, 2001), the Holder may be required to obtain, verify and record information that identifies the Cooperative, which information includes the name and address of the Cooperative and other information that will allow the Holder to identify the Cooperative in accordance with the Act.

[Signature Page Follows]

*[Signature Page for LOAN AGREEMENT dated _____, 2023
between the Polk Regional Water Cooperative and Truist Commercial Equity, Inc.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

POLK REGIONAL WATER COOPERATIVE

(SEAL)

By: _____
Name: George Lindsey III
Title: Chair

ATTEST:

By: _____
Name: Nathaniel Birdsong, Jr.
Title: Secretary/Treasurer

TRUIST COMMERCIAL EQUITY, INC.

By: _____
Name: Brian S. Orth
Title: Authorized Agent

EXHIBIT A

FORM OF BOND

THIS BOND IS SUBJECT TO TRANSFER RESTRICTIONS, MORE FULLY DESCRIBED IN THE LOAN AGREEMENT REFERRED TO HEREIN, AND MAY NOT BE TRANSFERRED EXCEPT TO AN ACCREDITED INVESTOR WITHIN THE MEANING OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, OR A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933.

**POLK REGIONAL WATER COOPERATIVE
WATER REVENUE BOND,
SERIES 2023C**

<u>Principal Sum</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Date of Issuance</u>
\$ _____	October 1, 2048	_____ % (Subject to Adjustment)	_____, 2023

The POLK REGIONAL WATER COOPERATIVE (the "Cooperative"), for value received, hereby promises to pay, solely from the sources described in the within mentioned Agreement, to the order of Truist Commercial Equity, Inc. (the "Holder"), the Principal Sum, such principal to be repaid in accordance with the hereinafter described Agreement, with all unpaid principal and interest due in full on the above referenced Maturity Date, and to pay interest on the outstanding principal amount hereof from the most recent date to which interest has been paid or provided for, or if no interest has been paid, from the Date of Issuance shown above, on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing on October 1, 2023, until payment of said principal sum has been made or provided for, at the above referenced Interest Rate calculated on the basis of a 360-day year and the actual number of days elapsed. Payments due hereunder shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, which payments shall be made to the Holder hereof by check mailed to the Holder at the address designated in writing by the Holder for purposes of payment or by electronic payment as such Holder may specify in writing to the Cooperative or otherwise as the Cooperative and the Holder may agree.

This Bond is issued for the purpose of financing the 2023 Project (as defined in the hereinafter defined Agreement), under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Section 163.01, Chapter 159 and Chapter 189, Florida Statutes, the Interlocal Agreement, the Constitution of the State, as amended, and other applicable provisions of law, and Resolution No. 2022-05 duly adopted by the Board of Directors (the "Board") of the Cooperative on July 13, 2022, as amended by Resolution No. 2023-____ duly adopted by the Board on April 26, 2023 (the "Bond Resolution"), and as supplemented by Resolution No. 2023-____ duly adopted by the Board on April 26, 2023, and a Loan Agreement dated _____, 2023 by and between the Cooperative and the Holder (the "Agreement"). This Bond is being issued as an "Additional Bond" within the meaning of the Bond Resolution.

This Bond is a limited, special obligation of the Cooperative, payable from and secured solely by a lien upon and pledge of certain Pledged Revenues, as defined and described and in the manner provided in the Agreement. The pledge of the Pledged Revenues to the payment of this Bond is on a parity (except as otherwise provided in the Agreement) with the Cooperative's Parity Obligations and any Additional Bonds hereafter issued.

This Bond is subject to tender on each Optional Tender Date, unless waived by the Bondholder in accordance with the definition thereof.

During the Term-Out Period this Bond shall bear interest at the Term-Out Interest Rate. Upon the occurrence and continuance of an Event of Default the interest rate on this Bond shall become Default Rate; provided, however, such Default Rate shall not apply as a result of a default solely due to a breach of the covenants contained in Section 10.03 of the Bond Resolution or Section 4.03 of the Agreement.

Except as otherwise provided herein, upon the occurrence of an Event of Taxability and for as long as the Bond remains outstanding, the Interest Rate on the Bond shall be converted to the Taxable Rate and this adjustment shall survive payment on the Bond until such time as the federal statute of limitations under which the interest on the Bond could be declared taxable under the Code shall have expired. In addition, if the interest payable on any Bond becomes taxable due to any act or omission of the Cooperative, the interest rate payable on such Bond will increase retroactively from the date on which interest on the Bond is first includable in gross income of the Holder thereof (which may be as early as the issuance date) to a taxable equivalent rate and the Cooperative shall pay the Holder penalties on overdue interest and additions to tax, if any. In addition, upon an Event of Taxability, the Cooperative shall, immediately upon demand, pay to the Holder (or prior holders, if applicable) (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Bond during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Bond borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Holder as a result of the Event of Taxability (the "Additional Amount"). The Holder shall promptly notify the Cooperative in writing of any adjustments pursuant hereto. Such adjustments shall become effective as of the effective date of the event causing such adjustment. Adjustments pursuant hereto may be retroactive. The Holder shall provide to the Cooperative in writing the Additional Amount, if any, due to such Holder as a result of an adjustment pursuant hereto. Notwithstanding any provision hereto the contrary, in no event shall the interest rate on any Bond exceed the maximum rate permitted by law.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in this Agreement.

The outstanding principal amount of the Bond shall be subject to mandatory prepayment on each Optional Tender Date (unless waived by the Holder) together with accrued interest thereon, without premium, as provided in the Agreement. During the Term-Out Period, the Bond shall be subject to mandatory prepayment by Amortization Installments as provided in the Agreement, together with accrued interest thereon, and without premium. During the Term-Out Period, upon at least two (2) Business Days' notice the Bond may be prepaid on any Business Day

together with accrued interest thereon and without premium. The Bond may be prepaid at the option of the Cooperative in whole or in part on any Business Day subject to the terms hereof and upon at least two (2) Business Days' prior written notice to the Holder specifying the amount of prepayment. The Cooperative shall, at the time of any optional prepayment, pay to the Holder the interest accrued to the date of prepayment on the principal amount being prepaid plus an additional fee or redemption premium equal to the present value of the difference between (1) the amount that would have been realized by the Holder on the prepaid amount for the remaining term of the loan up to the next succeeding Bondholder Put Date at the rate for fixed-rate payers in U.S. Dollar interest rate swaps as quoted by Bloomberg (the "Swap Rate") for a term corresponding to the term of the Bond, interpolated to the nearest month, if necessary, that was in effect three Business Days prior to the issuance date of the Bond, and (2) the amount that would be realized by the Holder by reinvesting such prepaid funds for the remaining term of the loan up to the next succeeding Bondholder Put Date at the Swap Rate for fixed-rate payers in U.S. Dollar interest rate swaps, interpolated to the nearest month, that was in effect three Business Days prior to the loan repayment date; both discounted at the same interest rate utilized in determining the applicable amount in (2) (the "Prepayment Charge"). Should the present value have no value or a negative value, the Cooperative may prepay with no Prepayment Charge. Should Bloomberg no longer release rates for fixed-rate payers in U.S. Dollar interest rate swaps, the Holder may substitute the Bloomberg index for rates for fixed-payers in U.S. Dollar interest rate swaps with another similar index as determined by Truist Bank (or affiliate thereof). The Holder shall provide the Cooperative with a written statement explaining the calculation of the Prepayment Charge, which statement shall, in absence of manifest error, be conclusive and binding. The application of such fee or prepayment premium is not intended to, and shall not be deemed to be, an increase in the Interest Rate. Notwithstanding the foregoing, no Prepayment Charge shall be payable if the Bond shall be paid on an Optional Tender Date or if the Bond is prepaid at any time after November 13, 2025.

All payments by the Cooperative pursuant to this Bond shall apply first to accrued interest, then to other charges due the Holder, and the balance thereof shall apply to the principal.

Notice of optional prepayment having been given by the Cooperative as provided in the Agreement, the principal amount to be prepaid shall become due and payable on the prepayment date stated in such notice (subject to such conditions and rescission), together with interest accrued and unpaid to the prepayment date on such principal amount; and the amount of principal and interest then due and payable shall be paid without presentation. If, on the prepayment date, funds for the payment of the principal amount, together with interest to the prepayment date on such principal amount, shall have been given to the Holder, as above provided, then from and after the prepayment date interest on such principal amount of this Bond shall cease to accrue.

Upon each principal payment, other than final maturity, the principal amount of this Bond shall be paid in the same manner as interest payments and shall be deemed to be correspondingly reduced without the necessity of delivery of a new Bond; provided, however, upon payment on an Optional Tender Date or at final maturity, the Bondholder shall provide a copy marked as cancelled and shall not be required to deliver the original Bond as a condition to payment, but the Bondholder shall promptly following payment thereof, deliver the Bond to the Cooperative marked "paid in full."

Notwithstanding anything in the Bond Resolution, Agreement or this Bond to the contrary, in no event shall the Holder be required to surrender or mark this Bond canceled until it has received all amounts due and owing to it under the Bond Resolution, Agreement and this Bond.

Notwithstanding any provision in this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of nonusurious interest allowed under the State of Florida as presently in effect and to the extent an increase is allowable by such laws, but in no event shall any amount ever be paid or payable by the Cooperative greater than the amount contracted for herein.

THIS BOND SHALL NOT BE OR CONSTITUTE AN INDEBTEDNESS OF THE COOPERATIVE OR THE STATE OF FLORIDA (THE "STATE"), WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATIONS OF INDEBTEDNESS, BUT SHALL BE PAYABLE SOLELY FROM THE PLEDGED REVENUES, AS PROVIDED IN THIS AGREEMENT AND THE BOND RESOLUTION. THE HOLDER SHALL NEVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE COOPERATIVE, OR TAXATION IN ANY FORM OF ANY PROPERTY THEREIN TO PAY THIS BOND OR THE INTEREST HEREON.

The Cooperative hereby waives presentment, demand, protest and notice of dishonor.

IN WITNESS WHEREOF, the Polk Regional Water Cooperative has issued this Bond and has caused the same to be executed by the Chair of the Cooperative, either manually or with his facsimile signature, and the corporate seal of the Cooperative or Board, or a facsimile thereof to be affixed hereto or imprinted or reproduced hereon, and the foregoing attested by the manual or facsimile signature of the Secretary/Treasurer of the Cooperative, all as of the Date of Issue above.

(SEAL)

POLK REGIONAL WATER COOPERATIVE

By: _____
Chair

ATTEST:

By: _____
Secretary/Treasurer

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is being delivered pursuant to the within mentioned Agreement.

POLK REGIONAL WATER COOPERATIVE,
as Registrar

By: _____
Authorized Signature

Date of Authentication: _____, 2023

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____ (please print or typewrite name, address and tax identification number of assignee) _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Name of Bondholder: _____

By: _____

EXHIBIT B

FORM OF INVESTOR LETTER

_____, 2023

Polk Regional Water Cooperative
Bartow, Florida

Holland & Knight LLP
Lakeland, Florida

Re: \$ _____ Polk Regional Water Cooperative Water Revenue Bond,
Series 2023C (the "Bond")

Ladies and Gentlemen:

This letter is being provided by Truist Commercial Equity, Inc. (the "Purchaser") in connection with the purchase of the above-referenced Bond which was delivered to us by Polk Regional Water Cooperative (the "Cooperative") on the date hereof.

1. We are a Delaware corporation and are engaged in the business of making loans similar to that evidenced by the Bond or in the business of entering into loan transactions evidenced by instruments similar to the Bond, and the Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, to be capable of evaluating the merits and risks of the purchase of the Bond.

2. We have authority to own the Bond and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the ownership of the Bond. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

3. We are purchasing the Bond for our own account and with no present intention to resell or otherwise dispose of the Bond (or any portion thereof or any interest therein); provided, however, that subject to applicable laws, we reserve the right to transfer the Bond or any part thereof or interest therein at any time in our sole discretion in accordance with the Bond. The interest rate represented by the Bond was negotiated pursuant to an arms-length transaction. In our opinion, the fair market value of the Bond is at least equal to the stated principal amount of the Bond.

4. Truth in Bonding Statement. The Bond has been issued to (i) finance a portion of the costs of development, acquisition and construction of the 2023 Project, (ii) fund capitalized interest on the Bond, and (iii) pay issuance costs of the Bond. The Bond is expected to be repaid over a period of approximately _____ years. At a true interest cost rate of _____%, total interest paid over the life of the Bond (assuming the Bond is not tendered on the Bondholder Put Dates) will be \$ _____. The Bond is payable from and secured by the Cooperative's utility system revenues. Authorizing this Bond (assuming the Bond is not tendered on the Bondholder Put Dates) will result in a maximum annual amount of \$ _____ of such revenues not being available to finance other services of the Cooperative each year for _____ years. This statement is provided

to enable the Cooperative to comply with applicable law and does not modify the terms of the Bond or the Loan Agreement dated _____, 2023 between the Cooperative and the Purchaser.

5. We are not acting as an Underwriter (as defined below) with respect to the Bond and presently, to the knowledge of the Purchaser, there is no Underwriter for the Bond. We have not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Bond and we have not agreed with the Cooperative pursuant to a written agreement to sell the Bond to persons other than ourselves or related parties to ourselves.

6. We are able to bear the economic risk of our purchase of the Bond.

7. We acknowledge that the Bond does not represent a general obligation of the Cooperative, is not secured by a pledge of the faith and credit of the Cooperative or the State of Florida or of any political subdivision thereof and does not create indebtedness of the State of Florida or any political subdivision thereof, and we acknowledge that no covenant, stipulation, obligation or agreement contained in any documents related to the issuance of the Bond is or shall be deemed to be a covenant, agreement or obligation of any present or future board member, officer or employee of the Cooperative in his or her individual capacity.

8. We understand that no offering statement, prospectus, offering circular, official statement or other disclosure document containing material information with respect to the Cooperative or the Bond is being or has been prepared, and that, with due diligence, we have made our own inquiry and analysis with respect to the Cooperative, the Bond and the security therefor.

9. We have received all financial and other information regarding the Cooperative that we have requested and which we consider relevant or necessary to make an informed decision to make the loan evidenced by the Bond. We have made our own inquiry into the creditworthiness of the Cooperative, we have received all the information that we have requested from the Cooperative or any agents or representatives thereof, and have been afforded a reasonable opportunity to ask questions about the terms and conditions of the offering of the Bond and the security therefor and the Cooperative.

10. We have purchased the Bond for the price of \$ _____, the stated principal amount of the Bond.

11. We are an "accredited investor" as that term is defined in Rule 501(A)(1), (2) or (3) under Regulation D as promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, and a qualified institutional buyer as contemplated by Section 517.061(7), Florida Statutes.

12. We are not funding the loan evidenced by the Bond for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of Chapter 517, Florida Statutes.

13. We understand, acknowledge and agree that the Bond has not been and will not be registered under the Securities Act of 1933, as amended, or the securities or Blue Sky laws of any state and is not a municipal security.

14. Defined Terms:

(a) "Public" means any person (including an individual, trust, estate, partnership, association or corporation) other than an Underwriter or a related party. The term "related party" for purposes of this letter generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(b) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Cooperative (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bond to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bond to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Bond to the Public).

15. We understand that the foregoing information will be relied upon by the Cooperative with respect to certain of the representations set forth in the Certificate Relating to Tax, Arbitrage and Other Matters with respect to the Bond and with respect to compliance with the federal income tax rules affecting the Bond, and by Holland & Knight LLP, Bond Counsel, in connection with rendering its opinion that interest component on the Bond is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Cooperative from time to time relating to the Bond. Notwithstanding, the Purchaser has no responsibility for the legal sufficiency of the factual assertions made by the Purchaser herein.

[Signature Page Follows]

DATED this ____ day of _____, 2023.

Very truly yours,

TRUIST COMMERCIAL EQUITY, INC., as
Purchaser

By: _____

Name: Brian S. Orth

Title: Authorized Agent

#184523225_v12 155673.00008

EXHIBIT "B"

FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Escrow Agreement") is entered into and effective this 9th day of May, 2023, by and among Polk Regional Water Cooperative (the "Cooperative"), Truist Commercial Equity, Inc. (TRUCE) (the "Lender" and together with the Cooperative, the "Parties", and individually, a "Party") and Truist Bank, a North Carolina banking corporation, as escrow agent ("Escrow Agent").

WHEREAS, the Cooperative issued its Water Revenue Bond, Series 2023C (the "Bond") adopted Resolution No. 2022-05 on July 13, 2022 (the "Master Resolution"), as amended by Resolution No. 2023-____ adopted on April 26, 2023, as supplemented by Resolution No. 2023-_____ adopted on April 26, 2023 (the "Supplemental Resolution" and together with the Master Resolution, the "Bond Resolution"); and

WHEREAS, the Lender and the Cooperative are parties to a Loan Agreement dated May 9, 2023 (as amended, the "Loan Agreement"); and

WHEREAS, the Parties desire for the Escrow Agent to open a trust account into which the Lender will deposit the proceeds of the Bond to be held, disbursed and invested by the Escrow Agent in accordance with this Escrow Agreement; and

WHEREAS, the Parties acknowledge that the Escrow Agent is not a party to, and has no duties or obligations under the Bond Resolution or the Loan Agreement, that all references in this Escrow Agreement to the Bond Resolution and the Loan Agreement are for convenience only, and that the Escrow Agent shall have no implied duties beyond the express duties set forth in this Escrow Agreement.

NOW, THEREFORE, in consideration of the premises herein, the Parties and the Escrow Agent agree as follows:

I. Terms and Conditions

1.1. The Cooperative and the Lender hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

1.2. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Bond Resolution, or if not defined therein, in the Loan Agreement.

1.3. The Lender created under the Loan Agreement, the 2023 Construction Account, which account is to be held as a trust account (the "Escrow Account"). Amounts in the Escrow Account shall be disbursed to the Cooperative, all as provided in Section 1.6.

1.4. The Lender shall remit the Bond proceeds in the amount of \$ _____, to be held in the Escrow Account to the Escrow Agent, using the wire instructions below, to be held by the Escrow Agent and invested and disbursed as provided in this Escrow Agreement.

Truist Bank

ABA:

Account:

Account Name: Escrow Services

Bank Address: 919 E. Main Street, Richmond, VA 23219

Reference: Polk Regional Water Cooperative Series 2023 Escrow

Attention: Cristina G. Rhodebeck, 252-246-2127

1.5. Within two (2) Business Days after receipt of a Requisition in the form of Exhibit C attached hereto, signed by an authorized representative of the Cooperative (each, an "Authorized Officer") as set forth on such Party's Certificate of Incumbency provided to the Escrow Agent pursuant to Section 4.13, the Escrow Agent shall disburse funds from the Escrow Account to the Cooperative, all as provided in such Requisition, but only to the extent that funds are collected and available. A Requisition may be submitted no more frequently than once per month. For purposes of this Escrow Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth in Section 4.5 is authorized or required by law or executive order to remain closed.

1.6. The Escrow Agent shall disburse funds from the Escrow Account to TRUCE to pay interest on the Bond on the dates and in the amounts set forth in Exhibit D attached hereto.

II. Provisions as to Escrow Agent

2.1. This Escrow Agreement expressly and exclusively sets forth the duties of the Escrow Agent with respect to any and all matters pertinent hereto, which duties shall be deemed purely ministerial in nature, and no implied duties or obligations shall be read into this Escrow Agreement against the Escrow Agent. The Escrow Agent shall in no event be deemed to be a fiduciary to any Party or any other person or entity under this Escrow Agreement. The permissive rights of the Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as duties. In performing its duties under this Escrow Agreement, or upon the claimed failure to perform its duties, the Escrow Agent shall not be liable for any damages, losses or expenses other than damages, losses or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Escrow Agent's willful misconduct or gross negligence. In no event shall the Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be responsible or liable for the failure of any Party to take any action in accordance with this Escrow Agreement. Any wire transfers of funds made by the Escrow Agent pursuant to this Escrow Agreement will be made subject to and in accordance with the Escrow Agent's usual and ordinary wire transfer

procedures in effect from time to time. The Escrow Agent shall have no liability with respect to the transfer or distribution of any funds affected by the Escrow Agent pursuant to wiring or transfer instructions provided to the Escrow Agent in accordance with the provisions of this Escrow Agreement. The Escrow Agent shall not be obligated to take any legal action or to commence any proceedings in connection with this Escrow Agreement or any property held hereunder or to appear in, prosecute or defend in any such legal action or proceedings.

2.2. The Parties acknowledge and agree that the Escrow Agent acts hereunder as a depository only, and is not responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of the subject matter of this Escrow Agreement or any part thereof, or of any person executing or depositing such subject matter. No provision of this Escrow Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement.

2.3. This Escrow Agreement, the Bond Resolution and the Loan Agreement constitute the entire agreement between the Escrow Agent and the Parties in connection with the subject matter of this Escrow Agreement, and no other agreement entered into between the Parties, or any of them, including, without limitation, the Bond Resolution or the Loan Agreement, shall be considered as adopted or binding, in whole or in part, upon the Escrow Agent notwithstanding that any such other agreement may be deposited with the Escrow Agent or the Escrow Agent may have knowledge thereof.

2.4. The Escrow Agent shall in no way be responsible for nor shall it be its duty to notify any Party or any other person or entity interested in this Escrow Agreement of any payment required or maturity occurring under this Escrow Agreement or under the terms of any instrument deposited herewith unless such notice is explicitly provided for in this Escrow Agreement.

2.5. The Escrow Agent shall be protected in acting upon any written instruction, notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document which the Escrow Agent in good faith believes to be genuine and what it purports to be, including, but not limited to, items directing investment or non-investment of funds, items requesting or authorizing release, disbursement or retainage of the subject matter of this Escrow Agreement and items amending the terms of this Escrow Agreement. The Escrow Agent shall be under no duty or obligation to inquire into or investigate the validity, accuracy or content of any such notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document. The Escrow Agent shall have no duty or obligation to make any formulaic calculations of any kind hereunder.

2.6. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents. The Escrow Agent shall be entitled to seek the advice of legal counsel with respect to any matter arising under this Escrow Agreement and the Escrow Agent shall have no liability and shall be fully protected with respect to any action taken or omitted pursuant to the advice of such legal counsel. The

Parties shall be jointly and severally liable for and shall promptly pay upon demand by the Escrow Agent the reasonable and documented fees and expenses of any such legal counsel.

2.7. In the event of any disagreement between any of the Parties, or between any of them and any other person or entity, resulting in adverse claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent, in good faith, is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any Party or other person or entity for its failure or refusal to act, and the Escrow Agent shall be entitled to continue to refrain from acting until (i) the rights of the Parties and all other interested persons and entities shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been settled and all doubt resolved by agreement among all of the Parties and all other interested persons and entities, and the Escrow Agent shall have been notified thereof in writing signed by the Parties and all such persons and entities. Notwithstanding the preceding, the Escrow Agent may in its discretion obey the order, judgment, decree or levy of any court, whether with or without jurisdiction, or of an agency of the United States or any political subdivision thereof, or of any agency of any State of the United States or of any political subdivision of any thereof, and the Escrow Agent is hereby authorized in its sole discretion to comply with and obey any such orders, judgments, decrees or levies. The rights of the Escrow Agent under this sub-paragraph are cumulative of all other rights which it may have by law or otherwise.

In the event of any disagreement or doubt, as described above, the Escrow Agent shall have the right, in addition to the rights described above and at the election of the Escrow Agent, to tender into the registry or custody of any court having jurisdiction, all funds and property held under this Escrow Agreement, and the Escrow Agent shall have the right to take such other legal action as may be appropriate or necessary, in the sole discretion of the Escrow Agent. Upon such tender, the Parties agree that the Escrow Agent shall be discharged from all further duties under this Escrow Agreement; provided, however, that any such action of the Escrow Agent shall not deprive the Escrow Agent of its compensation and right to reimbursement of expenses hereunder arising prior to such action and discharge of the Escrow Agent of its duties hereunder.

2.8. To the extent permitted by law, the Cooperative agrees to indemnify, defend and hold harmless the Escrow Agent and each of the Escrow Agent's officers, directors, agents and employees (the "Indemnified Parties") from and against any and all losses, liabilities, claims made by any Party or any other person or entity, damages, expenses and costs (including, without limitation, reasonable attorneys' fees and expenses) of every nature whatsoever (collectively, "Losses") which any such Indemnified Party may incur and which arise directly or indirectly from this Escrow Agreement or which arise directly or indirectly by virtue of the Escrow Agent's undertaking to serve as Escrow Agent hereunder; provided, however, that no Indemnified Party shall be entitled to indemnity with respect to Losses that have been finally adjudicated by a court of competent jurisdiction to have been directly caused by such Indemnified Party's gross negligence or willful misconduct. The

provisions of this section shall survive the termination of this Escrow Agreement and any resignation or removal of the Escrow Agent.

2.9. Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business of the Escrow Agent may be transferred, shall be the Escrow Agent under this Escrow Agreement without further act.

2.10. The Escrow Agent may resign at any time from its obligations under this Escrow Agreement by providing written notice to the Parties. Such resignation shall be effective on the date set forth in such written notice, which shall be no earlier than thirty (30) days after such written notice has been furnished. In such event, the Cooperative shall promptly appoint a successor escrow agent. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, the Escrow Agent shall be entitled to tender into the custody of any court of competent jurisdiction all funds and other property then held by the Escrow Agent hereunder and the Escrow Agent shall thereupon be relieved of all further duties and obligations under this Escrow Agreement; provided, however, that any such action of the Escrow Agent shall not deprive the Escrow Agent of its compensation and right to reimbursement of expenses hereunder arising prior to such action and discharge of the Escrow Agent of its duties hereunder. The Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

2.11. The Escrow Agent and any director, officer or employee of the Escrow Agent may become financially interested in any transaction in which any of the Parties may be interested and may contract with and lend money to any Party and otherwise act as fully and freely as though it were not escrow agent under this Escrow Agreement. Nothing herein shall preclude the Escrow Agent from acting in any other capacity for any Party.

III. Compensation of Escrow Agent

3.1. The Cooperative agrees to pay to the Escrow Agent compensation, and to reimburse the Escrow Agent for costs and expenses, all in accordance with the provisions of Exhibit B hereto, which is incorporated herein by reference and made a part hereof. The fees agreed upon for the services rendered hereunder are intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds are not fulfilled, or the Escrow Agent renders any service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement or any material modification hereof, or if any dispute or controversy arises hereunder, or the Escrow Agent is made a party to any litigation pertaining to this Escrow Agreement or the subject matter hereof, then the Parties jointly and severally agree to compensate the Escrow Agent for such extraordinary services upon receipt of an invoice therefor, and to reimburse the Escrow Agent for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such event. In the event the Escrow Agent is authorized to make a distribution of funds to the Cooperative (or at the direction of the Cooperative) pursuant to the terms of this Escrow Agreement, and fees or expenses are then due and payable to the

Escrow Agent pursuant to the terms of this Escrow Agreement (including, without limitation, amounts owed under this Section 3.1 and Section 2.8) by the Cooperative, the Escrow Agent is not authorized to offset and deduct such amounts due and payable to it from such distribution due to the tax-exempt nature of the Bond, but shall invoice the Cooperative for the fees or expenses then due. The provisions of this section shall survive the termination of this Escrow Agreement and any resignation or removal of the Escrow Agent.

IV. Miscellaneous

4.1. The Escrow Agent shall make no disbursement, investment or other use of funds until and unless it has collected funds. The Escrow Agent shall not be liable for collection items until the proceeds of the same in actual cash have been received or the Federal Reserve has given the Escrow Agent credit for the funds.

4.2. The Escrow Account shall be held and invested in Truist Bank Corporate Trust & Escrow Services Collateralized Public Funds Plus Deposit Option. The Parties recognize and agree that the Escrow Agent will not provide supervision, recommendations or advice relating to the investment of moneys held hereunder or the purchase, sale, retention or other disposition of any investment, and the Escrow Agent shall not be liable to any Party or any other person or entity for any loss incurred in connection with any such investment. The Escrow Agent is hereby authorized to execute purchases and sales of investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Escrow Agent or any of its affiliates may receive compensation with respect to any investment directed hereunder including without limitation charging any applicable agency fee in connection with each transaction. The Escrow Agent shall use its best efforts to invest funds on a timely basis upon receipt of such funds; provided, however, that the Escrow Agent shall in no event be liable for compensation to any Party or other person or entity related to funds which are held un-invested or funds which are not invested timely. The Escrow Agent is authorized and directed to sell or redeem any investments as it deems necessary to make any payments or distributions required under this Escrow Agreement. Any investment earnings and/or interest income on the Escrow Account shall become part of the Escrow Account and shall be disbursed in accordance with this Escrow Agreement.

4.3. The Escrow Agent shall provide monthly reports of transactions and holdings to the Cooperative as of the end of each month, at the addresses provided by the Cooperative in Section 4.5.

4.4. The Parties agree that all interest and income from the investment of the funds shall be reported as having been earned by the Cooperative as of the end of each calendar year whether or not such income was disbursed during such calendar year and to the extent required by the Internal Revenue Service. On or before the execution and delivery of this Escrow Agreement, the Cooperative shall provide to the Escrow Agent a correct, duly completed, dated and executed current United States Internal Revenue Service Form W-9 or Form W-8, whichever is appropriate or any successor forms thereto, in a form and substance satisfactory to the Escrow Agent including appropriate supporting documentation and/or any other form, document, and/or certificate required or reasonably

requested by the Escrow Agent to validate the form provided. Notwithstanding anything to the contrary herein provided, except for the delivery and filing of tax information reporting forms required pursuant to the Internal Revenue Code of 1986, as amended, to be delivered and filed with the Internal Revenue Service by the Escrow Agent, as escrow agent hereunder, the Escrow Agent shall have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to this Escrow Agreement or any income earned thereon. With respect to the preparation, delivery and filing of such required tax information reporting forms and all matters pertaining to the reporting of earnings on funds held under this Escrow Agreement, the Escrow Agent shall be entitled to request and receive written instructions from the Cooperative, and the Escrow Agent shall be entitled to rely conclusively and without further inquiry on such written instructions. To the extent permitted by law, the Cooperative agrees to indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Fund or any earnings or interest thereon unless such tax, late payment, interest, penalty or other cost or expense was finally adjudicated by a court of competent jurisdiction to have been directly caused by the gross negligence of willful misconduct of the Escrow Agent. The indemnification provided in this section is in addition to the indemnification provided to the Escrow Agent elsewhere in this Escrow Agreement and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

4.5. Any notice, request for consent, report, or any other communication required or permitted in this Escrow Agreement shall be in writing and shall be deemed to have been given when delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by electronic mail to the e-mail address given below (subject to the language provided below), and written confirmation of receipt is obtained promptly after completion of the transmission, (iv) by overnight delivery with a reputable national overnight delivery service, or (v) by United States mail, postage prepaid, or by certified mail, return receipt requested and postage prepaid, in each case to the appropriate address set forth below or at such other address as any party hereto may have furnished to the other parties hereto in writing:

If to Escrow Agent: Truist Bank
 Attn: Corporate Trust and Escrow Services
 2713 Forest Hills Road
 Building 2, Floor 2
 Wilson, NC 27893
 Client Manager: Cristina G. Rhodebeck
 Phone: 252-246-2127
 Email: cristina.rhodebeck@Truist.com

If to the Cooperative: Polk Regional Water Cooperative
Attn: Eric DeHaven, Executive Director
330 West Church Street
Bartow, Florida 33831
E-mail: ericdehaven@prwcwater.org
Tax identification #: 81-3584103

If to the Lender: Truist Commercial Equity, Inc. (TRUCE)
333 Garland Avenue, 17th Floor
Orlando, Florida 32801
Phone: 407-237-6764
Facsimile: 407-237-6030
E-mail: brian.orth@truist.com
Tax identification #: 51-0369330

Any party hereto may unilaterally designate a different address by giving notice of each change in the manner specified above to each other party hereto. Notwithstanding anything to the contrary herein provided, the Escrow Agent shall not be deemed to have received any notice, request, report or other communication hereunder prior to the Escrow Agent's actual receipt thereof.

The Escrow Agent shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Agreement sent by Electronic Means. As used in this Section, "Electronic Means" means unsecured e-mail as a portable document format ("pdf") or other replicating image attached to an email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder). If the Cooperative elects to give the Escrow Agent instructions via Electronic Means and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Cooperative agrees that the Escrow Agent cannot determine the identity of the actual sender of such instructions and that the Escrow Agent shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent in accordance with Section 4.15 hereof have been sent by such Authorized Officer. The Cooperative shall be responsible for ensuring that only Authorized Officers transmit such instructions to the Escrow Agent, and the Cooperative and the Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Escrow Agent. The Escrow Agent shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Cooperative agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions and the risk or interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of

transmitting instructions to the Escrow Agent and that there may be more secure methods of transmitting instructions than the method(s) selected by the Cooperative; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

4.6. This Escrow Agreement is being made in and is intended to be construed according to the laws of the State of Florida. Except as permitted in Section 2.9, neither this Escrow Agreement nor any rights or obligations hereunder may be assigned by any party hereto without the express written consent of each of the other parties hereto. This Escrow Agreement shall inure to and be binding upon the Parties and the Escrow Agent and their respective successors, heirs and permitted assigns.

4.7. The terms of this Escrow Agreement may be altered, amended, modified or revoked only by an instrument in writing signed by all the Parties and the Escrow Agent.

4.8. This Escrow Agreement is for the sole benefit of the Indemnified Parties, the Parties and the Escrow Agent, and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Escrow Agreement.

4.9. No party to this Escrow Agreement shall be liable to any other party hereto for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control.

4.10. This Escrow Agreement shall terminate on the date on which all of the funds and property held by the Escrow Agent under this Escrow Agreement have been disbursed. Upon the termination of this Escrow Agreement and the disbursement of all of the funds and property held hereunder, this Escrow Agreement shall be of no further effect except that the provisions of Sections 2.8, 3.1 and 4.4 shall survive such termination.

4.11. All titles and headings in this Escrow Agreement are intended solely for convenience of reference and shall in no way limit or otherwise affect the interpretation of any of the provisions hereof.

4.12. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

4.13. Contemporaneously with the execution and delivery of this Escrow Agreement and, if necessary, from time to time thereafter, each of the Parties shall execute and deliver to the Escrow Agent a Certificate of Incumbency substantially in the form of Exhibit A hereto, as applicable (a "Certificate of Incumbency"), for the purpose of establishing the identity and authority of persons entitled to issue notices, instructions or directions to the Escrow

Agent on behalf of each such party, including notices sent by Electronic Means. Until such time as the Escrow Agent shall receive an amended Certificate of Incumbency replacing any Certificate of Incumbency theretofore delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on the most recent Certificate of Incumbency furnished to the Escrow Agent. Whenever this Escrow Agreement provides for joint written notices, joint written instructions or other joint actions to be delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on any joint written notice, instructions or action executed by persons named in such Certificate of Incumbency.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

TRUIST BANK, as Escrow Agent

By: _____
Name: Cristina G. Rhodebeck
Title: Senior Vice President

POLK REGIONAL WATER COOPERATIVE

By: _____
Name: Eric DeHaven
Title: Executive Director

**TRUIST COMMERCIAL EQUITY, INC.
(TRUCE)**

By: _____
Name: Brian S. Orth
Title: Authorized Agent

EXHIBIT A

**Certificate of Incumbency
(List of Authorized Officers)**

Client Name: Polk Regional Water Cooperative

As an Authorized Officer of the above referenced entity, I hereby certify that each person listed below is an authorized signor for such entity, and that the title and signature appearing beside each name is true and correct.

Name	Title	Signature	Phone Number(s)	Email Address
Eric DeHaven	Executive Director			ericdehaven@prwcwater.org

IN WITNESS WHEREOF, this certificate has been executed by a duly authorized officer on May 9, 2023:

By: _____
Name:
Its:

EXHIBIT B

Truist Bank, as Escrow Agent

Schedule of Fees & Expenses

Acceptance/Legal Review Fee: Waived -- \$ _____ – one time only payable at the time of signing the Escrow Agreement. This fee will be invoiced to the Cooperative when the account is funded.

The Legal Review Fee includes review of all related documents and accepting the appointment of Escrow Agent on behalf of Truist Bank. The fee also includes setting up the required account(s) and accounting records, document filing, and coordinating the receipt of funds/assets for deposit to the Escrow Account. This is a one-time fee payable upon execution of the Escrow Agreement. As soon as Truist Bank's attorney begins to review the Escrow Agreement, the legal review fee is subject to payment regardless if the Parties decide to appoint a different escrow agent or a decision is made that the Escrow Agreement is not needed.

Administration Fee: Waived -- \$ _____ per year – payable at the time of funding the Escrow Account. This fee will be invoiced to the Cooperative.

The Administration Fee includes providing routine and standard services of an Escrow Agent. The fee includes administering the escrow account, performing investment transactions, processing cash transactions (including wires and check processing), disbursing funds in accordance with the Agreement (note any pricing considerations below), and providing trust account statements to the Parties for a twelve (12) month period. Extraordinary expenses, including reasonable legal counsel fees, will be billed as out-of-pocket. The Administration Fee is due upon funding of the Escrow Account and shall be invoiced to the Cooperative. The fees shall be deemed earned in full upon receipt by the Escrow Agent, and no portion shall be refundable for any reason, including without limitation, termination of the agreement.

Out-of-Pocket Expenses: At Cost

Out-of-pocket expenses such as, but not limited to, postage, courier, overnight mail, wire transfer, travel, reasonable legal fees and expenses (out-of-pocket to counsel) or accounting, will be billed at cost and shall be invoiced to the Cooperative.

Note: This fee schedule is based on the assumption that the escrowed funds will be invested in the Truist Non Interest Deposit Option. If any other investment options are chosen, this fee schedule will become subject to change.

Deb Spitale, Senior Vice President

Deb.spitale@Truist.com

Cell: 404-844-7533

Work: 440-588-7191

EXHIBIT C

Form of Requisition

[Date]

Truist Bank
Attn: Escrow Services
Mail Code: VA-HDQ-1205
919 East Main Street, 5th Floor
Richmond, Virginia 23219

Re: Request for disbursement of funds from proceeds held under the Escrow Agreement dated May 9, 2023 (the "Escrow Agreement") among Truist Bank (the "Escrow Agent"), Truist Commercial Equity, Inc. (TRUCE) (the "Lender") and the Polk Regional Water Cooperative (the "Borrower")

Pursuant to the terms and conditions of the Escrow Agreement, the Borrower requests a disbursement of funds.

This is requisition number ____.

This Requisition Request is for a disbursement from the Escrow Account to the Borrower in the amount of \$ _____.

With respect to this requisition, the Borrower makes the following representations:

1. The Borrower has provided the Lender with any purchase orders, cost receipts or other construction documents requested by the Lender to date.
2. No default or event of default is continuing under Loan Agreement dated _____, 2023 between the Borrower and the Lender, (as amended from time to time, the "Loan Agreement"), or the Borrower's Water Revenue Bond, Series 2023C (the "Bond") and no event or condition is existing which, with notice or lapse of time or both, would become a default or an event of default thereunder.
3. The Borrower certifies that the disbursements requested under this requisition are eligible Costs of the 2023 Project in accordance with the Loan Agreement.
4. The Borrower certifies that [] the issuer has not issued its Water Revenue Bond, Series 2023D and E (the "2023D/E Bonds") and that the amount of disbursements from the Escrow Account funded with proceeds of the Bond does not exceed \$25,000,000 or [] the Issuer has issued the 2023D/E Bonds.

POLK REGIONAL WATER COOPERATIVE

By: _____
Name: _____
Title: _____



SUBJECT

Adopt Resolution 2023-08 to approve the PRWC Investment Policy - Action Item

DESCRIPTION

The PRWC is in the process of securing a WIFIA loan in the amount of \$305,799,441 to fund eligible project costs through the anticipated five-year construction period. As an alternative to drawing from the WIFIA loan upon closing, Truist Bank submitted a proposal to the PRWC for a not-to-exceed \$175,000,000 (\$154,338,308 estimated loan amount) fixed-rate tax-exempt bank loan with a first Put Date of November 13, 2025 to be used as an interim financing and make project draws through November 2025. The Truist loan would be fully funded at closing, allowing for loan proceeds to be invested in authorized eligible investments (fully collateralized depository account). Under these circumstances, it is recommended that the PRWC develop and approve an Investment Policy that would ensure investments are made in accordance with state statute and in prudent fashion.

Just like the investment policies adopted by the Clerk of the Court and/or legislative bodies in your municipalities, the proposed Investment Policy will provide definitive guidelines for the initial and ongoing investment of public funds under the control of the PRWC, including funds in excess of those required to meet current expenses, as well as management of and reporting of those investments. The primary goals of the proposed policy are the safety of principal, liquidity of funds to meet projected needs and the optimization of investment return, within the limitation of prudent business judgment. The Investment Policy limit investments to certain prescribed securities and requires diversification of those securities in the PRWC's portfolio in order to reduce risk. The PRWC management will ensure that Truist's collateral used for its depository account meets the investment policy requirements.

This proposed policy will apply to all surplus funds owned by the PRWC or otherwise under management control of the PRWC to the extent that application of this policy does not conflict with the requirements of any Cooperative bond resolution. In the event of a conflict, the bond resolution shall govern.

RECOMMENDATION

Approve Resolution 2023-08 to approve the PRWC Investment Policy.

FISCAL IMPACT

No direct fiscal impact is associated with this item.

CONTACT INFORMATION

Ed de la Parte
Eric DeHaven

Exhibits can be found behind Item G.2.



SUBJECT

Adopt Resolution 2023-12 Parcel Resolution of Necessity to Acquire Specified Parcels to Implement the Southeast Lower Floridan Aquifer Water Production Facility and Southeast Transmission Line Projects - Action Item

DESCRIPTION

Pursuant to Cooperative Resolution 2023-05, the Cooperative Board approved (March 2023) the construction of the SEFLA WPF raw water transmission line as depicted in said resolution and the SETM finished water pipeline as depicted in said resolution as necessary, practical and in the best interest of the Cooperative and its member governments and that the acquisition of such property and property rights are needed for such construction. Resolution 2023-12 constitutes a Parcel Resolution for the SELFA WPF raw water transmission line and SETM finished water pipeline projects, specifically related to those parcels described in Exhibits "A," "B," "C" and "D." This resolution authorizes the Cooperative, its officers, employees, contractors, and attorneys to acquire permanent and temporary construction easement(s) in certain lands described in Exhibits "A," "B," "C" and "D" by negotiation, contract or legal proceedings, including eminent domain proceedings pursuant to Chapters 73 and 74, Florida Statutes.

RECOMMENDATION

Adopt Resolution 2023-12 Parcel Resolution of Necessity to Acquire Specified Parcels to Implement the Southeast Lower Floridan Aquifer Water Production Facility and Southeast Transmission Line Projects.

FISCAL IMPACT

There is no fiscal impact associated with this item.

CONTACT INFORMATION

Mark Addison

Ed de la Parte

POLK REGIONAL WATER COOPERATIVE

Resolution 2023-12

**PARCEL RESOLUTION OF NECESSITY TO ACQUIRE CERTAIN SPECIFIED PARCELS
TO IMPLEMENT
THE SOUTHEAST LOWER FLORIDAN AQUIFER WATER PRODUCTION FACILITY AND
SOUTHEAST TRANSMISSION LINE PROJECTS**

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, the Cooperative as an independent special district created pursuant to Chapter 189, Section 373.713, Florida Statutes and an Interlocal Agreement entered into on June 1, 2016 pursuant to Section 163.01, Florida Statutes by Polk County and 15 municipalities within Polk County (the “Interlocal Agreement”) for the purpose of developing AWS projects to meet the future potable water needs of the citizens of Polk County; and

WHEREAS, in April 2021, the Cooperative and 15 of its member governments entered into the Implementation Agreement for the Southeast Wellfield, which obligates the Cooperative to construct and operate the Southeast Wellfield Project to supply the participating member governments 15.15 million gallons a day of potable water by 2045 (the “Implementation Agreement”); and

WHEREAS, the Southeast Wellfield Project consists of the Southeast Lower Floridan Aquifer Water Production Facility (“SELFA WPF”) and the Southeast Transmission Main (“SETM”); and

WHEREAS, the Cooperative is in the process of constructing the first phase of the SELFA WPF, which consists of a 5 raw water wells, approximately 10 miles of raw water transmission line and a water treatment plant capable of producing 7.5 million gallons a day of high quality potable water and the SETM, which consists of approximately 61 miles of water transmission pipeline to deliver the finished water from the water treatment plant to the project participants for use in their water service areas; and

WHEREAS, pursuant to Cooperative Resolution 2023-05 the Cooperative Board designated the SELFA WPF and SETM Projects as approved projects pursuant to the Interlocal Agreement and the Implementation Agreement; and

WHEREAS, pursuant to Cooperative Resolution 2023-05 approved the construction of the SEFLA WPF raw water transmission line as depicted in said resolution and the SETM finished water pipeline as depicted in said resolution as necessary, practical and in the best interest of the Cooperative and its member governments and that the acquisition of such property and property rights are needed for such construction is necessary for the performance of its duties and for the

construction, reconstruction and maintenance of said facilities for the use of the general public; and that the Cooperative is authorized to make such acquisition by gift, purchase or condemnation.

WHEREAS, the Cooperative has been granted the power of eminent domain pursuant to the Interlocal Agreement and Section 163.01(7)(f), Florida Statutes for the condemnation of private property interest for public use, and to acquire any interest in such real property as is necessary for the purpose of carrying out the Interlocal Agreement; and

WHEREAS, before exercising the power of eminent domain the Cooperative Board of Directors is required to adopt a resolution authorizing the acquisition of property for any purpose set forth in the Interlocal Agreement for the Cooperative's purpose or use subject to limitations set forth in Sections 73.013 and 73.014, Florida Statutes; and

WHEREAS, the Cooperative has bifurcated its eminent domain resolution into two separate resolutions; the Project Resolution, authorizing acquisition of property and property rights for the SELFA WPF raw water transmission line and SETM finished water pipeline projects, and the Parcel Resolution, authorizing the parcel acquisition and identifying the specific property and property rights to be acquired for the projects; and

WHEREAS, this Resolution constitutes a Parcel Resolution for the SELFA WPF raw water transmission line and the SETM finished water pipeline projects; and

WHEREAS, the Cooperative has determined the need to acquire a non-exclusive permanent easement for construction of the SETM finished water pipeline project (or SELFA WPF raw water transmission line project) on certain lands located in Polk County, Florida, as more fully described in **Exhibit "A"**, the nature, terms and duration of the nonexclusive permanent easement as set forth in **Exhibit "B"**; and

WHEREAS, the Cooperative has determined the need to acquire a non-exclusive temporary construction easement for construction of the SETM finished water pipeline project (or SELFA WPF raw water transmission Line project) on certain lands located in Polk County, Florida, as more fully described in **Exhibit "C"**, the nature, term and duration of the nonexclusive temporary construction easement as set forth in **Exhibit "D"**; and

WHEREAS, absent a relinquishment of the property pursuant to Section 73.013(4), Florida Statutes, land to be acquired will not be conveyed to natural persons or private entities and the land is not being acquired to abate or eliminate a public nuisance or to prevent or eliminate a slum or blight; and

WHEREAS, the Cooperative intends in good faith to construct the SELFA WPF and the SETM on, under or over the described property; and

WHEREAS, the Cooperative has caused to be surveyed the line and area of construction by map or survey and location for the project; and

WHEREAS, the Cooperative shall comply with Chapters 73 and 74, Florida Statutes; and

WHEREAS, upon compliance with Chapters 73 and 74, Florida Statutes, the Cooperative is hereby authorized to exercise its power of eminent domain to acquire an interest in real property by initiating condemnation proceedings under Chapters 73 and 74, Florida Statutes.

NOW, THEREFORE, BE IT RESOLVED:

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

Section 2. That after consideration of the factors described in the foregoing recitals, the description of the property and interests described as Parcels (6014-PE), (6014-TCE), (6015-PE) and (6015-TCE) in **Exhibits "A," "B," "C," and "D"** attached hereto and the same is ratified and confirmed and found to be reasonably necessary for the Cooperative's public purpose in constructing the SETM finished water pipeline project (or SELFA WPF raw water transmission line project).

Section 3. That the Cooperative, its officers, employees, contractors and attorneys are hereby authorized and directed to acquire by negotiation, contract or legal proceedings, including eminent domain proceedings pursuant to Chapters 73 and 74, Florida Statutes, as may be necessary to acquire permanent and temporary construction easements in certain lands located in Polk County, Florida described in **Exhibits "A," "B," "C" and "D."**

Section 4. That the proper offices of the Cooperative are hereby authorized to do all things necessary and proper under the applicable provisions of Chapters 73, 74 and 163, Florida Statutes and the Interlocal Agreement and Implementation Agreements.

Section 5. That this Resolution shall take effect immediately upon its adoption.

Section 6. That if any phrase, portion or part of this Resolution is found to be invalid or unconstitutional by a court of competent jurisdiction, such phrase, portion or part shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remainder of the Resolution.

DONE at Auburndale, Florida this 26th day of April, 2023

Southeast Wellfield Project Board of the Polk Regional Water Cooperative:

Chair

Secretary/Treasurer

Approved as to Form:

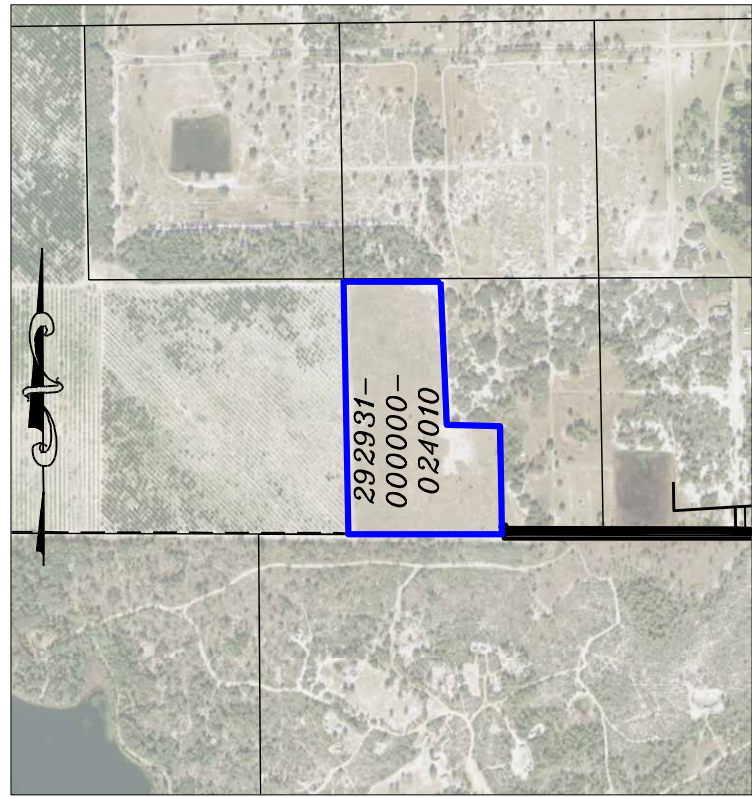
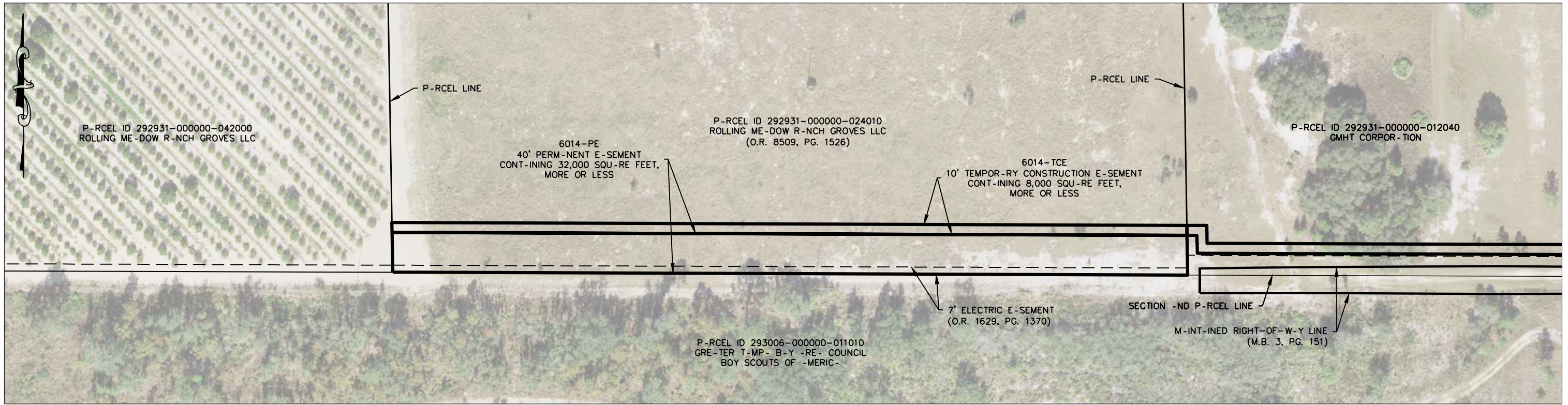
Edward P. de la Parte
Legal Counsel

EXHIBIT A

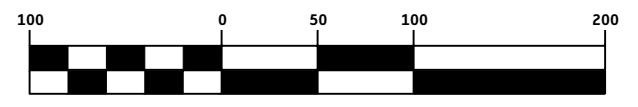
Nonexclusive Permanent Easement Legal Descriptions

[See Attached 4 Pages]

EXHIBIT



GRAPHIC SCALE



(IN FEET)
1 inch = 100 feet

P:\882503\CAD\Survey\KEY SHEET 1\20- LAKE PARK ROAD\882503-SCC-2023-03-22-EASEMENTS.dwg PARCEL 6014 EX Apr 18, 2023 8:44am by: jammerrmann

NUMBER	DATE	DESCRIPTION

CHASTAIN-SKILLMAN
205 EAST ORANGE STREET
SUITE #110
LAKELAND, FL 33801-4611
(863) 646-1402



PRWC
ROLLING MEADOWS RANCH GROVES EXHIBIT

FIELD BY:
DATE:
FIELD BOOK & PAGE:
PROJECT NUMBER:
SHEET NUMBER:

04/18/2023
000
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8825.03-6014
V-01

EXHIBIT "A"
DESCRIPTION AND SKETCH
PARCEL 6014-PE

LEGEND:

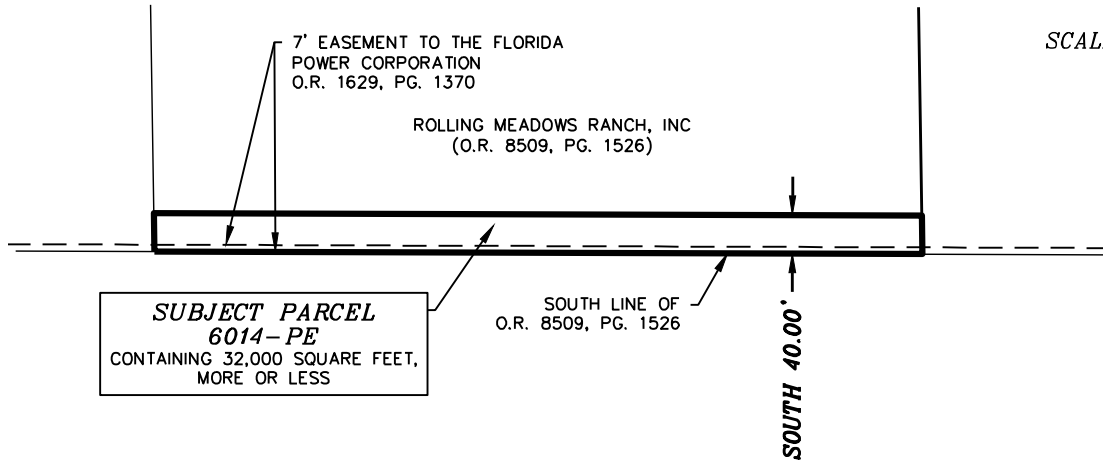
PG. = PAGE
O.R. = OFFICIAL RECORDS BOOK
PE = PERMANENT EASEMENT
TCE = TEMPORARY CONSTRUCTION EASEMENT

NOTES:

1) This is not a Boundary survey.



SCALE 1" = 200'



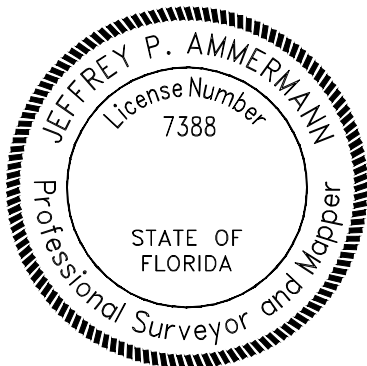
DESCRIPTION:

A portion of a parcel described in Official Records Book 8509, Page 1526, in the Southeast 1/4 of Section 31, Township 29 south, Range 29 East, Public Records of Polk County, Florida, being more particularly described as follows:

The South 40.00 feet of said parcel described in Official Records Book 8509, Page 1526, Public Records of Polk County, Florida. Said parcel containing 32,000 square feet more or less.

CERTIFICATION:

I hereby certify that this Description with Sketch was made under my direction and was made in accordance with Standards of Practice adopted by the State of Florida Department of Agriculture and Consumer Services, Board of Professional Surveyors and Mappers, Chapter 5J-17 of the Florida Administrative Code, pursuant to Section 472.027, Florida Statutes.



Jeffrey P
Ammermann

Digitally signed by
Jeffrey P Ammermann
Date: 2023.04.12
17:54:12 -04'00'

JEFFREY P. AMMERMAN, P.S.M.
FLORIDA REGISTRATION PSM 7388
JAMMERMANN@CHASTAINSKILLMAN.COM
THIS ITEM HAS BEEN DIGITALLY SIGNED AND SEALED BY THE ABOVE SURVEYOR ON THE DATE ADJACENT TO SEAL. ANY SIGNATURE MUST BE VERIFIED ON ANY ELECTRONIC COPIES. PRINTED COPIES OF THIS DOCUMENT ARE NOT CONSIDERED VALID WITHOUT A RAISED SEAL.

SHEET 1 OF 1
CS PROJECT: 8825.03

PREPARED BY: **CHASTAIN-SKILLMAN, INC. - 205 EAST ORANGE STREET SUITE #110
LAKELAND, FLORIDA 33801 - (863) 646-1402 - LB 262**

PARCEL: 6014-PE

DRAWN BY: S. CHILDS

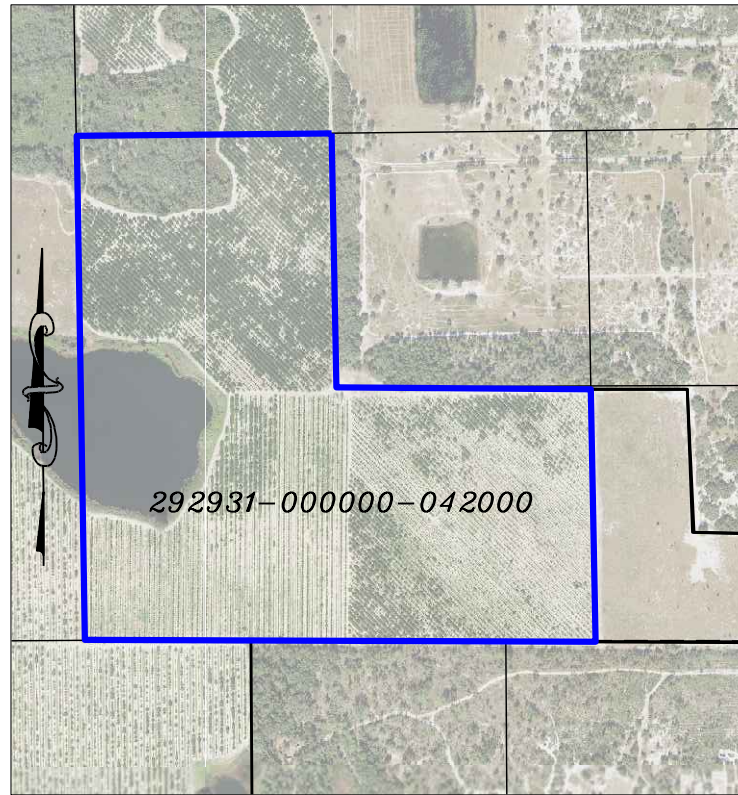
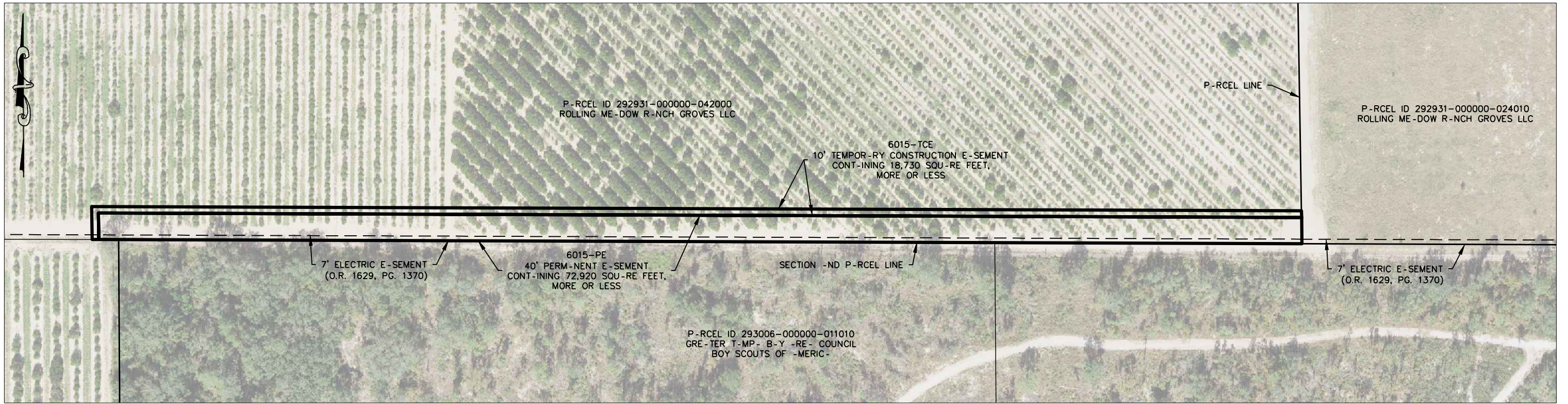
FIELD BOOK: — PAGE: —

DATE: 04/12/2023

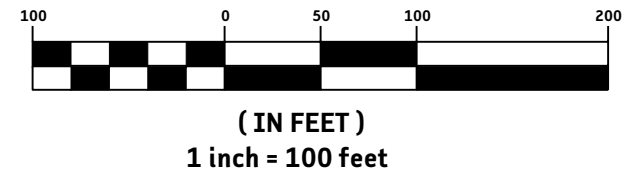
SHEET NO. V-01

F:\882503\CAD\Survey\KEY SHEET 1\20- LAKE PARK ROAD\882503-SCC-2023-03-22-EASEMENTS.dwg 6014-PERM Apr 12, 2023 5:16pm by: schilds

EXHIBIT



GRAPHIC SCALE



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NUMBER	DATE	DESCRIPTION

CHASTAIN-SKILLMAN
 205 EAST ORANGE STREET
 SUITE #110
 LAKELAND, FL 33801-4611
 (863) 646-1402

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PRWC

ROLLING MEADOWS RANCH GROVES EXHIBIT

FIELD BY:

DATE:
04/18/2023

FIELD BOOK & PAGE:
000
000
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PROJECT NUMBER:
8825.03-6015

SHEET NUMBER:
V-01

EXHIBIT "A"
DESCRIPTION AND SKETCH
PARCEL 6015-PE

NOTES:

1) This is not a Boundary survey.

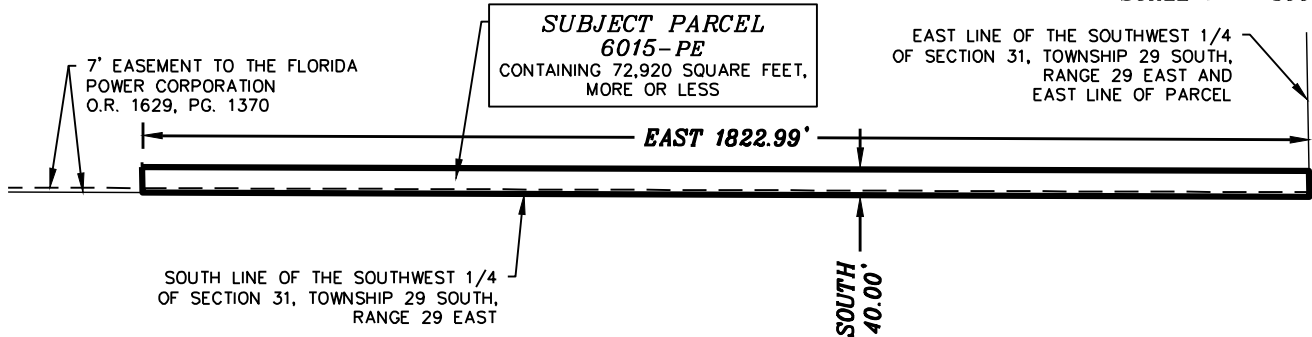
LEGEND:

- O.R. = PLAT BOOK
- PG. = PAGE
- O.R. = OFFICIAL RECORDS BOOK
- PE = PERMANENT EASEMENT
- TCE = TEMPORARY CONSTRUCTION EASEMENT

ROLLING MEADOWS RANCH, INC
(O.R. 8509, PG. 1526)



SCALE 1" = 300'



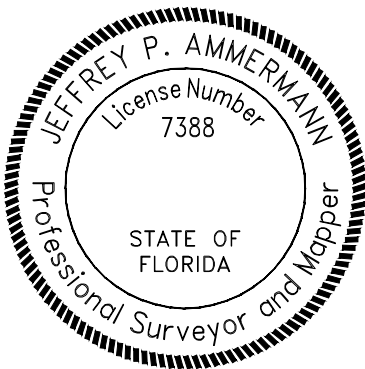
DESCRIPTION:

A portion of a parcel described in Official Records Book 8509, Page 1526, in the Southwest 1/4 of Section 31, Township 29 south, Range 29 East, of the Public Records of Polk County, Florida, being more particularly described as follows:

The East 1822.99 feet of the South 40.00 feet of the Southwest 1/4 of Section 31, Township 29 South, Range 29 East, Polk County, Florida.

CERTIFICATION:

I hereby certify that this Description with Sketch was made under my direction and was made in accordance with Standards of Practice adopted by the State of Florida Department of Agriculture and Consumer Services, Board of Professional Surveyors and Mappers, Chapter 5J-17 of the Florida Administrative Code, pursuant to Section 472.027, Florida Statutes.



Jeffrey P
Ammermann

Digitally signed by
Jeffrey P Ammermann
Date: 2023.04.12
17:31:16 -04'00'

JEFFREY P. AMMERMAN, P.S.M.
FLORIDA REGISTRATION PSM 7388
JAMMERMANN@CHASTAINSKILLMAN.COM
THIS ITEM HAS BEEN DIGITALLY SIGNED AND SEALED BY THE ABOVE
SURVEYOR ON THE DATE ADJACENT TO SEAL. ANY SIGNATURE MUST BE
VERIFIED ON ANY ELECTRONIC COPIES. PRINTED COPIES OF THIS DOCUMENT
ARE NOT CONSIDERED VALID WITHOUT A RAISED SEAL.

SHEET 1 OF 1
CS PROJECT: 8825.03

PREPARED BY: **CHASTAIN-SKILLMAN, INC. - 205 EAST ORANGE STREET SUITE #110
LAKELAND, FLORIDA 33801 - (863) 646-1402 - LB 262**

PARCEL: 6015-PE

DRAWN BY: S. CHILDS

FIELD BOOK: — PAGE: —

DATE: 04/12/2023

SHEET NO. V-01

F:\882503\CAD\Survey\KEY SHEET 1\20- LAKE PARK ROAD\882503-SCC-2023-03-22-EASEMENTS.dwg 6015-PERIM Apr 12, 2023 5:15pm by: schilds

EXHIBIT B

Nonexclusive Permanent Easement

[See Attached 2 Page]

The nature, terms and duration of the nonexclusive permanent easement (the "Easement") which the Polk Regional Water Cooperative ("PRWC") acquires from the property owners/interest holders ("Owner) of the real property shown and described on Exhibit "A" are:

The Easement in, upon and through the following described land in the County of Polk, State of Florida to-wit:

SEE ATTACHED EXHIBIT "A"
(the "Easement Area")

1. The permanent perpetual water line Easement interests and rights acquired by PRWC are the exclusive and perpetual right, privilege and authority to construct, install, maintain, operate, inspect, patrol, ingress and egress, test, repair, alter, substitute, relocate, resize, replace and remove the water transmission line or lines and related fixtures and/or appurtenances thereto, and vehicular and pedestrian access over the easement area, for the transmission of water and such other improvements as are reasonably necessary in connection with the water supply project for the PRWC.
2. In the event that the construction and installation of the water transmission line or lines and related fixtures and/or appurtenances thereto impact Grantor's improvements, PRWC shall, to the extent practicable, relocate or replace with the same, like, or better quality and at their original locations or as near as is reasonably practicable, all fences, roads, driveways, sidewalks, parking areas, irrigation systems, well, septic tanks and septic drain fields, that PRWC damaged or cause to be removed, relocated or replaced from the Easement before or during initial construction and installation of the water transmission line or lines and related fixtures and/or appurtenances. Furthermore subject to PRWC's acquired easement rights, PRWC will restore the surface of all disturbed areas within the Easement to its original contour and condition, as near as is reasonably practicable.
3. This Grant of Easement shall not be construed as a grant of right of way and is limited to a PRWC Easement. The GRANTOR shall have the right to use the area subject to the Easement granted hereby, including without limitation for improved parking areas, improved driveways, and landscaping, which are not inconsistent with the use of the Easement by PRWC for the purposes granted hereby. Inconsistent improvements to the use of the Easement by the GRANTOR for the purposes granted hereby, including mounded landscaping, building foundations and overhangs, foundations for pole mounted commercial signage, and other permanent structures and related foundations shall be strictly prohibited. With the specific written approval of PRWC, the limited use of trees, walls, and mounded landscaping may be utilized within the Easement by GRANTOR.
4. GRANTOR shall not have the right to grant other easements to other parties without the prior written consent of the PRWC. In the event that PRWC performs emergency related repairs, unscheduled infrastructure adjustment activities, or scheduled community improvement projects within said Easement, PRWC shall be

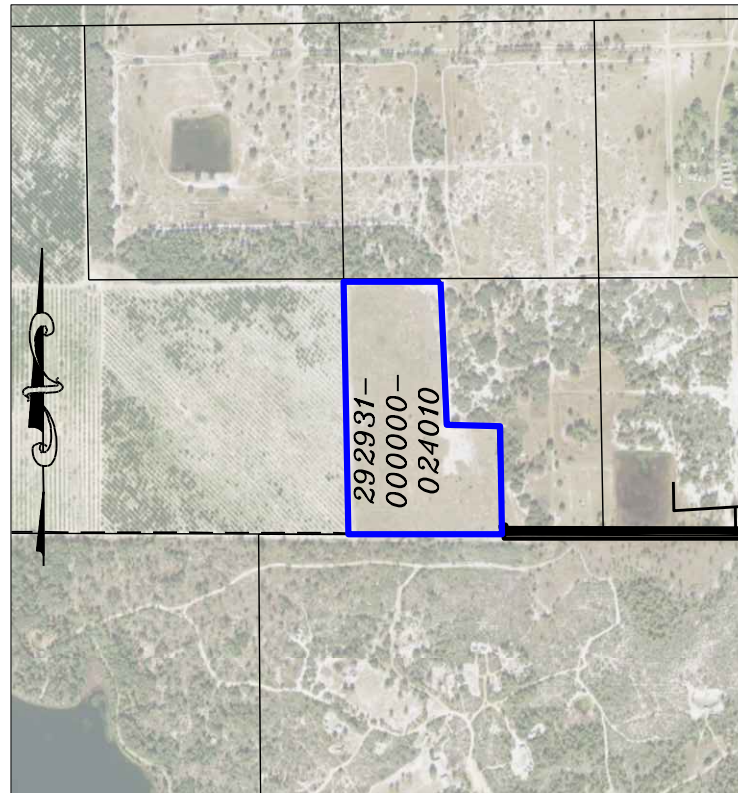
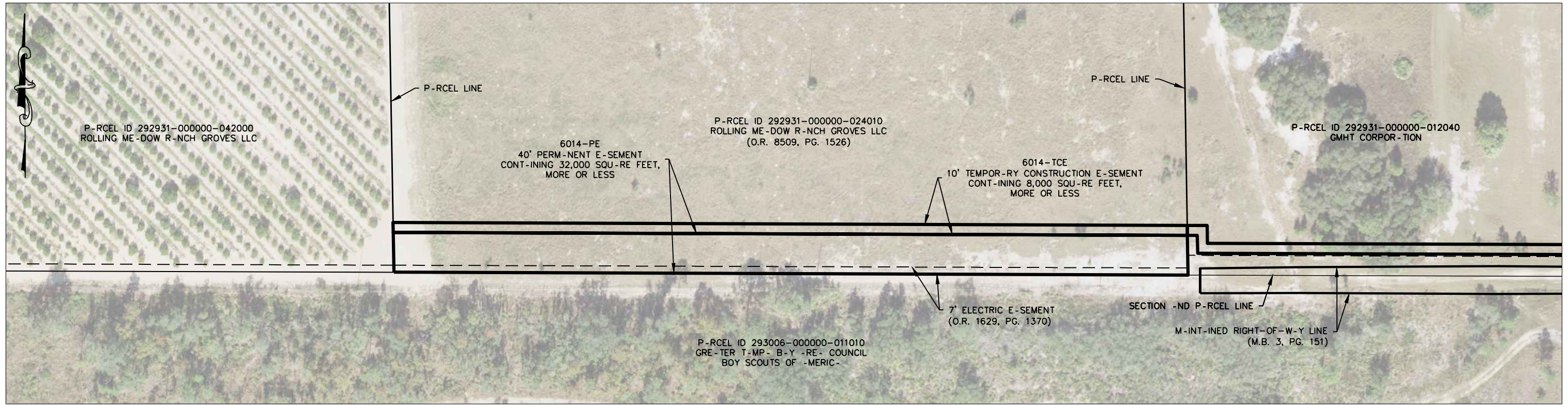
responsible for restoring the disturbed portions of all existing approved and permitted improvements in as good or better condition that existed prior to the disturbance activity by PRWC.

EXHIBIT C

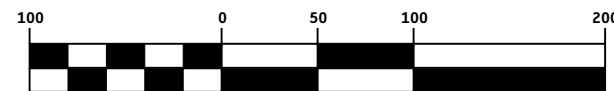
Nonexclusive Temporary Construction Easement Legal Descriptions

[See Attached 4 Pages]

EXHIBIT



GRAPHIC SCALE



(IN FEET)
1 inch = 100 feet

FIELD BY:	PROJECT NUMBER:
DATE: 04/18/2023	8825.03-6014
FIELD BOOK & PAGE: 000 000 000	SHEET NUMBER: V-01

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NUMBER	DATE	DESCRIPTION

CHASTAIN-SKILLMAN
205 EAST ORANGE STREET
SUITE #110
LAKELAND, FL 33801-4611
(863) 646-1402

© 2023 CHASTAIN SKILLMAN C.A. NO. 262



PRWC

ROLLING MEADOWS RANCH GROVES EXHIBIT

EXHIBIT "A"
DESCRIPTION AND SKETCH
PARCEL 6014-TCE

LEGEND:

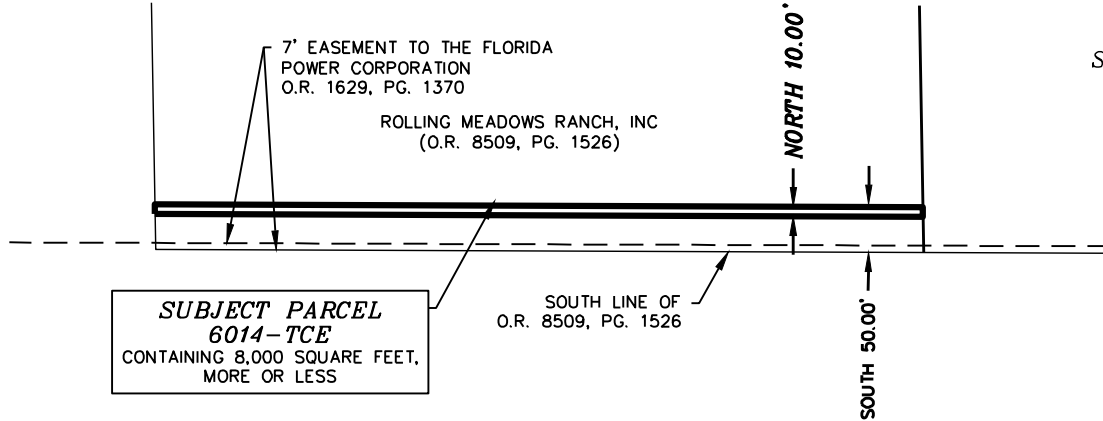
- PG. = PAGE
- O.R. = OFFICIAL RECORDS BOOK
- PE = PERMANENT EASEMENT
- TCE = TEMPORARY CONSTRUCTION EASEMENT

NOTES:

- 1) This is not a Boundary survey.



SCALE 1" = 200'



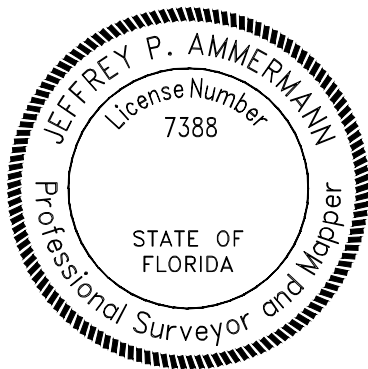
DESCRIPTION:

A portion of a parcel described in Official Records Book 8509, Page 1526, in the Southeast 1/4 of Section 31, Township 29 South, Range 29 East, Public Records of Polk County, Florida, being more particularly described as follows:

The North 10.00 feet of the South 50.00 feet of said parcel described in Official Records Book 8509, Page 1526, Public Records of Polk County, Florida. Said parcel containing 8,000 square feet, more or less.

CERTIFICATION:

I hereby certify that this Description with Sketch was made under my direction and was made in accordance with Standards of Practice adopted by the State of Florida Department of Agriculture and Consumer Services, Board of Professional Surveyors and Mappers, Chapter 5J-17 of the Florida Administrative Code, pursuant to Section 472.027, Florida Statutes.



**Jeffrey P
 Ammermann**

Digitally signed by
 Jeffrey P Ammermann
 Date: 2023.04.12
 17:36:12 -04'00'

JEFFREY P. AMMERMAN, P.S.M.
 FLORIDA REGISTRATION PSM 7388
 JAMMERMANN@CHASTAINSKILLMAN.COM
THIS ITEM HAS BEEN DIGITALLY SIGNED AND SEALED BY THE ABOVE SURVEYOR ON THE DATE ADJACENT TO SEAL. ANY SIGNATURE MUST BE VERIFIED ON ANY ELECTRONIC COPIES. PRINTED COPIES OF THIS DOCUMENT ARE NOT CONSIDERED VALID WITHOUT A RAISED SEAL.

SHEET 1 OF 1
 CS PROJECT: 8825.03

PREPARED BY: **CHASTAIN-SKILLMAN, INC. - 205 EAST ORANGE STREET SUITE #110
 LAKELAND, FLORIDA 33801 - (863) 646-1402 - LB 262**

PARCEL: 6014-TCE

DRAWN BY: S. CHILDS

FIELD BOOK: — PAGE: —

DATE: 04/12/2023

SHEET NO. V-01

5:\882503\CAD\Survey\KEY SHEET 1\20- LAKE PARK ROAD\882503-SCC-2023-03-22-EASEMENTS.dwg 6014-TCE Apr 12, 2023 5:17pm by: schilids

EXHIBIT "A"
DESCRIPTION AND SKETCH
PARCEL 6015-TCE

NOTES:

1) This is not a Boundary survey.

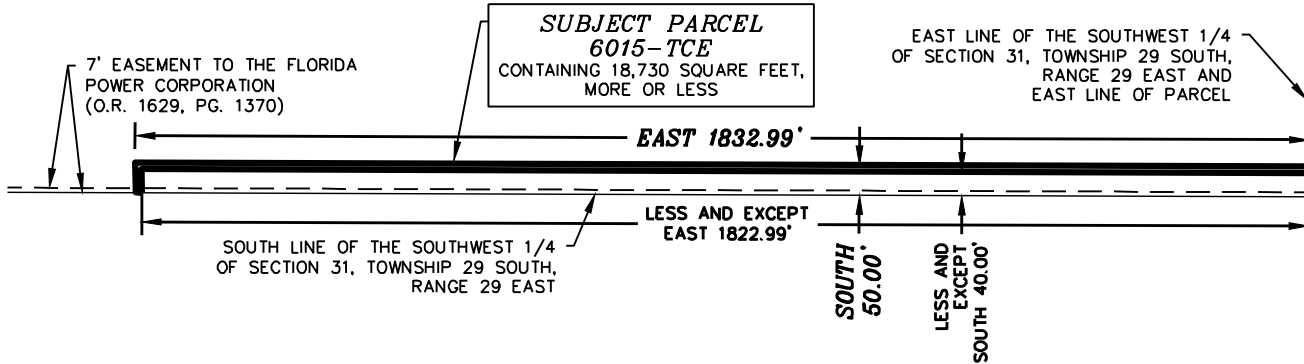
LEGEND:

O.R. = PLAT BOOK
 PG. = PAGE
 PE = PERMANENT EASEMENT
 TCE = TEMPORARY CONSTRUCTION EASEMENT

ROLLING MEADOWS RANCH, INC
 (O.R. 8509, PG. 1526)



SCALE 1" = 300'



DESCRIPTION:

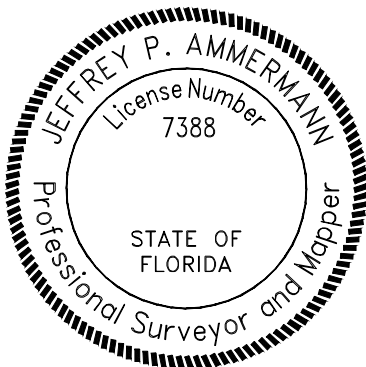
A portion of a parcel described in Official Records Book 8509, Page 1526, in the Southwest 1/4 of Section 31, Township 29 South, Range 29 East, Public Records of Polk County, Florida, being more particularly described as follows:

The East 1832.99 feet of the South 50.00 feet of the said Southwest 1/4 of Section 31, Township 29 South, Range 29 East, Polk County, Florida.

LESS AND EXCEPT the East 1822.99 feet of the South 40.00 feet of the Southwest 1/4 of said Section 31. Said parcel containing 18,730 square feet more or less.

CERTIFICATION:

I hereby certify that this Description with Sketch was made under my direction and was made in accordance with Standards of Practice adopted by the State of Florida Department of Agriculture and Consumer Services, Board of Professional Surveyors and Mappers, Chapter 5J-17 of the Florida Administrative Code, pursuant to Section 472.027, Florida Statutes.



**Jeffrey P
 Ammermann**

Digitally signed by
 Jeffrey P Ammermann
 Date: 2023.04.18
 10:40:32 -04'00'

JEFFREY P. AMMERMAN, P.S.M.
 FLORIDA REGISTRATION PSM 7388
 JAMMERMANN@CHASTAINSKILLMAN.COM
 THIS ITEM HAS BEEN DIGITALLY SIGNED AND SEALED BY THE ABOVE SURVEYOR ON THE DATE ADJACENT TO SEAL. ANY SIGNATURE MUST BE VERIFIED ON ANY ELECTRONIC COPIES. PRINTED COPIES OF THIS DOCUMENT ARE NOT CONSIDERED VALID WITHOUT A RAISED SEAL.

SHEET 1 OF 1
 CS PROJECT: 8825.03

PREPARED BY: **CHASTAIN-SKILLMAN, INC. - 205 EAST ORANGE STREET SUITE #110
 LAKELAND, FLORIDA 33801 - (863) 646-1402 - LB 262**

PARCEL: 6015-TCE

DRAWN BY: S. CHILDS

FIELD BOOK: — PAGE: —

DATE: 04/18/2023

SHEET NO. V-01

2: \882503\CAD\Survey\KEY SHEET 1\20- LAKE PARK ROAD\882503-SCC-2023-03-22-EASEMENTS.dwg 6015-TCE Apr 18, 2023 10:39am by: jammerrmann

EXHIBIT D

Nonexclusive Temporary Construction Easement

[See Attached 1 Page]

The nature, terms and duration of the nonexclusive temporary construction easement (the "Easement") which the Polk Regional Water Cooperative ("PRWC") acquires from the property owners/interest holders ("Owner) of the real property shown and described on Exhibit "A" are:

The Easement in, upon and through the following described land in the County of Polk, State of Florida to-wit:

SEE ATTACHED EXHIBIT "A"
(the "Easement Area")

1. The Easement interests and rights acquired by PRWC are the right, privilege and authority to construct, install, maintain, operate, inspect, patrol, ingress and egress, test, repair, alter, substitute, relocate, resize, replace and remove the water transmission line or lines and related fixtures and/or appurtenances thereto, and vehicular and pedestrian access over the easement area, for the transmission of water and such other improvements as are reasonably necessary in connection with the water supply project for the PRWC.
2. After construction is complete, the lands of the Owner shall be restored to the same, or as good as, condition as existed before construction began.
3. Within a reasonable time after construction is complete, paving, grassed areas and other improvements will be replaced by PRWC.
4. The rights granted herein shall expire upon completion of construction within this Easement or sixty (60) months from the date the Easement is established, whichever occurs sooner.



SUBJECT

Adopt Resolution 2023-09 Amending Resolution 2022-05 Approving the PRWC Master Bond Resolution - Action Item

DESCRIPTION

Michael Wiener, Partner, Holland & Knight LLP will provide a summary of the amendments to the Master Bond Resolution.

One of the primary purposes of the Master Bond Resolution is to pool all the revenues under the Implementation Agreements and provide a comprehensive structure for securing all of the PRWC's debts and loans. This means that some provisions that would typically be in the stand-alone loan agreements with individual lenders will be replaced by equivalent provisions in the Master Bond Resolution, although the individual loan agreements may contain covenants that are more stringent than the ones in the Master Bond Resolution, if required by a particular lender.

As part of the process of entering into the loan with WIFIA and Truist Bank certain changes have been required by the WIFIA lender and other changes are being made to more clearly define certain provisions that are applicable to the flexible structure being provided by Truist Bank. The changes are reflected in the amendment with double underlining indicating additions and ~~strikethroughs~~ indicating deletions. A general summary of the changes are reflected in the attached memo.

RECOMMENDATION

Staff recommends approval of the Master Bond Resolution

FISCAL IMPACT

No fiscal impact for this item

CONTACT INFORMATION

Michael Wiener
Holland and Knight
863.499.5362

Summary of Changes to the Bond Resolution

- Bond Service Requirement, paragraph (5) was revised to better match the definition of Designated Maturity Bond indicating that the Bond may only be a single maturity, amortization installment or tender date of an Option Bond.

- Definitions:
 - "Implementation Agreement" modified to more closely match the WIFIA application and project scope.
 - "Pledged Revenues" Additional clarification that the Construction Funds secure the series of Bonds which funded such account.
 - "Southeast Wellfield" modified to more closely match the WIFIA application and project scope.
 - "Southeast Wellfield Project" clarifying change to add specific reference to the Southeast Wellfield.
 - "West Polk Wellfield" modified to more closely match the WIFIA application and project scope.
 - "West Polk Wellfield Project" clarifying change to add specific reference to the West Polk Wellfield.

- Section 8.02 revised to add additional clarification that the Construction Fund is included expressly in the definition of Pledged Revenues.

- Section 11.05 changed to expressly define the date that PRWC will be subject to the Rate Covenant.

- Section 12.02
 - (a) Revised to reflect defined terms.
 - (b) Adds additional flexibility to issue additional bonds in the future without the requirement of a consultants report.

RESOLUTION NO. 2023-09

A RESOLUTION AMENDING RESOLUTION NO. 2022-05 DULY ADOPTED BY THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE ON JULY 13, 2022; DELEGATING CERTAIN ACTIONS WITH RESPECT TO SUCH AMENDMENTS AND ALL OTHER DOCUMENTS RELATED THERETO; PROVIDING OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Commission staff is negotiating additional Financing Documents as defined in the Interlocal Agreement establishing the Polk Regional Water Cooperative (the "Issuer") for submission to this Board on a later date;

WHEREAS, such Financing Documents are expected to require payments in accordance with their terms before, during and after construction of the Southeast Wellfield Project and the West Polk Wellfield Project, and the Interlocal Agreement and this Resolution will require the setting of rates and the imposition and collection thereof to satisfy the terms of those Financing Documents, which rates the applicable project participants are obligated to timely pay under the respective Implementation Agreements so as to satisfy the Issuer's obligations under the Financing Documents;

WHEREAS, these amendments to the Resolution are for, among other purposes, accommodating those Financing Documents with further clarity;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE POLK REGIONAL WATER COOPERATIVE, THAT:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Section 163.01 and Chapter 189, Florida Statutes, the Interlocal Agreement (as defined in the hereafter described Bond Resolution), the Constitution of the State and other applicable provisions of law and the Bond Resolution.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On July 13, 2022, the Issuer adopted Resolution No. 2022-05, as previously amended (the "Bond Resolution").

B. The Issuer now desires to further amend the Bond Resolution upon receiving requisite consent to make certain technical amendments and clarifications, including the provisions relating to the issuance of Additional Bonds.

C. Pursuant to the provisions of Section 15.02 of the Bond Resolution, the Bond Resolution as amended hereby shall become effective upon the Issuer obtaining the consent of the Holders of not less than a majority of the Bond Obligation and until such time the Bond Resolution shall remain in effect without such amendments.

D. All capitalized terms not otherwise defined herein shall have such meanings as given in the Bond Resolution.

SECTION 3. AMENDMENTS OF THE BOND RESOLUTION. Pursuant to the provisions of Section 15.02 of the Bond Resolution, the Bond Resolution is hereby amended in the following respects, such amendments to become effective upon the Issuer obtaining the consent of the Holders of not less than a majority of the Bond Obligation (the owners of Additional Bonds, by acceptance of such Additional Bonds, are deemed to have expressly and irrevocably consented to these amendments in writing):

(A) Each of paragraphs (c)(3) and (c)(5) of the definition of "Bond Service Requirement" in Section 2.01 of the Bond Resolution is hereby amended to read in its entirety as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"(3) ~~If Bonds are subject to purchase by the Issuer at the option of the Bondholder and a Liquidity Facility is available with~~ With respect thereto to provide for the purchase of such Bonds at the time calculation of interest rates is to be made Option Bonds, the optional tender or "put" date or dates(s) and amount(s) shall be ignored and the stated maturity ~~dates~~date(s) of such Option Bonds shall be used for the purposes of this calculation unless the Issuer has received notice of a tender or put from the applicable Bondholder."

"(5) For purposes of calculating the Bond Service Requirement with respect to Designated Maturity Bonds, the unamortized principal thereof coming due on ~~the final the applicable~~ maturity date, amortization installment or tender date of Option Bonds thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget and/or a certificate of the Chief Financial Officer, shall not be included, and in lieu thereof there shall be included in the Bond Service Requirement for the Bond Year in which such final maturity occurs and other Bond Years only the principal amount thereof the Issuer certifies that it reasonably anticipates to become due in each such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Bonds."

(B) Each of the following definitions are hereby amended in their entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"Implementation Agreement" means, individually and collectively as the context may require, (a) the Implementation Agreement dated as of the effective date thereof between the Issuer and such members of the Issuer that have entered into such agreement ~~for to implement~~ the design, construction and, operation, maintenance and funding of the Cost of the Southeast Wellfield Project, (b) the Implementation Agreement dated as of the effective date thereof between the Issuer and such members of the Issuer that have entered into such agreement to implement the design, construction, operation, maintenance and funding of the Cost of the West Polk Wellfield Project, and (c) any other implementation agreement entered into by the Issuer and one or more of its members after the date of this Resolution and designated by the Issuer in a supplemental resolution as an Implementation Agreement hereunder, each as amended and restated from time to time.

"Pledged Revenues" means the Gross Revenues and, until applied in accordance with the provisions of this Resolution, all other amounts, including investments thereof, held in the funds and accounts established hereunder, except (i) funds held in the Rebate Fund and ~~except~~(ii) funds held in (x) an account in the Reserve Fund or (y) any

account in the Construction Fund, in each case of (x) and (y) for a specific Series of Bonds, which will be held solely for the Series of Bonds for which each such account was created.

"Southeast Wellfield" means the lower Floridan aquifer public water supply wellfield ~~to be~~, water production facility, and water transmission system with related transmission lines to connect to existing distribution systems in Polk County, in each case located in southeast Polk County. For the avoidance of doubt, this definition of "Southeast Wellfield" is synonymous with (and, in the case of any conflict, supersedes) the definition of "Southeast Wellfield" in the Implementation Agreement for the Southeast Wellfield.

"Southeast Wellfield Project" means the project for the Southeast Wellfield, as further described in the Implementation Agreement for the Southeast Wellfield.

"West Polk Wellfield" means the lower Floridan aquifer public water supply wellfield ~~to be~~, water production facility, and water transmission system with related transmission lines to connect to existing distribution systems in Polk County, in each case located in west Polk County. For the avoidance of doubt, this definition of "West Polk Wellfield" is synonymous with (and, in the case of any conflict, supersedes) the definition of "West Polk Wellfield" in the Implementation Agreement for the West Polk Wellfield.

"West Polk Wellfield Project" means the project for the West Polk Wellfield, as further described in the Implementation Agreement for the West Polk Wellfield.

(C) Section 8.02 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and strikethrough indicates deletions):

Section 8.02. Pledge of Revenues. The payment of the principal of, premium, if any, and interest on the Bonds and the payment of Hedge Obligations shall be secured forthwith equally and ratably by an irrevocable, valid and binding lien on and security interest in the Pledged Revenues, including, without limitation, moneys deposited into the funds and accounts created by this Resolution (other than moneys in the Rebate Fund), and all earnings thereon, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Pledged Revenues and, as provided herein, the Issuer does hereby irrevocably pledge, in the manner and to the extent provided herein, the Pledged Revenues, all to the payment of the principal of, premium, if any, and interest on the Bonds, the payment of Hedge Obligations. The Pledged Revenues shall immediately be subject to the lien and pledge of this Resolution without any physical delivery hereof or further act. Notwithstanding the foregoing, however, Hedge Obligations shall not be secured by funds on deposit in the Reserve Fund and nothing herein provided shall be deemed to grant or create a lien on any account in the Reserve Fund or the Construction Fund created only with respect to a particular Series of Bonds in favor of the owners of Bonds of any other Series. In addition, nothing herein shall be deemed to grant

or create a lien on any funds, including investments and investment earnings in the Rebate Fund."

(D) The first paragraph of Section 11.05 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

~~Commencing October 1, 2023,~~ The Issuer covenants with the Bondholders, during each Bond Year beginning with the Bond Year commencing on October 1, 2023, to fix, establish, revise from time to time whenever necessary, maintain and collect rates, fees and other charges for the use of the products, services and facilities of the System that will always provide Gross Revenues in each Bond Year (excluding for purposes of this Section 11.05 all Hedge Receipts) such that the amount of Gross Revenues to be received in such Bond Year shall not be less than the sum of one hundred percent (100%) of the Cost of Operation and Maintenance for such Bond Year, plus one hundred fifteen percent (115%) of the Bond Service Requirement for such Bond Year, plus one hundred percent (100%) of the amounts required to be deposited in such Bond Year into the Reserve Fund (including the various accounts therein). Without limiting the foregoing, the fees, rates rentals and other charges may be set forth in or provided for by the Implementation Agreement.

(E) Paragraph (B) of Section 12.02 of the Bond Resolution is hereby amended in its entirety to read as follows (double underlining indicates additions and ~~strikethrough~~ indicates deletions):

"(B) There shall have been filed with the Issuer:

(1) a certificate of the Chief Executive Officer demonstrating that the requirements of Section 11.05 were met in the last complete Fiscal Year for which the audited financial statements of the Issuer are available; and

(2) either:

(x) a report of the Qualified Independent Consultant setting forth for each of the three Fiscal Years following the Fiscal Year in which the Chief Executive Officer estimates the completion of the Project to be financed by such Additional Bonds (a) estimates of Gross Revenues to be received by the Issuer from the System including the Project to be financed with the Additional Bonds; (b) estimates of Cost of Operating and Maintenance for such Fiscal Years; (c) the Maximum Bond Service Requirement including the Additional Bonds then proposed to be issued; and (d) that Net Revenues will be sufficient to pay 115% of the Maximum Bond Service Requirement including the Additional Bonds then proposed to be issued in each such Fiscal Year, and 100% of any amounts required by the terms hereof to be deposited in the Reserve ~~Account~~ Fund or with the issuer of any Reserve Product ~~Account Letter of Credit or Reserve Account Insurance Policy,~~ or

(y) a certificate of the Chief Executive Officer demonstrating that (i) during any twelve (12) consecutive months designated by the Issuer within the eighteen (18) months immediately preceding the date of delivery of such Additional Bonds with respect to which such statement is made or (ii) for the most recently completed fiscal

year for which audited financial statements are available, the Net Revenues equal at least 115% of the Maximum Bond Service Requirement on all Bonds to be Outstanding as of the date of such issuance including the Additional Bonds then proposed, and 100% of any amounts required by the terms hereof to be deposited in the Reserve Fund or with the issuer of any Reserve Product."

SECTION 4. GENERAL AUTHORITY. The members of the Board and the officers, attorneys and other agents and employees of the Issuer are hereby authorized to do all acts that required by the Bond Resolution or are desirable or consistent with the requirements hereof and/or of the Bond Resolution for the full punctual and complete performance of all the terms, covenants and agreements contained herein, and each member of the Board, employee, attorney and officer of the Issuer and the Secretary are hereby authorized and directed to execute and deliver any and all papers and instruments, and to be and cause to be done any and all acts and things necessary or proper for carrying out the provisions and intent of this Resolution.

SECTION 5. EFFECTIVE DATE. This Resolution shall become effective immediately upon its adoption.

[Signature Page Follows]

Passed and duly adopted by the Polk Regional Water Cooperative on the 26th day of April, 2023.

(SEAL)

POLK REGIONAL WATER COOPERATIVE
BOARD OF DIRECTORS/COMBINED
PROJECTS BOARD

By: _____
Chairman

ATTESTED:

By: _____
Secretary

APPROVED AS TO FORM AND CORRECTNESS

By: _____
Edward P. de la Parte, Jr., Legal Counsel

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SUBJECT

Adopt Resolution 2023-10 to Approve the EPA Water Infrastructure and Finance Innovation Act (WIFIA) Loan No. 19139FL for the SE Wellfield and Loan No. 19239FL for the West Polk Wellfield - Action Item

DESCRIPTION

The PRWC received the term sheets and draft Loan Agreements from WIFIA for the SE Wellfield and West Polk Wellfield in the amounts of \$222,802,928 and \$82,996,513, respectively, with a maturity in 2059, to provide long-term funding for eligible project costs beginning with the anticipated five-year construction period. If the Truist interim loan is approved, the PRWC would delay drawing from the WIFIA loan during the first three years of construction. As previously discussed, this ensures the PRWC maintains the flexibility to request a one-time interest rate reset on the WIFIA I loan assuming certain conditions are met. The estimated interest rate of the WIFIA loan as of March 3rd was approximately 4.04%. The ability of PRWC to request a one-time interest rate reset, should interest rates decline over the next several years, has a significant potential upside and limited downside. Another item that arose during final discussions with WIFIA was to provide additional loan flexibility to PRWC in the WIFIA loan. WIFIA has been witnessing increases in construction cost above original loan amounts in projects throughout the United States. It was recommended that an additional flexibility of 15% of current estimates be added to the WIFIA loan to provide borrowing flexibility. Included in the total WIFIA loan amount of \$305,799,441 is a contingency of \$69,820,092. The need to utilize any of this contingency will be brought back the PRWC Board for approval as costs for the program are further refined by the Construction Manager at Risk. This additional flexibility will not result in extra interest costs unless the contingency funds are authorized and drawn.

RECOMMENDATION

Adopt Resolution 2023-10 to approve the WIFIA Term Sheets and Loan Agreements

FISCAL IMPACT

The WIFIA loan amount is \$305,799,441.

CONTACT INFORMATION

Eric DeHaven

Robert Beltran, Dewberry Engineers

Exhibits can be found behind Item H.2.



SUBJECT

Adopt Resolution 2023-11 to Approve the Truist Loan - Action Item

DESCRIPTION

The PRWC is in the process of securing a draw-down WIFIA loan in the amount of \$305,799,441 and maturing in 2059 to provide long-term funding for eligible project costs through the anticipated five-year construction period. The estimated interest rate of the WIFIA loan as of March 3rd was approximately 4.04%. The PRWC anticipates closing on the WIFIA loan in June 2023.

As an alternative to drawing from the WIFIA loan for the initial three years of construction, Truist Bank received preliminary credit approval and submitted a proposal to the PRWC for a \$175,000,000 million fixed-rate tax-exempt bank loan maturing in five years to be used as interim financing at an interest rate of 3.55% with Put Dates beginning in November 2025 and every 6-months thereafter. The PRWC would use proceeds of the Truist loan to pay construction costs until approximately November 2025, at which time the PRWC would draw on the WIFIA loan to repay the Truist loan. The Truist loan would be fully funded at closing, allowing for the loan proceeds to be invested in a fully collateralized depository account with Truist Bank in accordance with the proposed PRWC Funding Policy (agenda item F.1), earning a fixed interest rate of 3.55% through November 2025. The PRWC could choose to either make periodic interest rate payments on the Truist loan or capitalize interest until maturity, but regardless, the total net interest cost when taking into account investment earnings, result in debt service savings when compared to a standalone WIFIA loan. Additionally, by delaying draws from the WIFIA loan during the first three years of construction funded by the Truist loan, the PRWC maintains the flexibility to request a one-time interest rate reset on the WIFIA loan assuming certain conditions are met.

RECOMMENDATION

Adopt Resolution 2023-11 to approve the Truist interim loan

FISCAL IMPACT

The Truist loan amount is expected to be issued in the approximate amount of \$154,338,308, with a not to exceed amount of \$175,000,000. If the PRWC were to take advantage of the Truist proposal and not make a draw upon the WIFIA loan for the first three years of construction, and if interest rates were to decline within that three-year period by 0.50% or greater, the PRWC could experience a significant reduction of future WIFIA loan interest costs. The flexibility for PRWC to request a one-time interest rate reset should interest rates decline creates a valuable financial option with significant

potential upside and limited downside risk. Also, the interest earnings on the Truist loan proceeds help offset the interest cost of the loan during the first three years.

CONTACT INFORMATION

Alex Bugallo, RBC Capital Markets
Eric DeHaven

Exhibits can be found behind Item H.3.



SUBJECT

Adopt Resolution 2023-08 to approve the PRWC Investment Policy - Action Item

DESCRIPTION

The PRWC is in the process of securing a WIFIA loan in the amount of \$305,799,441 to fund eligible project costs through the anticipated five-year construction period. As an alternative to drawing from the WIFIA loan upon closing, Truist Bank submitted a proposal to the PRWC for a not-to-exceed \$175,000,000 (\$154,338,308 estimated loan amount) fixed-rate tax-exempt bank loan with a first Put Date of November 13, 2025 to be used as an interim financing and make project draws through November 2025. The Truist loan would be fully funded at closing, allowing for loan proceeds to be invested in authorized eligible investments (fully collateralized depository account). Under these circumstances, it is recommended that the PRWC develop and approve an Investment Policy that would ensure investments are made in accordance with state statute and in prudent fashion.

Just like the investment policies adopted by the Clerk of the Court and/or legislative bodies in your municipalities, the proposed Investment Policy will provide definitive guidelines for the initial and ongoing investment of public funds under the control of the PRWC, including funds in excess of those required to meet current expenses, as well as management of and reporting of those investments. The primary goals of the proposed policy are the safety of principal, liquidity of funds to meet projected needs and the optimization of investment return, within the limitation of prudent business judgment. The Investment Policy limit investments to certain prescribed securities and requires diversification of those securities in the PRWC's portfolio in order to reduce risk. The PRWC management will ensure that Truist's collateral used for its depository account meets the investment policy requirements.

This proposed policy will apply to all surplus funds owned by the PRWC or otherwise under management control of the PRWC to the extent that application of this policy does not conflict with the requirements of any Cooperative bond resolution. In the event of a conflict, the bond resolution shall govern.

RECOMMENDATION

Approve Resolution 2023-08 to approve the PRWC Investment Policy.

FISCAL IMPACT

No direct fiscal impact is associated with this item.

CONTACT INFORMATION

Ed de la Parte

Eric DeHaven

Exhibits can be found behind Item G.2.