



**AGENDA
POLK REGIONAL WATER COOPERATIVE**

August 4, 2021 – 2:00 PM
Nora Mayo Hall
500 3rd Street NW
Winter Haven, FL 33881

ZOOM Virtual Meeting
<https://us02web.zoom.us/j/83892426814?pwd=L0NoUWFmbHg1U0lqNE1PNFBrRDAzd09>
Call In: +1 (646)558-8656
Meeting ID: 838 9242 6814
Password: 389836

- A. Call to Order
- B. Agenda Revisions
- C. Public Comments
- D. Regular BOD
 - 1. Audit Results (INFORMATION ITEM)
 - 2. Adopt Resolution 21-02 – Final Polk Regional Water Cooperative Budget – FY 21/22 (ACTION ITEM)
 - 3. SWFWMD Presentation (INFORMATION ITEM)
 - 4. FDEP Grant Disbursements for Southeast, West Polk, and Peace Creek Projects (INFORMATION ITEM)

RECESS REGULAR BOD/COMMENCE PROJECT BOD:

- E. PRWC Combined Projects BOD
 - 1. Adopt Resolution 21-03 – Final Combined Project Phase 1 – FY 21/22 (ACTION ITEM)
 - 2. Decision regarding Phase 1 permitting activities of the West Polk Wellfield (ACTION ITEM)
 - 3. Authorize TeamOne to prepare the West Polk LFA CFI Application (ACTION ITEM)
 - 4. Combined Projects Final Design Decision (ACTION ITEM)
- F. Southeast Project BOD
 - 1. Authorize Financial Advisor Contract (ACTION ITEM)
 - 2. Southeast Final Design Decision (ACTION ITEM)

G. West Polk Project BOD

1. Authorize Financial Advisor Contract (ACTION ITEM)
2. West Polk Final Design Decision (ACTION ITEM)
3. Authorize TeamOne to submit the West Polk LFA CFI Application (ACTION ITEM)
4. Decision regarding Phase 1 permitting activities of the West Polk Wellfield (ACTION ITEM)

RECESS REGULAR BOD/COMMENCE REGULAR PRWC BOARD:

H. Open Discussion

I. Chair / Executive Director Comments

J. 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.

Agenda Item D1



**POLK REGIONAL
WATER COOPERATIVE**



Executive Summary of Independent Audit Results

Prepared by:



Independent Auditor's Report

(Page 1-2)

Required by AICPA auditing standards

- Type of Opinion Issued: Unmodified (“Clean”) Opinion.
- Financial Statement are free of material errors and are presented in accordance with Generally Accepted Accounting Principles (GAAP).
- Fair representation of what happened during the year.



**POLK REGIONAL
WATER COOPERATIVE**



Report on Internal Control and Compliance

(Page 23-24)

Established by the Comptroller General of the United States and required by the Rules of the Auditor General of the State of Florida.

- No material weaknesses in internal control identified.
- No instances of noncompliance reported.



Report on Compliance with Section 218.415, Florida Statutes

(Page 25)

Required by the Rules of the Auditor General of the State of Florida.

- The Cooperative was in compliance with Section 218.415, Florida Statutes which provides rules for investments and investment policies.



Report on State Loan Compliance and Internal Control Over Compliance

(Page 26-28)

Required by Section 215.97, Florida Statutes

- No material weaknesses in internal control *over compliance* identified.
- Type of Opinion Issued: Unmodified (“Clean”) Opinion
 - The Polk Regional Water Cooperative complied, in all material respects, with the compliance requirements of the SRF Loan Agreement DW532000, the requirements of the State Grants passed through the SWFWMD and the requirements in the *Department of Financial Services’ State Projects Compliance Supplement*.



Management Letter

(Page 29-30)

Required by the Rules of the Auditor General of the State of Florida.

- No adverse findings or recommendations



**POLK REGIONAL
WATER COOPERATIVE**

Governance Letter

(Separate Report)

Required by AICPA auditing standards.

- No disagreements with management.
- No difficulties encountered while performing our audit.
- Audit adjustments and uncorrected misstatements.
 - No material audit adjustments.
 - Uncorrected misstatements exist but are not material.



**POLK REGIONAL
WATER COOPERATIVE**

Revenues and Expenses, inception to 2020



**POLK REGIONAL
WATER COOPERATIVE**

POLK REGIONAL WATER COOPERATIVE
EXECUTIVE SUMMARY OF INDEPENDENT AUDIT RESULTS

⁽¹⁾Independent Auditor's Report (Page 1-2):

- Type of Opinion Issued: Unmodified ("Clean") Opinion
- Financial statements are free of material errors and are presented in accordance with Generally Accepted Accounting Principles (GAAP).
- Fair representation of what happened during the year.

⁽²⁾Report on Internal Control and Compliance (Page 23-24):

- No material weaknesses in internal control over financial reporting identified.
- No instances of noncompliance reported.

⁽³⁾Report on Compliance with Section 218.415, Florida Statutes (Page 25):

- The Cooperative was in compliance with Section 218.415, Florida Statutes which provides rules for local government investments and investment policies.

⁽⁴⁾Report on State Loan/Grant Compliance and Internal Control over Compliance (State Single Audit Report) (Page 26-28):

- No material weaknesses in internal control over compliance identified.
- Type of Opinion on Compliance: Unmodified ("Clean") opinion.
 - The Polk Regional Water Cooperative complied, in all material respects, with the compliance requirements of the SRF Loan agreement DW 532000 and the grants passed through the SWFWMD as well as the applicable requirements of the Department of Financial Services.

⁽³⁾Management Letter (Page 29-30):

- No adverse findings or recommendations.

⁽¹⁾Governance Letter (separate report):

- No disagreements with management.
- No difficulties encountered while performing our audit.
- Uncorrected misstatements exist but are not material.

(1) - Required by AICPA auditing standards

(2) - Established by the Comptroller General of the United States and required by Rules of the Auditor General

(3) - Required by Rules of the Auditor General

(4) - Required by Section 215.97, Florida Statutes and Rules of the Auditor General.

Polk Regional Water Cooperative

Report to the Members of the Board of Directors
required by AICPA auditing standards section

AU-C Section 260 – *The Auditor's Communication with Those Charged with Governance*

May 17, 2021

To the Members of the Board of Directors
Polk Regional Water Cooperative

We have audited the basic financial statements of the Polk Regional Water Cooperative (the "Cooperative") as of and for the year ended September 30, 2020 and have issued our report thereon dated May 17, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated November 6, 2020 (signed on January 20, 2021). Professional standards require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Cooperative are described in note 1 to the financial statements. There have not been any initial selections of, or changes in, significant accounting policies during the year.

We noted no transactions entered into by the Cooperative during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive accounting estimates affecting the financial statements.

Financial Statement Disclosures: The disclosures in the financial statements are neutral, consistent, and clear.

Corrected and Uncorrected Misstatements: Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements except for \$43,383 of third-party reviewer expenses paid directly by the South West Florida Water Management District ("SWFWMD") that will be reported as an expense by the Cooperative in a future period when the SWFWMD charges these amounts to the Cooperative. Under generally accepted accounting principles, these expenses, and their related grant revenue accruals, should be recorded in the fiscal year ended September 30, 2020.

Management has determined that the effects of uncorrected misstates are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit: We encountered no significant difficulties in dealing with management while performing and completing our audit.

Disagreements with Management: For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations: We have requested certain representations from management that are included in the management representation letter dated May 17, 2021.

Management Consultations with Other Independent Accountants: Management has consulted with CliftonLarsonAllen, LLP with regards to the preparation of the financial statements as of and for the year ending September 30, 2020. We are aware that management consults with CliftonLarsonAllen, LLP on general accounting matters which can have a direct and material impact on the financial statements of the Cooperative.

Other Matters: We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Use of audit report and audited financial statements in other documents: Our auditor's opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This information is intended solely for the use of the Members of the Board of Directors and the Member Governments of the Polk Regional Water Cooperative and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 17, 2021

POLK REGIONAL WATER COOPERATIVE
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

**POLK REGIONAL WATER COOPERATIVE
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SEPTEMBER 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Polk Regional Water Cooperative

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Polk Regional Water Cooperative (the "Cooperative"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Polk Regional Water Cooperative as of September 30, 2020, and changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The *schedule of revenues and expenses – budget to actual – admin*, the *schedule of revenues and expenses – projects*, the *schedule of revenues and expenses – conservation grants* and the *schedule of expenditures of state financial assistance* (the "Other Supplementary Information"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2021 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated May 17, 2021 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on Cooperative's compliance with requirements of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 17, 2021

**POLK REGIONAL WATER COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Polk Regional Water Cooperative's (Cooperative) Management's Discussion and Analysis presents an overview of the Cooperative's financial activities for the years ended September 30, 2020 and 2019. Please read it in conjunction with the Cooperative's financial statements which follow.

FINANCIAL HIGHLIGHTS

The following is a summary of significant financial highlights related to the Cooperative's year ended September 30, 2020 and 2019:

- Operating revenues were \$7,512,596 and \$7,400,177, respectively.
- Operating expenses were \$7,506,106 and \$7,367,398, respectively.
- Net position totaled a deficit of \$144,305 and \$33,866, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements included in this annual report are designed to appear corporate-like in that all their activities are business-type activities. The following statements are included:

Statement of Net Position – reports the Cooperative's assets and liabilities, with the difference between the two reported as net position, at the end of the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating.

Statement of Revenues, Expenses and Changes in Net Position – reports the results of activity over the course of the fiscal year. It details the costs associated with operating the Cooperative and how those costs were funded.

Statement of Cash Flows – reports the Cooperative's cash flows in and out from operating activities, capital and related financing activities, non-capital financing activities and investing activities. It details the sources of the Cooperative's cash, what it was used for and the change in cash over the course of the period.

The following analysis of net position, revenue and expenses provides a comprehensive portrayal of financial conditions. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

**POLK REGIONAL WATER COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

SUMMARY STATEMENT OF NET POSITION

	September 30,		Dollar	Percent
	2020	2019	Variance	Variance
ASSETS				
Current Assets	\$ 2,199,109	\$ 2,090,911	\$ 108,198	
Noncurrent Assets	6,204,233	3,516,602	2,687,631	
Total Assets	<u>8,403,342</u>	<u>5,607,513</u>	<u>2,795,829</u>	50%
LIABILITIES				
Current Liabilities	772,959	1,604,322	(831,363)	
Noncurrent Liabilities	7,774,688	4,037,057	3,737,631	
Total Liabilities	<u>8,547,647</u>	<u>5,641,379</u>	<u>2,906,268</u>	52%
NET POSITION				
Investment in Capital Assets	35,000	35,000	-	
Unrestricted	(179,305)	(68,866)	(110,439)	
Total Net Position	<u>(144,305)</u>	<u>(33,866)</u>	<u>(110,439)</u>	326%
Total Liabilities and Net Position	<u>\$ 8,403,342</u>	<u>\$ 5,607,513</u>	<u>\$ 2,795,829</u>	50%

Current assets are comprised of cash in the amount of \$807,374, and grants and project receivables of \$1,391,735.

Noncurrent assets are comprised of land purchased during 2019, and due from members in the amount of \$6,169,233. The increase of \$2,687,631 is due to state revolving fund draws which will be reimbursed by members.

Current liabilities are comprised of accounts payable, unearned revenue and due to member. The decrease of \$831,363 is due to timing of the projects during the year.

Noncurrent liabilities consist of a line of credit and the state revolving fund. \$1,050,000 was drawn on the line of credit during the year and \$2,687,631 was drawn on the state revolving fund.

Net position in total decreased by \$110,439 due to project expenditures which have not yet been reimbursed by the state revolving fund loan.

**POLK REGIONAL WATER COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	September 30,		Dollar	Percent
	2020	2019	Variance	Variance
OPERATING REVENUES				
Member Funding Revenue	\$ 198,000	\$ 198,000	\$ -	
Project Revenues	7,097,954	6,822,643	275,311	
Conservation Grant Revenues	85,779	48,301	37,478	
Litigation Reimbursements	-	295,793	(295,793)	
Miscellaneous	130,863	35,440	95,423	
Total Operating Revenues	<u>7,512,596</u>	<u>7,400,177</u>	<u>112,419</u>	2%
OPERATING EXPENSES				
Project Expenses	6,819,375	6,684,271	135,104	
Grant Expenses	85,779	48,301	37,478	
Litigation Expenses	-	295,962	(295,962)	
Other Operating Expenses	600,952	338,864	262,088	
Total Operating Expenses	<u>7,506,106</u>	<u>7,367,398</u>	<u>138,708</u>	2%
OPERATING INCOME	6,490	32,779	(26,289)	80%
NONOPERATING REVENUES (EXPENSES)				
Interest Revenue	560	675	(115)	
Interest Expense	(117,489)	(42,597)	74,892	
Total Nonoperating Revenues (Expenses)	<u>(116,929)</u>	<u>(41,922)</u>	<u>75,007</u>	-179%
CHANGE IN NET POSITION	(110,439)	(9,143)	(101,296)	1108%
Net Position - Beginning of Period	(33,866)	(24,723)	(9,143)	37%
NET POSITION - END OF PERIOD	<u>\$ (144,305)</u>	<u>\$ (33,866)</u>	<u>\$ (110,439)</u>	326%

Operating expenses include \$6,819,375 of project expenses, \$212,333 in legal expense, primarily for assistance with state grants and funding for future projects and the member mediation, with \$80,000 in expenses for executive director services, \$24,720 in expenses for accounting fees, \$18,275 in expenses for audit fees, \$85,779 in grant expenses, \$261,906 in expenses for the demand management plan, and \$3,718 in other general expenses. Total operating expenses increased \$138,708 over the prior year due to higher activity in the Cooperative's water projects.

**POLK REGIONAL WATER COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Economic Factors and Conditions

The Central Florida economy is anchored by the tourism industry. The key regional economic indicators, such as personal income growth, total employment, unemployment rate, population growth and housing starts are expected to show varying degrees of strengths and weaknesses in future business cycles, however, the overall economic trend is expected to continue steady movement in a favorable direction. Population growth is expected to be approximately 2% while unemployment is expected to trend below 5%. Overall, the Central Florida economy is expected to perform slightly better than state and national averages.

Funding Agreements

The Cooperative and Southwest Florida Water Management District (SWFWMD) entered into funding agreements for the implementation phase of the Cooperative's combined water projects, estimated to cost approximately \$23,000,000. Approximately \$11,500,000 of the funding will be provided in the form of a grant from SWFWMD. The other \$11,500,000 of funding is to be provided through a Line of Credit, Membership Government Contributions, State Revolving Fund Loan, and State Appropriations. The implementation phase is expected to be completed by December 31, 2021.

Request for Information

This financial report is designed to provide a general overview of the Cooperative's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Cooperative's Executive Director, 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

**POLK REGIONAL WATER COOPERATIVE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

ASSETS

CURRENT ASSETS

Cash	\$ 807,374
Due from Members	86,879
Due from Other Governments	1,304,856
Total Current Assets	<u>2,199,109</u>

NONCURRENT ASSETS

Capital Assets - Land	35,000
Due from Members	6,169,233
Total Noncurrent Assets	<u>6,204,233</u>

Total Assets	<u><u>\$ 8,403,342</u></u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 654,602
Unearned Revenue	100,000
Due to Member	18,357
Total Current Liabilities	<u>772,959</u>

NONCURRENT LIABILITIES

Line of Credit	1,605,455
State Revolving Fund	6,169,233
Total Noncurrent Liabilities	<u>7,774,688</u>

Total Liabilities	<u>8,547,647</u>
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NET POSITION

Investment in Capital Assets	35,000
Unrestricted	<u>(179,305)</u>

Total Net Position	<u>(144,305)</u>
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Total Liabilities and Net Position	<u><u>\$ 8,403,342</u></u>
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**POLK REGIONAL WATER COOPERATIVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020**

OPERATING REVENUES

Member Project Contributions	\$ 2,743,375
Project Grant Revenue	4,354,579
Member Funding Revenue	198,000
Miscellaneous Revenue	130,863
Conservation Grant Revenue	85,779
Total Operating Revenues	<u>7,512,596</u>

OPERATING EXPENSES

Project Expenses	6,819,375
Legal Fees	212,333
Outside Contract Services	80,000
Demand Management Plan	261,906
Conservation Grant Expenses	85,779
Accounting Fees	24,720
Other General Expenses	3,718
Audit	18,275
Total Operating Expenses	<u>7,506,106</u>

Operating Income	6,490
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NONOPERATING REVENUES (EXPENSES)

Interest Revenue	560
Interest Expense	(117,489)
Total Nonoperating Revenues (Expenses)	<u>(116,929)</u>

CHANGE IN NET POSITION	(110,439)
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Net Position - Beginning of Period	<u>(33,866)</u>
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NET POSITION - END OF PERIOD	<u><u>\$ (144,305)</u></u>
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**POLK REGIONAL WATER COOPERATIVE
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Members	\$ 249,294
Receipts from Other Governments	4,369,686
Payments for Goods and Services	<u>(8,437,469)</u>
Net Cash Provided by (Used for) Operating Activities	(3,818,489)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Net Borrowings from Line of Credit	1,050,000
Net Borrowings from SRF	2,595,419
Interest Paid	<u>(25,277)</u>
Net Cash Provided by (Used for) Financing Activities	3,620,142

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts of Interest	<u>560</u>
Net Cash Provided by (Used for) Investing Activities	560

NET DECREASE IN CASH (197,787)

Cash - Beginning of Period 1,005,161

CASH - END OF PERIOD \$ 807,374

**RECONCILIATION OF OPERATING INCOME TO
NET CASH FROM OPERATING ACTIVITIES**

Operating Income	\$ 6,490
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
(Increase) Decrease in Assets:	
Due from Members	(2,736,337)
Due from Other Government	(257,279)
Increase (Decrease) in Liabilities:	
Due to Member	18,357
Accounts Payable	(698,079)
Retainage Payable	(251,641)
Unearned Revenue	100,000
Net Cash from Operating Activities	<u><u>\$ (3,818,489)</u></u>

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cooperative conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting principles and policies used in the preparation of these financial statements.

Organization

The Polk Regional Water Cooperative (Cooperative) was created on April 1, 2016 by an interlocal agreement between 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, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes.

Each local government which bound in execution of the interlocal agreement is considered a Member Government.

The Cooperative is devoted to encourage the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The Cooperative will evaluate, plan and implement water projects and coordinate partnerships with other water users (agriculture, mining, industry and commercial).

The Cooperative's governing body is comprised of one Director appointed by each Member Government, who is a sitting member of a Member Government. Reappointments shall be made when necessary to ensure continuous representation of the Member Governments. Appointment to the Board of Directors shall be effective only for so long as the appointing government is a Member Government. These financial statements present the financial statements of the Cooperative and are not meant to represent any of the Member Organizations as a whole.

Component Unit

Criteria for determining if other entities are potential component units of the Cooperative that should be reported with the Cooperative's basic financial statements are identified and described in GASB Cod. Sec. 2100. The application of these criteria provides for identification of any entities for which the Cooperative is financially accountable and other organizations for which the nature and significance of their relationship with the Cooperative are such that exclusion would cause the Cooperative's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Cooperative.

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Measurement Focus and Basis of Accounting

The accounts of the Cooperative are organized and reported as a proprietary fund type – Enterprise fund. Enterprise funds are used to report an activity for which a fee is charged to external users for goods or services.

The financial statements are reported using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Proprietary funds distinguish between operating revenues and expenses from non-operating items. The operating revenues of the Cooperative consist of member dues and funds received from grantor organizations. Operating expenses include the costs to support the operations and combined water projects of the Cooperative. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Position

Net position is classified into three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets but is included in the same net position component as the unspent proceeds.

Restricted – This component consists of net position whose use is subject to external constraints (such as through debt covenants) by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position elements that do not meet the definition of restricted or net investment in capital assets.

When the Cooperative incurs any expense where it can use both restricted and unrestricted funds the cooperative will first use restricted funds.

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

Budgets are prepared in accordance with Section 189.06, Florida Statutes on an annual basis and used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

Cash and Cash Equivalents

The Cooperative considers all highly-liquid short term investment instruments with an original maturity of three months or less to be cash equivalents.

Investments

The Cooperative is allowed to invest excess public funds pursuant to the guidelines established in Section 218.415(17), Florida Statutes. Accordingly, the Cooperative is authorized to invest excess public funds in the following instruments: The Local Government Surplus Funds Trust Fund; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposit in qualified public depositories; and direct obligations of the U.S. Treasury.

At September 30, 2020 and during the year then ended, the Cooperative held no investments.

Due from Members

Accounts receivable are shown at their net realizable value and reduced by an allowance for uncollectible accounts, if any.

Unearned Revenue

Unearned revenues arise when resources are received by the Cooperative before it has a legal claim to them as when dues are received prior to incurring qualified expenses.

Member Funding Revenue

Member dues for the Cooperative are established by annual contributions from each Member Government which is in proportion to its annual average water use in comparison to the annual average water used by the Member Governments during 2018.

Member Project Contribution

These funds are being drawn down through SRF and the members will then repay the liability through the allocated portion identified in the interlocal agreements. As the funds are drawn down, a revenue and receivable is recorded from the members.

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenue and Expense

Operating revenues and expenses generally result from providing and producing and delivering goods and services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues consists of Member Project Contributions, Project Grant Revenue, Litigation Reimbursements, Member Funding Revenue, Miscellaneous Revenue, and Conservation Grant Revenue. Operating expenses for PRWC include project expenses, legal and administrative fees. All other revenues are considered non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

NOTE 2 CASH AND DEPOSITS

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Cooperative would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Cooperative does not have a formal policy for custodial credit risk.

All cash deposits are carried at cost and are in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized. Florida Statutes Chapter 280 sets forth the qualifications and requirements that a financial institution must meet in order to become a qualified public depository. The Statute also defines the amount and type of collateral that must be pledged in order to remain qualified.

Section 280.17, Florida Statutes requires deposits of governmental entities be made only with Qualified Public Depositories (QPD's). Public funds on deposit in QPD's are protected against loss due to insolvency by: (1) federal deposit insurance; (2) the pledge of securities as collateral; and (3) a contingent liability agreement that allows the Chief Financial Officer of the state of Florida to assess QPD's if the securities pledged by an insolvent QPD are insufficient. The agreement for collateralization of public funds is with the state of Florida and not with the Cooperative. Similar to FDIC, the state of Florida is guaranteeing the deposit.

At September 30, 2020, the carrying amount of the Cooperative's deposits was \$807,374 and the balance per the bank was \$1,355,086.

The Cooperative did not have any investments at September 30, 2020.

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance October 1, 2019	Additions	(Deletions)	Balance September 30, 2020
Capital assets not being depreciated				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Total capital assets not being depreciated	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>

NOTE 4 DUE FROM MEMBERS

Member receivables consist of the following at September 30, 2020:

Polk County	\$ 2,354,360
City of Lakeland	1,807,759
City of Winter Haven	707,216
City of Auburndale	510,480
City of Haines City	371,916
City of Lake Wales	293,034
Town of Dundee	160,639
City of Fort Meade	40,483
City of Frostproof	2,876
City of Bartow	2,342
City of Davenport	1,698
Polk City	1,301
City of Lake Alfred	815
Town of Lake Hamilton	566
City of Mulberry	335
City of Eagle Lake	292
Total Due from Members, Net	<u><u>\$ 6,256,112</u></u>

No allowance was recorded as all receivables were deemed collectible.

NOTE 5 LINE OF CREDIT

PRWC entered into a \$6,000,000 line of credit with Wells Fargo on November 16, 2017. This was approved by the Board through Resolution 17-3 on October 18, 2017. Interest is due monthly on the outstanding balance based upon 67% of the 1-Month LIBOR rate plus 55 basis points. An undrawn fee is due quarterly in the amount of 25 basis points (0.25%) per annum on the daily available amount during the preceding quarter.

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 5 LINE OF CREDIT (CONTINUED)

In the event of default, Line of Credit shall be secured forthwith equally and ratably by an irrevocable lien on the Pledged Revenues as noted in Resolution 21-1.

A summary of the changes for the year ended September 30, 2020 are as follows:

Balance October 1, 2019	Additions	(Deletions)	Balance September 30, 2020	Due Within One Year
<u>2019</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>2020</u>	<u>One Year</u>
\$ 555,455	\$ 1,050,000	\$ -	\$ 1,605,455	\$ -

The annual requirements to amortize the debt outstanding as of September 30, 2020 are as follows:

**Notes from Direct
Borrowings**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ 18,574
2022	1,605,455	10,084
Total	<u>\$ 1,605,455</u>	<u>\$ 28,658</u>

NOTE 6 STATE REVOLVING FUND

PRWC has a State Revolving Fund loan in the amount of \$10,434,190 with a rate of 1.89% repayable over 10 years beginning December 15, 2024. As of September 30, 2020, \$6,189,233 had been drawn on this loan.

There are a number of limitations and restrictions contained in the various bond indentures. As of September 30, 2020, all funds are being maintained in accordance with such requirements.

In the event of default, all obligations of the State Revolving Fund Department to make any further disbursements shall terminate. The Department may, at its option, exercise any of its remedies set forth in the agreement dated August 3, 2018.

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 6 STATE REVOLVING FUND (CONTINUED)

A summary of the changes for the year ended September 30, 2020 are as follows:

Balance October 1, 2019	Additions	(Deletions)	Balance September 30, 2020	Due Within One Year
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 3,481,602	\$ 2,687,631	\$ -	\$ 6,169,233	\$ -

The annual requirements to amortize the debt outstanding as of September 30, 2020 are as follows:

**Notes from Direct
Borrowings**

Year	Principal	Interest
<u> </u>	<u> </u>	<u> </u>
2021	\$ -	\$ -
2022	-	-
2023	-	-
2024	-	-
2025	159,404	570,149
2026-2030	3,212,365	435,399
2031-2035	2,797,464	120,747
Total	<u>\$ 6,169,233</u>	<u>\$ 1,126,295</u>

NOTE 7 PLEDGED FUTURE REVENUES

Pledged revenues are specific revenues pledged as security for repayment of the SRF Loan. Pledged revenues represent the PRWC Gross Revenues when the loan enters repayment. The amount of pledged revenues should represent 1.15x the sum of the semiannual loan payments due in such fiscal year. As of September 30, 2020, the repayment period had not begun. SRF loan is pledged by future member contributions. In addition, each participating member government has entered into a loan guarantee agreement to pay their proportionate share of the debt service on this loan as it becomes due.

**POLK REGIONAL WATER COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

NOTE 8 RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts, theft of assets, errors and omissions, and natural disasters. The Cooperative has purchased commercial insurance to insure itself against these risks.

NOTE 9 COMMITMENTS

The Cooperative has entered into an agreement for combined projects administrator in the amount of \$12,500 per month beginning September 2020 and continuing until terminated or completion of the projects. There are \$5,270,959 in contract commitments at year-end related to the projects in process.

NOTE 10 FUNDING AGREEMENTS

The Cooperative and Southwest Florida Water Management District (SWFWMD) entered into funding agreements for the implementation phase of the Cooperative's water project, estimated to cost approximately \$23,000,000. Approximately \$11,500,000 of the funding will be provided in the form of a grant from SWFWMD. The other \$11,500,000 of funding is to be provided through a Line of Credit, Membership Government Contributions, State Revolving Fund Loan, and State Appropriations. The implementation phase is expected to be completed by December 31, 2021. As of September 30, 2020, there has been \$6,169,233 drawn on the State Revolving Fund Loan.

NOTE 11 SUBSEQUENT EVENTS

Subsequent to the fiscal year-end on November 15, 2021 a short term extension was granted to extended the maturity date of the line of credit to January 22, 2021. The line of credit was then reduced to \$2,500,000 and maturity date extended to May 16, 2022 on January 22, 2021 through Resolution 21-1.

SUPPLEMENTARY INFORMATION

**POLK REGIONAL WATER COOPERATIVE
SCHEDULE OF REVENUES AND EXPENSES
BUDGET TO ACTUAL – ADMIN
YEAR ENDED SEPTEMBER 30, 2020**

	Actual	Budget	Amount Over (Under) Budget
REVENUES			
Member Funding Revenue	\$ 198,000	\$ 198,000	\$ -
Interest	560	-	560
Miscellaneous Revenue	130,863	-	130,863
Total Revenues	<u>329,423</u>	<u>198,000</u>	<u>131,423</u>
EXPENSES			
Accounting Fees	24,720	24,000	720
Audit Fees	18,275	15,000	3,275
Legal Fees	50,281	45,000	5,281
Outside Contract Services	80,000	80,000	-
Administrative Assistant	-	5,000	(5,000)
Engineer	-	24,000	(24,000)
Demand Management Plan	261,906	-	261,906
Other General Expenses	2,175	5,000	(2,825)
Total Expenses	<u>437,357</u>	<u>198,000</u>	<u>239,357</u>
CHANGE IN NET POSITION	(107,934)	-	(107,934)
Net Position - Beginning of Period	<u>178,131</u>	<u>-</u>	<u>178,131</u>
NET POSITION - END OF PERIOD	<u><u>\$ 70,197</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 70,197</u></u>

**POLK REGIONAL WATER COOPERATIVE
SCHEDULE OF REVENUES AND EXPENSES – PROJECTS
YEAR ENDED SEPTEMBER 30, 2020**

	Peace Creek	Peace River	Southwest	West Polk	Project Admin	Total
REVENUES						
Member Contributions	\$ 183,447	\$ 95,739	\$ 1,180,069	\$ 1,136,164	\$ 147,956	\$ 2,743,375
Project Grant Revenue	199,580	201,495	2,848,171	1,105,333	-	4,354,579
Total Revenues	<u>383,027</u>	<u>297,234</u>	<u>4,028,240</u>	<u>2,241,497</u>	<u>147,956</u>	<u>7,097,954</u>
EXPENSES						
Project Expense	399,181	402,889	4,274,633	1,742,672	-	6,819,375
Legal Fees	-	-	-	-	162,052	162,052
Interest Expense	-	-	-	-	117,489	117,489
Other General Expenses	-	-	-	-	1,543	1,543
Total Expenses	<u>399,181</u>	<u>402,889</u>	<u>4,274,633</u>	<u>1,742,672</u>	<u>281,084</u>	<u>7,100,459</u>
CHANGE TO NET POSITION	(16,154)	(105,655)	(246,393)	498,825	(133,128)	(2,505)
Net Position - Beginning of Period	<u>58,131</u>	<u>(12,222)</u>	<u>176,296</u>	<u>(244,826)</u>	<u>(189,376)</u>	<u>(211,997)</u>
NET POSITION - END OF PERIOD	<u>\$ 41,977</u>	<u>\$ (117,877)</u>	<u>\$ (70,097)</u>	<u>\$ 253,999</u>	<u>\$ (322,504)</u>	<u>\$ (214,502)</u>

**POLK REGIONAL WATER COOPERATIVE
SCHEDULE OF REVENUES AND EXPENSES – CONSERVATION GRANTS
YEAR ENDED SEPTEMBER 30, 2020**

REVENUES

Florida Waterstar Rebates	\$ 18,900
Indoor Conservation	56,224
Outdoor BMP's	<u>10,655</u>
Total Revenues	<u>85,779</u>

EXPENSES

Conservation Grant Expense	<u>85,779</u>
Total Expenses	<u>85,779</u>

CHANGE IN NET POSITION

-

Net Position - Beginning of Period

-

NET POSITION - END OF PERIOD

\$ -

**POLK REGIONAL WATER COOPERATIVE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2020**

<u>Agency/Program</u>	<u>CSFA Number</u>	<u>Grant Identification</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>STATE FINANCIAL ASSISTANCE</u>				
<u>Department of Environmental Protection</u>				
Direct programs				
Drinking Water Facility Construction	37.076	DW532000	\$ 2,687,631	\$ -
Florida Springs Grant Program	37.052	17CF0000475	85,779	85,779
Pass-through from Southwest Florida Water Management District				
Alternative Water Supply	37.100	17CF0000830	1,424,000	-
Alternative Water Supply	37.100	17CF0000846	785,932	-
Total Alternative Water Supply			2,209,932	-
Total Department of Environmental Protection			4,983,342	85,779
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 4,983,342</u>	<u>\$ 85,779</u>

NOTE 1 GENERAL

The accompanying Schedule of State Financial Assistance (the Schedule) presents the activity of all state financial assistance programs of Polk Regional Water Cooperative (PRWC). PRWC reporting entity is defined in Note 1 to PRWC's basic financial statements for the year ended September 30, 2020. The Schedule presents only a selected portion of the operations of PRWC and is not intended to and does not present the financial position, changes in net position, or cash flows of PRWC.

The information in the Schedule is presented in accordance with the requirements of Section 215.97, *Florida Statutes*. Therefore, some amounts presented in the Schedule may differ from amounts presented or used in the preparation of the basic financial statements for the fiscal year ended September 30, 2020.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule is presented in compliance with generally accepted accounting principles, which is described in Note 1 to PRWC's basic financial statements for the year ended September 30, 2020.

NOTE 3 LOANS OUTSTANDING

PRWC had the following loan balances outstanding at September 30, 2020.

<u>State Grantor/Pass through Grantor/ Program or Cluster Title</u>	<u>Ending Balance</u>
Department of Environmental Protection Drinking Water Facility Construction	\$ 6,169,233

SUPPLEMENTARY REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Board of Directors
Polk Regional Water Cooperative

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Polk Regional Water Cooperative (the "Cooperative") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated May 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Cooperative's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of the Board of Directors
Polk Regional Water Cooperative

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 17, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

To the Members of the Board of Directors
Polk Regional Water Cooperative

We have examined the Polk Regional Water Cooperative's (the "Cooperative") compliance with Section 218.415, Florida Statutes for year ended September 30, 2020. Management is responsible for the Cooperative's compliance with those specified requirements. Our responsibility is to express an opinion on the Cooperative's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Cooperative complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Cooperative complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Our examination does not provide a legal determination on the Cooperative's compliance with the specified requirements.

In our opinion, the Cooperative complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2020.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 17, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL OF STATE OF FLORIDA*

Members of the Board of Directors
Polk Regional Water Cooperative

Report on Compliance for Each Major State Project

We have audited the Polk Regional Water Cooperative's (the "Cooperative") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have direct and material effect on each of the Cooperative's major state projects for the year ended September 30, 2020. The Cooperative's major state projects are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs related to state financial assistance.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its State financial assistance applicable to its State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cooperative's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Those standards and Chapter 10.550, *Rules of the Auditors General of the State of Florida*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Cooperative's compliance.

Opinion on Each Major State Project

In our opinion, Polk Regional Water Cooperative, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the Cooperative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cooperative's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance with the type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 17, 2021

POLK REGIONAL WATER COOPERATIVE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATING TO STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2020

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to the financial statements reported?

_____ Yes X No

State Financial Assistance

Type of Auditor's Report Issued on Compliance for Major State Projects

Unmodified Opinion

Internal control over major State projects:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to a major State projects reported?

_____ Yes X No

Any audit findings disclosed that are required to be reported in accordance with Rule 10.557, *Rules of the Auditor General*

_____ Yes X No

Major State Project(s):

37.076 - State of Florida Department of Environmental Protection -
Drinking Water Facility Construction

37.100 - South West Florida Water Management District -
Alternative Water Supply

Dollar threshold used to distinguish between Type A and Type B projects:

\$ 1,469,269

Section II – Summary Schedule of Prior Audit Findings Related to State Financial Assistance

There were no prior-year audit findings related to state financial assistance.

MANAGEMENT LETTER

To the Members of the Board of Directors
Polk Regional Water Cooperative

Report on the Financial Statements

We have audited the financial statements of the Polk Regional Water Cooperative (the "Cooperative") as of and for the year ended September 30, 2020 and have issued our report thereon dated May 17, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued the following reports and schedule in connection with our audit:

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- Independent Auditor's Report on Compliance with Requirements for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General.
- Schedule of Findings and Questioned Costs Related to State Financial Assistance.
- Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes conducted in accordance with *AICPA Professional Standards*, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General.

Disclosures in these reports and schedule, which are dated May 17, 2021, should be considered in conjunction with this management letter.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The specific legal authority that established the Cooperative is disclosed in Note 1 of the financial statements.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7) Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Cooperative has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit of the financial statements, we determined that the Cooperative did not meet any of the specified conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Cooperative. It is management's responsibility to monitor the Cooperative's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, members of the Board of Directors, Member Governments and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
May 17, 2021

Agenda Item D2

POLK REGIONAL WATER COOPERATIVE

Resolution 2021-02

RESOLUTION APPROVING ADMINISTRATIVE EXPENSES PORTION OF THE FINAL BUDGET FOR FY 2022

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

WHEREAS, the Interlocal Agreement creating the Cooperative entered into on June 1, 2016 ("Interlocal Agreement") provides that:

The Cooperative shall prepare and submit reports, budgets and audits as provided in Sections 189.08, 189.015, 189.016, and 218.39, Florida Statutes. The Cooperative's budget shall contain separate cost centers for Administrative Expenses and Water Project Costs. Water Project Costs may be consolidated into one Approved Water Project Cost center, groups of Approved Water Project Cost centers or into separate Approved Water Project Cost centers. The Board of Directors shall provide each Member Government with a notice of the Cooperative's intention to adopt the budget along with a copy of the tentative budget no later than thirty days prior to the budget hearing. The Board of Directors shall approve the Administrative Expense portion of the budget by a majority vote of the Quorum using the Normal Vote Method, except that any decision to approve total Member Government annual contributions in excess of two hundred thousand (\$200,000) dollars shall be by seventy-five (75%) percent vote of the Quorum using the Weighted Vote Method. The Water Project Cost portion of the budget shall be approved by the Project Board(s) by a majority vote of the Quorum using the Weighted Vote Method. If the Water Project Cost portion of the budget is presented as one Approved Water Project cost center, then it must be approved by all project Boards. If the Water Project Cost portion of the budget is presented as separate cost centers representing one or more Approved Water Projects, then each separate cost center must be approved by the Project Board(s) associated with each Approved Water Project. The Cooperative's duly adopted final budget shall be transmitted to or filed annually with the clerk or other similar official for each Member Government.

WHEREAS, the Cooperative's Final Budget for FY 2022 is comprised of Administrative Expenses and Water Project Costs;

WHEREAS, the Interlocal Agreement provides for approval of the Administrative Expenses portion of the budget by the Cooperative Board of Directors, and approval of Water Project Costs portion of the budget by the Project Board;

WHEREAS, the Cooperative Board of Directors reviewed the Tentative Budget for FY 2022, including Administrative Expenses, at their regularly scheduled meeting on May 19, 2021;

WHEREAS, each Member Government was provided written notice of the Cooperative's intention to adopt the Final Budget for FY 2022, along with a copy of the Tentative Budget for FY 2022, including Administrative Expenses and Water Project Costs, prior to the Board of Director's regularly scheduled meeting on August 4, 2021;

WHEREAS, the Cooperative Board of Directors conducted a public hearing on the Final Budgets for FY 2022 on August 4, 2021 setting forth the Administrative Expenses, not including Water Project Costs; and

WHEREAS, the Cooperative Board of Directors approved the Administrative Expenses portion of the Final Budget for FY 2022 at their regularly scheduled meeting on August 4, 2021 in accordance with the vote method specified in the Interlocal Agreement.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. The Cooperative Board of Directors does hereby approve the Administrative Expenses portion of the Final Budget for FY 2022 attached hereto as Exhibit A.

DONE at Winter Haven, Florida this 4th day of August, 2021

Board of Directors of the Polk Regional Water Cooperative:

Mayor Eugene Fultz
Chair

Mayor William "Bill" Mutz
Secretary/Treasurer

Approved as to Form:

Edward P. de la Parte
Legal Counsel

Polk Regional Water Cooperative
Preliminary Annual Budget - Revenues
Fiscal Year 2021 - 2022

	2019 Annual Average Water Use (MGD)	% of Total 2019 Water Use	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Budgeted	FY 2022 Proposed
MEMBER FUNDING COSTS								
Lakeland	21.53	31.31%	\$ 62,320.00	\$ 63,881.50	\$ 65,061.61	\$ 65,061.61	\$ 62,638.56	\$ 61,988.37
Unincorporated	16.12	23.44%	\$ 43,130.00	\$ 44,194.58	\$ 45,042.65	\$ 45,042.65	\$ 46,186.80	\$ 46,412.10
Winter Haven	9.8	14.25%	\$ 27,550.00	\$ 28,237.18	\$ 28,777.25	\$ 28,777.25	\$ 28,912.45	\$ 28,215.79
Haines City	4.85	7.05%	\$ 13,870.00	\$ 14,077.74	\$ 14,388.63	\$ 14,388.63	\$ 14,349.59	\$ 13,963.94
Auburndale	5.51	8.01%	\$ 13,300.00	\$ 13,595.01	\$ 13,763.03	\$ 13,763.03	\$ 14,471.46	\$ 15,864.18
Bartow	2.9	4.22%	\$ 8,740.00	\$ 9,035.77	\$ 9,071.09	\$ 9,071.09	\$ 8,317.28	\$ 8,349.57
Lake Wales	2.61	3.80%	\$ 7,220.00	\$ 7,449.57	\$ 7,507.11	\$ 7,507.11	\$ 7,525.16	\$ 7,514.61
Lake Alfred	0.95	1.38%	\$ 3,040.00	\$ 3,171.57	\$ 3,127.96	\$ 3,127.96	\$ 2,894.29	\$ 2,735.20
Davenport	1.46	2.12%	\$ 2,470.00	\$ 2,496.45	\$ 2,502.37	\$ 2,502.37	\$ 3,808.28	\$ 4,203.58
Dundee	0.72	1.05%	\$ 1,520.00	\$ 1,671.61	\$ 1,563.98	\$ 1,563.98	\$ 1,980.30	\$ 2,073.00
Fort Meade	0.57	0.83%	\$ 1,520.00	\$ 1,542.73	\$ 1,563.98	\$ 1,563.98	\$ 1,645.18	\$ 1,641.12
Mulberry	0.39	0.57%	\$ 1,140.00	\$ 1,295.39	\$ 1,251.18	\$ 1,251.18	\$ 1,188.18	\$ 1,122.87
Polk City	0.35	0.51%	\$ 1,140.00	\$ 1,159.28	\$ 1,251.18	\$ 1,251.18	\$ 1,096.78	\$ 1,007.71
Frostproof	0.36	0.52%	\$ 1,140.00	\$ 1,103.53	\$ 1,251.18	\$ 1,251.18	\$ 1,218.65	\$ 1,036.50
Eagle Lake	0.35	0.51%	\$ 950.00	\$ 1,017.39	\$ 938.39	\$ 938.39	\$ 1,035.85	\$ 1,007.71
Lake Hamilton	0.3	0.44%	\$ 950.00	\$ 1,070.70	\$ 938.39	\$ 938.39	\$ 731.19	\$ 863.75
Highland Park								
Hillcrest Heights								
Subtotal	68.77	100.00%	\$ 190,000.00	\$ 195,000.00	\$ 198,000.00	\$ 198,000.00	\$ 198,000.00	\$ 198,000.00

Polk Regional Water Cooperative
Preliminary Annual Budget - Expenditures
Fiscal Year 2021 - 2022

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021			FY 2022
	Actual	Actual	Actual	Actual	12 Month Budget	6 Month Budget	Actual (6 Months)	Proposed
REVENUE								
Member Funding	\$ 190,000	\$ 195,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 99,000	\$ 99,000	\$ 198,000
Interest	\$ -	\$ 1,608	\$ 675	\$ 560	\$ -	\$ -	\$ 75	\$ -
Demand Management Plan	\$ -	\$ -	\$ 35,440	\$ 130,863	\$ 84,000	\$ 42,000	\$ -	\$ -
Miscellaneous	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 190,000	\$ 198,108	\$ 234,115	\$ 329,423	\$ 282,000	\$ 141,000	\$ 99,075	\$ 198,000
STAFF								
Executive Director	\$ 90,000	\$ 4,167	\$ 80,000	\$ 80,000	\$ 80,000	\$ 40,000	\$ 40,000	\$ 80,000
Administrative Assistant	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 2,500	\$ -	\$ 5,000
Engineer	\$ -	\$ -	\$ -	\$ -	\$ 24,000	\$ 12,000	\$ -	\$ 19,788
Demand Management Plan	\$ -	\$ -	\$ 70,880	\$ 261,906	\$ 84,000	\$ 42,000	\$ -	\$ -
Construction Technician	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accountant	\$ 19,569	\$ 16,501	\$ 24,000	\$ 24,720	\$ 26,000	\$ 13,000	\$ 12,669	\$ 26,712
Staff Subtotal	\$ 109,569	\$ 20,668	\$ 174,880	\$ 366,626	\$ 219,000	\$ 109,500	\$ 52,669	\$ 131,500
OUTSIDE SUPPORT								
Audit	\$ 5,000	\$ 10,000	\$ 12,000	\$ 18,275	\$ 15,000	\$ 7,500	\$ -	\$ 18,500
Legal	\$ 19,163	\$ 39,844	\$ 47,572	\$ 50,281	\$ 45,000	\$ 22,500	\$ 16,361	\$ 45,000
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outside Support Subtotal	\$ 24,163	\$ 49,844	\$ 59,572	\$ 68,556	\$ 60,000	\$ 30,000	\$ 16,361	\$ 63,500
PROJECTED OFFICE INCIDENTALS								
Bank Charge	\$ -	\$ -	\$ 13	\$ 61	\$ -	\$ -	\$ -	\$ -
Advertising / Public Notices	\$ -	\$ -	\$ 661	\$ 1,876	\$ 600	\$ 300	\$ 436	\$ 600
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Postage	\$ -	\$ -	\$ -	\$ 63	\$ -	\$ -	\$ -	\$ -
Print / Reproduction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Publicity / Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Registration / Dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Fees / Assessment (\$175/yr)	\$ -	\$ -	\$ 175	\$ 175	\$ 175	\$ 88	\$ -	\$ 175
Telephone / Communication	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment / Furnishings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inclusive (not categorized)	\$ 877	\$ 2,405	\$ 1,265	\$ -	\$ 2,225	\$ 1,113	\$ -	\$ 2,225
Office Subtotal	\$ 877	\$ 2,405	\$ 2,114	\$ 2,175	\$ 3,000	\$ 1,500	\$ 436	\$ 3,000
TOTAL EXPENSES	\$ 134,609	\$ 72,917	\$ 236,566	\$ 437,357	\$ 282,000	\$ 141,000	\$ 69,466	\$ 198,000
SURPLUS / (DEFICIT)	\$ 55,391	\$ 125,191	\$ (2,451)	\$ (107,934)	\$ -	\$ -	\$ 29,609	\$ -

Agenda Item D4

FDEP Heartland Grants

- FY 2019/2020 Disbursement Requests Underway
 - \$762,875 for SEWF, WPWF, PCIWSP
 - Funds to be applied to July, August PRWC invoices
 - \$1,579,404 for Auburndale, Winter Haven, and Lakeland projects.

Agenda Item E1

POLK REGIONAL WATER COOPERATIVE

Resolution 2021-03

RESOLUTION APPROVING WATER PROJECT COSTS PORTION OF THE FINAL BUDGET FOR FY 2022

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

WHEREAS, the Interlocal Agreement Creating the Cooperative entered into on June 1, 2016 ("Interlocal Agreement") provides that:

The Cooperative shall prepare and submit reports, budgets and audits as provided in Sections 189.08, 189.015, 189.016, and 218.39, Florida Statutes. The Cooperative's budget shall contain separate cost centers for Administrative Expenses and Water Project Costs. Water Project Costs may be consolidated into one Approved Water Project Cost center, groups of Approved Water Project Cost centers or into separate Approved Water Project Cost centers. The Board of Directors shall provide each Member Government with a notice of the Cooperative's intention to adopt the budget along with a copy of the tentative budget no later than thirty days prior to the budget hearing. The Board of Directors shall approve the Administrative Expense portion of the budget by a majority vote of the Quorum using the Normal Vote Method, except that any decision to approve total Member Government annual contributions in excess of two hundred thousand (\$200,000) dollars shall be by seventy-five (75%) percent vote of the Quorum using the Weighted Vote Method. The Water Project Cost portion of the budget shall be approved by the Project Board(s) by a majority vote of the Quorum using the Weighted Vote Method. If the Water Project Cost portion of the budget is presented as one Approved Water Project cost center, then it must be approved by all project Boards. If the Water Project Cost portion of the budget is presented as separate cost centers representing one or more Approved Water Projects, then each separate cost center must be approved by the Project Board(s) associated with each Approved Water Project. The Cooperative's duly adopted final budget shall be transmitted to or filed annually with the clerk or other similar official for each Member Government.

WHEREAS, the Cooperative's Final Budget for FY 2022 is comprised of Administrative Expenses and Water Project Costs;

WHEREAS, the Interlocal Agreement provides for approval of the Administrative Expenses portion of the budget by the Cooperative Board of Directors, and approval of Water Project Costs portion of the budget by the Project Board;

WHEREAS, the Project Board reviewed the Tentative Budget for FY 2022, including Water Project Costs, at their regularly scheduled meeting on May 19, 2021;

WHEREAS, each Member Government was provided written notice of the Cooperative's intention to adopt the Final Budget for FY 2022, along with a copy of the Tentative Budget for FY 2022, including Administrative Expenses and Water Project Costs, prior to the Project Board's regularly scheduled meeting on August 4, 2021;

WHEREAS, the Project Board conducted a public hearing on the Water Project Costs portion of the Final Budget for FY 2022 on August 4, 2021 setting forth the Water Project Costs, not including Administrative Expenses; and

WHEREAS, the Project Board approved the Water Project Costs portion of the Final Budget for FY 2022 at their regularly scheduled meeting on August 4, 2021 in accordance with the vote method specified in the Interlocal Agreement.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. The Cooperative Project Board does hereby approve the Water Project Costs portion of the Final Budget for FY 2022 attached hereto as Exhibit A.

DONE at Winter Haven, Florida this 4th day of August, 2021

Project Board of the Polk Regional Water Cooperative:

Mayor Eugene Fultz
Chair

Mayor William "Bill" Mutz
Secretary/Treasurer

Approved as to Form:

Edward P. de la Parte
Legal Counsel

PRWC Combined Projects Budget

Revised Phase 1 Costs by Project

Project	Original Costs*	Apr 2019 Revised Costs
Phase 1 Estimated Costs	\$23,000,000	\$23,000,000
Peace Creek Integrated Water Supply	1,900,000	1,980,250
West Polk LFA Deep Wells	9,300,000	8,940,734
Southeast Wellfield	11,800,000	11,117,916
Peace River and Land Use Transitions	-	961,100

* Does not include the cost of financing

PRWC Combined Projects Budget

Phase 1 Funding & Financing

	SWFWMD			FDEP		Self Funding		SRF	
Fiscal Year	Reserved Funds (\$M)	Encumbered Funds (\$M)	Applied (\$M)	Approved Funds (\$M)	Applied ² (\$M)	On Hand (\$M)	Applied (\$M)	Approved Funds (\$M)	Applied (\$M)
2015	10								
2016	20								
2017	30	11.5				1.54			
2018	40	11.5	1.57			1.32	0.21	10.6	1.36
2019	45	11.5	3.32			0.90	0.44	10.6	2.85
2020	50	11.5	2.27	2.42	2.21	0.54	0.35	10.6	2.24
2021	55	11.5							
2022	60	11.5							
2023	65	11.5							

1. All values as of March 2021
2. \$110,000 cost of availability of money to be borne by non-self funding parties

PRWC Combined Projects Budget

Budgets & Expenditures by FY (PRWC Portion Only)

Budgets/Expenditures by Fiscal Year (PRWC Portion)		
Fiscal Year	Estimated Annual Obligation Budget (\$M)	Actual Expenditures (\$M)
FY 2018	2.40	1.57 ¹
FY 2019	4.78	3.32 ¹
FY 2020	3.58	3.52 ¹
FY 2021	2.97 ³	0.95 ²
Total Expenditures to Date		\$9,356,571.60
Total Project Budget		11,500,000

1. Reflects actual project expenditures and total spent for entire FY2020.
2. Reflects projected expenditures based on actual project expenditures for year-to-date as of 3/31/2021. FY2021 ends 9/30/2021.
3. Includes only Phase 1 Combined Projects and may be adjusted for Phase 2 as it is implemented.

PRWC Combined Projects Budget

Budgets & Expenditures by FY (PRWC Portion Only)

Budgets/Expenditures by Fiscal Year (PRWC Portion)		
Fiscal Year	Estimated Annual Obligation Budget (\$M)	Actual Expenditures (\$M)
FY 2018	2.40	1.57 ¹
FY 2019	4.78	3.32 ¹
FY 2020	3.58	3.52 ¹
FY 2021	2.97 ³	0.95 ²
Total Expenditures to Date		\$9,356,571.60
Total Project Budget		11,500,000

1. Reflects actual project expenditures and total spent for entire FY2020.
2. Reflects projected expenditures based on actual project expenditures for year-to-date as of 3/31/2021. FY2021 ends 9/30/2021.
3. Includes only Phase 1 Combined Projects and may be adjusted for Phase 2 as it is implemented.

PRWC Combined Projects Budget

Action Item:

Staff recommends approval of the Combined Projects
Annual Budget

Agenda Item E2

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item No. E.2.

SUBJECT

Decision Regarding Phase 1 Permitting Activities of the West Polk Wellfield (ACTION ITEM)

DESCRIPTION

On October 18, 2017, the Combined Projects Board acting on behalf of the PRWC entered into an Engineering Services Agreement (Agreement) with Team One. The Consultant's Scope of Work incorporated in the Agreement directed Team One to apply for and obtain consumptive use permits for all the Phase I Projects, including the West Polk Lower Floridan Aquifer Wellfield.

At present, Team One has completed about 78 percent of this task and has billed about \$420,000.. The only work remaining is addressing stakeholder feedback, submitting the permit application, responding to request for additional information, assisting the PRWC with permit negotiations and reviewing the draft staff report.

At the special meeting held on June 16, 2021, the West Polk Project Board voted to have TetraTech take over the consumptive use permitting task from Team One. Since the Team One's Agreement was approved by the Combined Projects Board, this decision will have to be ratified by this board.

Approximately, a month following the June 16, 2021, SWFWMD sent an email to Ryan Taylor and Stephen James, a copy of which is attached. This email states in pertinent part as follows:

...As you know, District staff attend the June 16 West Polk Project Board meeting where the Project Board approved TetraTech to perform services associated with water use permitting that is currently being performed by Team One...Our cooperative funding agreement requires District approval of solicitations and agreements for consulting work prior to their execution... There does not appear to be a cause to change consultants and the District will not be able to reimburse the PRWC for TetraTech's services.

In light of SWFWMD's decision, 50 percent of TetraTech's services will have to be paid by the Combined Project Participants and there are not adequate funds left in the Phase I budget to accommodate these costs. Thus, if the Combined Projects Board were to ratify the West Polk Project Board's request, the Cost Share Table would have to be amended to increase each participant's costs. The amount of this adjustment is unknown because PRWC staff has not yet received a copy of TetraTech's scope of services and budget.

RECOMMENDATION

Staff recommends that the Combined Projects Board retain Team One to complete the permitting work for the West Polk Lower Floridan Aquifer Wellfield and direct Team One to consult with TetraTech, who is under separate contract to the City of Lakeland in completing this task.

FISCAL IMPACT

Unknown at this time.

Subject: Fwd: West Polk LFA Project

Date: Wednesday, July 21, 2021 at 2:35:30 PM Eastern Daylight Time

From: Stephen James

To: Edward de la Parte Jr.

Fyi.

Sent from my iPhone

Begin forwarded message:

From: Jennette Seachrist <Jennette.Seachrist@swfwmd.state.fl.us>

Date: July 14, 2021 at 7:39:56 PM EDT

To: Ryan Taylor <ryantaylor@prwcwater.org>

Cc: Ryan Taylor <RyanTaylor@polk-county.net>, Stephen James <stephenjames@prwcwater.org>, "Chris A. Tumminia" <Chris.Tumminia@swfwmd.state.fl.us>, Eric DeHaven <Eric.Dehaven@swfwmd.state.fl.us>, Jay Hoecker <Jay.Hoecker@swfwmd.state.fl.us>, "George A. Schlutermann" <George.Schlutermann@swfwmd.state.fl.us>

Subject: West Polk LFA Project

Hi Ryan,

I wanted to touch base about the District's cooperative funding agreement with the PRWC for the West Polk LFA project. As you know, District staff attended the June 16th West Polk Project Board meeting where the Project Board approved Tetra Tech to perform services associated with water use permitting that is currently being performed by Team One. It wasn't clear in the West Polk Project Board meeting whether the District would be asked to reimburse the PRWC for work performed by Tetra Tech.

Our cooperative funding agreement requires District approval of solicitations and agreements for consulting work prior to their execution. The District was not asked to approve the solicitation or agreement with Tetra Tech prior to the decision of the Project Board. Moreover, Tetra Tech participated in the competitive solicitation for consulting services associated with combined projects implementation agreement where the PRWC selected Team One as its consultant. There does not appear to be a cause to change consultants and the District will not be able to reimburse the PRWC for Tetra Tech's services.

If you have any questions, please feel free to let me know.

Jennette M. Seachrist, PE
Director, Resource Management
Southwest Florida Water Management District
(813) 985-7481 ext. 2210
Jennette.seachrist@swfwmd.state.fl.us

WP WUP application status

- Request 50-year duration ✓
- Present 50-year demands ✓
- Provide Water Conservation Plan ✓
- Provide Aquifer Test Well Completion Report ✓
- Provide CDR/PDR ✓
- Develop groundwater monitoring program ✓
- Provide all required maps & tables ✓
- Provide Wellfield Operation & Management Plan ✓

Draft documents
ready for PRWC
Review

WP WUP Application Status

Billed to date for Task 2.5 - ~\$420,000

- Pre application meeting
- Refine groundwater flow model with APT
- Demands
- Prepare application forms
- Prepare reports
- Wetland field review
- WIFIA grant
- UIC

Budget Remaining Task 2.5 - ~\$126,000

- Address stakeholder feedback
- Respond to RAI
- Assist PRWC with WUP negotiations
- Review draft staff report for accuracy.

WP WUP Application Status

- West Polk Project Board voted to have Tetra Tech take over water use permitting activities.
- SWFWMD has indicated that this activity is not eligible for reimbursement.
- Any cost associated with Tt performing WUP work would be paid for by Combined Projects Board members and would require increase in total estimated cost table.

WP WUP Application Status

Action Item:

Staff recommends moving forward as planned with TeamOne so as not to increase total estimated cost table.

Agenda Item E3

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item Nos. E.3. and G.3.

SUBJECT

Prepare and Submit CFI Application for West Polk LFA CFI Application (ACTION ITEM)

DESCRIPTION

On October 18, 2017, the Combined Projects Board acting on behalf of the PRWC entered into an Engineering Services Agreement (Agreement) with Team One. The Consultant's Scope of Work incorporated in the Agreement directed Team One to prepare and apply for cooperative funding agreements for the Combined Projects.

Team One has been requested to prepare and submit a Cooperative Funding Agreement application for the West Polk Lower Floridan Aquifer Wellfield to SWFWMD. Since the Team One's Agreement was approved by the Combined Projects Board, to prepare the cooperative funding agreement application will have to be approved by the Combined Projects Board. The West Polk Project Board will have to authorize Team One to submit the application on behalf of this project.

RECOMMENDATION

Staff recommends that the Combined Projects Board authorize Team One to prepare an application for a Cooperative Funding Agreement for the West Polk Lower Floridan Aquifer Project and that West Polk Project authorize Team One to submit this application on behalf of West Polk Lower Floridan Aquifer Wellfield Project.

FISCAL IMPACT

None. Covered by the Combined Projects Phase I Budget.

West Polk Cofunding Application

- Final Design of West Polk WPF to being October of 2022.
- SWFWMD FY2022 cofunding initiative applications are due October 1 (first Friday of month).
- Work to be funded under this application would include final design and construction of the West Polk WPF.
- Amount requested to be presented for ratification in September, 2021.

CFI SCHEDULE

August:

CFI Workshop &
Application Period Open

October:

Application Period Closes

October – February:

Applications Review
and Preliminary Rankings
Assigned

February:

1st Subcommittee –
Preliminary Rankings
Presented

April:

2nd Subcommittee –
Final Rankings
Presented/Subcommittee
Recommendations

May:

Full Governing Board
reviews all projects for
inclusion in the
preliminary budget

August-September:

Final Budget Approved

West Polk Cofunding Application

Action Item:

Staff recommends authorizing TeamOne to prepare the CFI application for West Polk Final Design and Construction.

Agenda Item E4

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item Nos. E.4., F.2. and G.2.

SUBJECT

Combined Projects Final Design Decision (ACTION ITEM)

DESCRIPTION

On June 23, 2017, the City of Lakeland on behalf of the PRWC received statements of qualifications from consultants for the Combined Projects - Phase 1, inclusive of 30% design to be receptive to SWFWMD's required third party review for projects using cooperative funding above a certain threshold. The Request for Qualification (RFQ) for these consultants was conducted under Chapter 287.055, Florida Statutes (Consultants' Competitive Negotiations Act. The RFQ specifically states, "Consultants selected for Preliminary Design services may or may not be retained for Final Design services at the discretion of the parties."

The October 18, 2017 Engineering Services Agreement (Agreement) approved by the Combined Projects Board on behalf of the PRWC with Team One states in the Consultant's Scope of Work, "Phase II Services are anticipated to include final design, advancing the work beyond the 30 percent stage of completion (provided by the above described services) to final completion and shall, at the discretion of the COOPERATIVE, also include services during construction. In the event that the COOPERATIVE determines that progressing to Phase II services with the same consultant team, led by Carollo Engineers, Inc. is to the benefit of the COOPERATIVE and/or the collective projects, then such services may be negotiated and added to the above-described scope of services by addendum."

In sum, the PRWC can legally retain Team One to provide final design services and services during construction for the Southeast Wellfield Project and the West Polk Lower Floridan Aquifer Project. This would entail negotiating an expanded scope of services covering this additional work and preparing an addendum to the Agreement. In order to proceed in this fashion, the Combined Projects Board, the Southeast Wellfield Project Board and the West Polk Project Board would all have to authorize staff to retain Team One to provide final design services.

RECOMMENDATION

Staff requests authorization by the Combined Projects Board, the Southeast Wellfield Project Board and the West Polk Project Board to expand the scope of services in the Agreement to include final design and services during construction for the Southeast Wellfield and the West Polk Lower Floridan Aquifer Wellfield Projects. Staff requests that this authorization be made contingent upon receiving confirmation from SWFWMD, EPA and SRF that this arrangement is acceptable. Upon receiving such assurances, staff will negotiate and expanded scope and contract addendum and bring those back to all three Project Boards for their approval..

FISCAL IMPACT

No fiscal impact related to this action. Fiscal impact will be identified at such time as an expanded scope of work and contract addendum is brought back for board approval.

Agenda Item F1

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item Nos. F.1. and G.1.

SUBJECT

Authorize Financial Advisor Contract (ACTION ITEM)

DESCRIPTION

At present, the funding plan for the Southeast Wellfield and West Polk Lower Florida Aquifer Wellfield Project envisions obtaining a loan from the EPA under the Water Infrastructure Financing and Innovation Act (WIFIA), a loan from the State Revolving Fund (SRF) and a line of credit from a commercial institution. In order to proceed with this funding plan, it has been recommended by Team One and the PRWC's bond counsel that the PRWC retain a financial advisor to assist in obtaining this funding under the best possible terms.

Since the PRWC's last board meeting, staff has reached out to Julie Santamaria at RBC Capital Markets, LLC to negotiate a Municipal Advisor Agreement. RBC Capital currently serves as a financial advisor to Polk County, the City of Lakeland and other municipalities in Polk County. Ms. Santamaria is extremely familiar with PRWC's members and their credit ratings and served in the role of financial advisor to the PRWC, when it secured funding from SRF and Wells Fargo for the Combined Projects - Phase I work.

PRWC staff with the assistance of the Polk County Attorney's Office and the City of Lakeland's Office have negotiated the attached Municipal Advisor Agreement with RBC Capital Markets, LLC. The Agreement has been executed by Ms. Santamaria on behalf of her firm and is ready for consideration by the PRWC.

RECOMMENDATION

Staff recommends that the Southeast Project Board and the West Polk Project Board approve the attached Municipal Advisor Agreement. The attached Agreement contains signature blocks for both project boards.

FISCAL IMPACT

The cost associated with this Agreement will be paid by the PRWC from proceeds of the loans described above, SWFWMD Cooperative Funding and ultimately the two implementation Agreements.



RBC Capital Markets, LLC
100 2nd Avenue South, Suite 800
St. Petersburg, Florida 33701
Tel: (727) 895-8871
Email: Julie.santamaria@rbccm.com

MUNICIPAL ADVISOR AGREEMENT

July 9, 2021

Mr. Ryan Taylor
Executive Director
Polk Regional Water Cooperative
ryantaylor@PRWC.org

Re: Municipal Advisory Agreement

Dear Ryan,

1. **Retention of RBC Capital Markets, LLC.** RBC Capital Markets, LLC ("RBC CM") very much appreciates the opportunity to serve as municipal advisor to the Polk Regional Water Cooperative (the "Client" or "you") in association with the potential issuance of obligations in the form of municipal securities and/or loan(s) (the "Obligations"). Upon your acceptance, this engagement letter (the "Agreement") will serve as our mutual agreement with respect to the terms and conditions of our engagement as your municipal advisor, effective on the date this Agreement is executed by the Client (the "Effective Date").
2. **Scope of Services for Municipal Securities.** RBC CM is engaged by the Client as its municipal advisor to provide the services set forth below (the "Scope of Services") regarding the Obligations:
 - (a) Analyze the financing and structuring alternatives available to the Client if and as requested by the Client, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
 - (b) Assist in the Client's preparation of the near-term and long-term capital plans, which may include multiple funding sources and/or programs, in coordination with the Client, its engineers, rate consultants, counsels and other parties.
 - (c) Analyze the risks and benefits of the issuance of municipal securities via the public debt markets versus a loan with a bank or governmental agency/authority.
 - (d) Recommend a plan for the issuance of the Obligations, consistent with the goals and needs of the Client, that may include: (1) the type of Obligations (e.g. current interest, capital appreciation, deferred income, etc.); (2) the date of issue; (3) principal amount; (4) interest structure (e.g., fixed rate, variable rate, etc.); (5) interest payment dates; (6) a schedule of maturities; (7) early redemption options; (8) security provisions; (9) method of sale (e.g., public sale, direct purchase by a bank or other investor, etc.); (10) as applicable, the investment of proceeds of the Obligations via state and local government obligations (SLGS), competitively bid open market securities or guaranteed investment contracts; and (10) other matters that we consider appropriate to best serve the Client's interests.
 - (e) Advise you of current conditions in the relevant debt market, market supply and demand issues, and other general market information and economic data which might reasonably be expected to influence interest rates, sale or bidding conditions or timing of issuance.
 - (f) Organize and coordinate the financing team selected by you. If requested, we will recommend qualified paying agents, escrow agents and verification agents, as the particular transaction may require, each of whom will be retained and compensated by you. In a negotiated offering, we will assist in the preparation of soliciting underwriter proposals upon request and provide assistance to you for the hiring of the underwriter(s).

- (g) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the Obligations and (as applicable) tax exemption of the interest paid thereon. In addition, bond counsel, disclosure counsel or underwriter's counsel (as applicable) will issue an opinion to the effect that the disclosure document does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Generally, working with counsel will mean coordinating with the attorneys and reviewing as municipal advisor such counsel's preparation of appropriate legal proceedings and documents.
- (h) As applicable, assist in the Client's preparation of the preliminary official statement and the official statement or equivalent document as the particular transaction may require.
- (i) Make recommendations as to the need for credit rating(s) for the proposed Obligations and, should the Client seek a rating, coordinate the process of working with the rating agency or agencies and assist in the preparation of presentations as necessary.
- (j) Analyze the value and costs of obtaining municipal bond insurance, a liquidity facility or other credit enhancement for the Obligations and, should the Client seek any such credit enhancement, coordinate the process and assist in the preparation of presentations as necessary.
- (k) Attend meetings of governing bodies of the Client, its staff, representatives or committees as requested.
- (l) Coordinate with all parties to consummate the sale and delivery of the Obligations in a timely manner.
- (m) After closing, deliver to the Client and the paying agent(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.
- (n) You acknowledge that advice and recommendations involve professional judgment on our part and that the results cannot be, and are not, guaranteed. Further:
 - i. Unless otherwise provided in the Scope of Services described herein, RBC CM is not responsible for the information included in any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about RBC CM provided by RBC CM for inclusion in such documents.
 - ii. The Scope of Services does not include tax, legal, accounting or engineering advice with respect to any issue or in connection with any opinion or certificate rendered by counsel or any other person at closing, and does not include review or advice on any feasibility study.
 - iii. The Scope of Services does not include providing advice or services with respect to investment advisory services, brokerage services or derivative products.
 - iv. If the Client designates RBC CM as its independent registered municipal advisor ("IRMA") pursuant to the Municipal Advisor Rule (the "MA Rule") of the Securities and Exchange Commission (the "SEC") with respect to the activities and aspects described in the Scope of Services, the Client agrees to disclose to RBC CM the existence of any such IRMA designations. Any reference to RBC CM, its personnel and its role as IRMA in the written representation of the Client contemplated under the MA Rule is subject to prior approval by RBC CM. RBC CM is not responsible for verifying that it is independent (within the meaning of the MA Rule as interpreted by the SEC) from any party.

3. Scope of Services for Loans with Bank or Governmental Agency/Authority.

- (a) Analyze the financing and structuring alternatives available to the Client if and as requested by the Client, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
- (b) Assist in the Client's preparation of the near-term and long-term capital plans, which may include multiple funding sources and/or programs, in coordination with the Client, its engineers, rate consultants, counsels and other parties.
- (c) Analyze the risks and benefits of a loan with a bank or governmental agency/authority versus the issuance of municipal securities via the public debt markets.
- (d) Recommend a plan for the structure of the loan, including: (1) the debt repayment structure (e.g., current interest, capital appreciation, etc.). and maturity dates; (2) loan amount; (3) interest structure (e.g., fixed or variable rate, etc.); (4), payment dates and early redemption dates, if applicable; (5) security provisions; and (6) as applicable, the investment of loan proceeds via state and local government obligations (SLGs), competitively bid open market securities or guaranteed investment contracts; and (7) other matters that we consider appropriate to best serve the Client's needs.
- (e) Advise you of current conditions in the relevant debt market, market supply and demand issues, and other general market information and economic data which might reasonably be expected to influence interest rates, sale or bidding conditions or timing of issuance.
- (f) Assist in the Client's preparation of any loan applications and financing/capital plan schedules for state and/or federal loan programs as the particular transaction may require.
- (g) Organize and coordinate the financing team selected by you. If requested, we will recommend qualified escrow agents and verification agents, as the particular transaction may require, each of whom will be retained and compensated by you.
- (h) Make recommendations as to the need for credit rating(s) for the proposed Obligations and, should the Client seek a rating, coordinate the process of working with the rating agency or agencies and assist in the preparation of presentations as necessary.
- (i) For a direct placement with a lender, recommend: (1) lenders who are or may be active in the market for tax exempt municipal loans; (2) participate in the drafting for your review and approval appropriate request for bids or qualification for lenders to submit bids to provide a loan; and (3) facilitate the distribution of requests for bids or qualifications.
- (j) Analyze and negotiate the term sheets obtained and advise you and recommend the terms that meet your financial objectives.
- (k) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the Obligations and (as applicable) tax exemption of the interest paid thereon. Generally, working with counsel will mean coordinating with the attorneys and reviewing as municipal advisor such counsel's preparation of appropriate legal proceedings and documents.
- (l) Attend meetings of governing bodies of the Client, its staff, representatives or committees as requested.
- (m) Coordinate with all parties to consummate the sale and delivery of the Obligations in a timely manner.
- (n) After closing, deliver to the Client and the paying agent(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.

4. Amendment to Scope of Services.

The Scope of Services may be changed only by written amendment or supplement to the Scope of Services described herein. The parties agree to amend or supplement the Scope of Services described herein promptly to reflect any material changes or additions to the Scope of Services.

5. RBC CM's Regulatory Duties When Servicing the Client under MSRB Rule G-42.

RBC CM must make a reasonable inquiry as to the facts that are relevant to the Client's determination whether to proceed with a course of action, or that form the basis for any advice provided by RBC CM to the Client. Municipal Securities Rulemaking Board ("MSRB") Rule G-42 also requires that RBC CM undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. RBC CM is also required to use reasonable diligence to know the essential facts concerning the Client and concerning the authority of each person acting on the Client's behalf. If the review of a recommendation of another party is requested by the Client and is within the Scope of Services of the Agreement, RBC CM must determine based on information obtained through reasonable diligence, whether the proposed securities transaction or financial product is or is not suitable for the Client. To the extent our services involve advising you with respect to a bank loan or a loan with a governmental agency or authority, certain rules and regulations of the Securities and Exchange Commission and MSRB may not apply to the activities of RBC CM.

The Client agrees to assist RBC CM in carrying out these regulatory duties, including providing to RBC CM accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, the Client agrees to notify RBC CM if the Client requests that RBC CM review any recommendation of a third party.

6. Term of this Engagement.

This Agreement shall be for a period of three (3) years (the "Term") from its date; however, this Agreement may be terminated by either party upon 30 days written notice. If neither party provides written notice of termination prior to the end of any successor Term, this Agreement will automatically renew for additional Terms until terminated.

7. Payment of Services When Services are Terminated Upon Notice By a Party.

- (a) In the event of termination of this Agreement by the Client, and not due to the fault of the RBC CM, the Client shall compensate RBC CM for all authorized services performed prior to the effective date of termination.
- (b) In the event of termination of this Agreement due to the fault of RBC CM, or upon written notice by RBC CM, the Client shall compensate RBC CM for all authorized services completed prior to the effective date of termination, which have resulted in a usable product or otherwise tangible benefit to the Client. All such payments shall be subject to an off-set for any damages incurred by the Client resulting from any delay occasioned by early termination. This provision shall in no way be construed as the sole remedy to the client in the event of breach by RBC CM.

8. Standard of Care.

RBC CM has represented to the Client that it possesses a level of knowledge, experience and expertise that is commensurate with firms in the areas of practice required for the services to be provided. By executing this Agreement, RBC CM agrees that it will exercise that degree of care, knowledge, skill and ability as any other similarly situated municipal advisor possessing the degree of skill, knowledge, experience and expertise within the local area, working on similar activities. RBC CM shall perform the services requested in an efficient manner consistent with the Scope of Service stated in this Agreement.

9. Compensation.

The fees due to RBC CM hereunder shall be as set forth in Appendix A hereto. In addition, RBC CM shall be entitled to reimbursement of expenses incurred in connection with any services provided hereunder as set forth in Appendix A.

10. Compliance With All Laws.

RBC CM, at its sole expense, shall comply with all laws, ordinances, judicial decisions, orders and regulations of federal, state, regional, county, municipal and Client, as well as their respective departments, commissions, boards and officers, which are in effect on the Effective Date of this Agreement or adopted at any time following execution of this Agreement.

11. Limitation of Liability.

- (a) In the absence of gross negligence, reckless disregard or intentionally wrongful conduct on the part of RBC CM or any of its associated persons with regards to its obligations and duties under this Agreement, RBC CM and its associated persons shall have no liability to the Client for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of any Obligations, or investments of bond proceeds, or for any financial or other damages resulting from the Client's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by RBC CM to the Client. No recourse shall be had against RBC CM for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of the Client arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any issue or otherwise relating to the tax treatment of any issue, or in connection with any opinion or certificate rendered by counsel or any other party.
- (b) Official Statement. Client acknowledges that it is responsible for the contents of the preliminary official statement, official statement or any other document related to the issuance of the Obligations as contemplated herein ("Offering Documents"). Client will take all reasonable steps to ensure that the governing body has reviewed and approved the contents of the Offering Documents.

12. Hold Harmless/Indemnification.

To the fullest extent permitted by laws and regulations, RBC CM shall indemnify and hold harmless the Client, its directors, employees, agents and member governments (including member commissioners and councils, employees and agents), from all liabilities, damages, losses, including reasonable attorney's fees, to the extent caused by the gross negligence, reckless disregard or intentionally wrongful conduct of RBC CM and other persons employed or utilized by RBC CM in the performance of this Agreement.

13. Sovereign Immunity.

The Client expressly retains all rights, benefits and immunities of sovereign immunity in accordance with section 768.28, Florida Statutes. Nothing in this Agreement shall be deemed as a waiver of sovereign immunity or limits of liability which may have been adopted by the Florida Legislature or may be adopted by the Florida Legislature, and the cap on the amount and liability of the Client for damages, attorney's fees and costs, regardless of the number or nature of claims in tort, equity, or construct shall not exceed the dollar amount set by the Florida Legislature for tort. Nothing in this Agreement shall inure to the benefit of any third party for the purposes of allowing any claim against the Client which would otherwise be barred under the Doctrine of Sovereign Immunity or operation of law.

14. Required Disclosures.

MSRB Rules G-10 and G-42 require that RBC CM provide you with disclosures of pertinent regulatory information, potential and actual conflicts of interest, and information regarding certain legal events and disciplinary history. Such disclosures are provided in RBC CM's Disclosure Statement delivered to the Client together with this Agreement.

15. Know Your Client, Anti-Money Laundering, and Terrorist Financing Rules and Regulations.

The Client agrees to provide information to satisfy "Know Your Client," "Anti-Money Laundering" and Terrorist Financing" rules and regulations, in each case, in accordance with RBC CM's requirements.

16. Waiver of Jury Trial.

EACH PARTY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE

TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNATIVE DAMAGES.

17. Choice of Law and Venue.

This Agreement shall be construed and given effect in accordance with the laws of Florida. In the event it is necessary for either party to initiate legal action regarding this Agreement, venue shall lie in Polk County, Florida for purposes of state legal actions and the U.S. District Court for the Middle District of Florida, Tampa Division, for federal legal actions.

18. Binding Effect; Assignment.

This Agreement shall be binding upon and inure to the benefit of the Client and RBC CM, their respective successors and permitted assigns; provided however, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

19. Entire Agreement.

This instrument, including all appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

20. Severability.

If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

21. No Third Party Beneficiary.

This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

22. Florida Public Records of Law.

RBC CM shall comply with Chapter 119, Florida Statutes, the Florida Public Records Act as it related to recorders maintained by RBC CM in performance of services pursuant to this Agreement. In accordance with the Section 119.0701, Florida Statutes, RBC CM shall keep and maintain public records required by the Client in performance of services pursuant to this contract. Upon request from Client's custodian of public records, RBC CM shall provide a public records request with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided pursuant to Chapter 119, Florida statutes or as otherwise provided by law. RBC CM shall ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Agreement term and following completion of the Agreement. If RBC CM does not transfer the records to the Client, RBC CM shall, upon completion of the Agreement, transfer at no cost to the Client all public records in possession of RBC CM or keep and maintain public records required by the Client to perform services pursuant to the Agreement. If RBC CM transfers all public records to the Client upon completion of the Contract, RBC CM shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If RBC CM keeps and maintains public records upon completion of the Agreement, RBC CM shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the Client, upon request from the Client's custodian of public records, in a format that is compatible within the information technology systems of the Client.

IF THE CONSULTANT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONSULTANT'S DUTY

TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT POLK COUNTY'S CUSTODIAN OF PUBLIC RECORDS AT: RECORDS MANAGEMENT LIASON OFFICER, POLK COUNTY, 330 WEST CHURCH STREET, BARTOW, FL 33830, TELEPHONE: (863) 534-7527, EMAIL: RMLO@POLK-COUNTY.NET.

23. Authority.

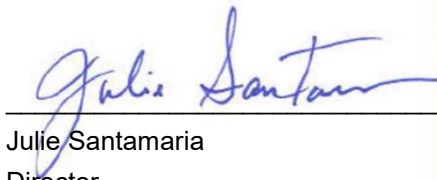
The undersigned representatives of the Client represent and warrant that (they have full legal authority to execute this Agreement on behalf of the Client. The following individuals have the authority to direct RBC CM's performance of its activities under this Agreement on behalf of the Client:

24. Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original, but which taken together, shall constitute one and the same instrument.

RBC CAPITAL MARKETS, LLC

By



Name Julie Santamaria

Title Director

Date July 9, 2021

ACCEPTANCE

ACCEPTED this _____ day of _____, 2021

ATTEST:

POLK REGIONAL WATER
COOPERATIVE
SOUTHEAST WELLFIELD
PROJECT BOARD

Secretary/Treasurer

By: _____
Chairman

Print Name

Print Name

Date: _____

(SEAL)

APPROVED AS TO FORM AND CORRECTNESS

Legal Counsel

Print Name

ACCEPTANCE

ACCEPTED this _____ day of _____, 2021

ATTEST:

POLK REGIONAL WATER
COOPERATIVE
WEST POLK LOWER FLORIDAN
WELLFIELD PROJECT BOARD

Secretary/Treasurer

By: _____
Chairman

Print Name

Print Name

Date: _____

(SEAL)

APPROVED AS TO FORM AND CORRECTNESS

Legal Counsel

Print Name

FEE SCHEDULE

In consideration for the services rendered by RBC CM, the Client agrees that our fee for each issue of Obligations will be as follows:

- a. RBC CM shall be paid the following hourly rates for all time expended by its personnel for specific projects requested in writing by the Client, as follows:

Managing Directors and Principals	\$250 per hour
Vice Presidents	\$200 per hour
Assistant Vice President and Financial Analysts	\$150 per hour

Alternatively, the Client may wish to negotiate a fixed price for such special projects. The Client and RBC CM acknowledge that there may be special projects for which the services of the financial advisor may be requested which are not appropriately compensated for on an hourly rate and which do not result in the issuance of obligations as more specifically referenced below. Fees for these special services shall be negotiated on a case-by-case basis and shall be agreed to in writing by both parties.

- b. In connection with the issuance of debt, RBC CM shall be paid at closing in accordance with the following schedule with a minimum fee of \$20,000 per transaction:

Par Amount of Bonds Issued	Fee per \$1,000
\$0 - \$50,000,000.00	\$1.25
\$50,000,000.01 - \$100,000,000.00	\$1.00
\$100,000,000.01 and more	\$0.75

Such fees shall be contingent upon the successful closing of a transaction. If a transaction fails to close for any reason, the Client and RBC CM shall negotiate a fee reflecting the characteristics of the actual services rendered.

- c. For the preparation of the bid solicitation and review of bids received for securities to be purchased for escrow accounts, guaranteed investment agreements and other investments, RBC CM shall be paid a Placement Fee of the lesser of (A) \$35,000, and (B) 0.2 percent of the computational base (computational base shall mean (i) for guaranteed investment contract, the amount of gross proceeds the Client reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract, and (ii) for investments (other than guaranteed investment contracts) to be deposited in a yield restricted defeasance escrow, the amount of gross proceeds initially invested in those investments) or, if more, \$4,000.
- d. For conduit financings proposed to be issued through the Client, RBC CM shall be paid on the same fee schedule as set forth above in paragraph (b) by the Borrower. In the event that no bonds are actually issued, RBC CM shall receive a fee from the Borrower, such fee subject to negotiation between RBC CM and the Borrower, but in no event less than the dollar amount for the hours expended on the project to compensate RBC CM for the preparation and presentation to the Client of a report analyzing the credit, the proposed marketing plan, and analyzing the Client's protection from any risk of default on the financing and making a recommendation regarding the issuance of the proposed bonds.

RBC CM shall be reimbursed for all out-of-pocket expenses, subject to Client approval. Travel expense reimbursement shall comply with the Client's policy for reimbursement of the Client's employees.

Agenda Item F2

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item Nos. E.4., F.2. and G.2.

SUBJECT

Combined Projects Final Design Decision (ACTION ITEM)

DESCRIPTION

On June 23, 2017, the City of Lakeland on behalf of the PRWC received statements of qualifications from consultants for the Combined Projects - Phase 1, inclusive of 30% design to be receptive to SWFWMD's required third party review for projects using cooperative funding above a certain threshold. The Request for Qualification (RFQ) for these consultants was conducted under Chapter 287.055, Florida Statutes (Consultants' Competitive Negotiations Act. The RFQ specifically states, "Consultants selected for Preliminary Design services may or may not be retained for Final Design services at the discretion of the parties."

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In sum, the PRWC can legally retain Team One to provide final design services and services during construction for the Southeast Wellfield Project and the West Polk Lower Floridan Aquifer Project. This would entail negotiating an expanded scope of services covering this additional work and preparing an addendum to the Agreement. In order to proceed in this fashion, the Combined Projects Board, the Southeast Wellfield Project Board and the West Polk Project Board would all have to authorize staff to retain Team One to provide final design services.

RECOMMENDATION

Staff requests authorization by the Combined Projects Board, the Southeast Wellfield Project Board and the West Polk Project Board to expand the scope of services in the Agreement to include final design and services during construction for the Southeast Wellfield and the West Polk Lower Floridan Aquifer Wellfield Projects. Staff requests that this authorization be made contingent upon receiving confirmation from SWFWMD, EPA and SRF that this arrangement is acceptable. Upon receiving such assurances, staff will negotiate and expanded scope and contract addendum and bring those back to all three Project Boards for their approval..

FISCAL IMPACT

No fiscal impact related to this action. Fiscal impact will be identified at such time as an expanded scope of work and contract addendum is brought back for board approval.

Agenda Item G1

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item Nos. F.1. and G.1.

SUBJECT

Authorize Financial Advisor Contract (ACTION ITEM)

DESCRIPTION

At present, the funding plan for the Southeast Wellfield and West Polk Lower Florida Aquifer Wellfield Project envisions obtaining a loan from the EPA under the Water Infrastructure Financing and Innovation Act (WIFIA), a loan from the State Revolving Fund (SRF) and a line of credit from a commercial institution. In order to proceed with this funding plan, it has been recommended by Team One and the PRWC's bond counsel that the PRWC retain a financial advisor to assist in obtaining this funding under the best possible terms.

Since the PRWC's last board meeting, staff has reached out to Julie Santamaria at RBC Capital Markets, LLC to negotiate a Municipal Advisor Agreement. RBC Capital currently serves as a financial advisor to Polk County, the City of Lakeland and other municipalities in Polk County. Ms. Santamaria is extremely familiar with PRWC's members and their credit ratings and served in the role of financial advisor to the PRWC, when it secured funding from SRF and Wells Fargo for the Combined Projects - Phase I work.

PRWC staff with the assistance of the Polk County Attorney's Office and the City of Lakeland's Office have negotiated the attached Municipal Advisor Agreement with RBC Capital Markets, LLC. The Agreement has been executed by Ms. Santamaria on behalf of her firm and is ready for consideration by the PRWC.

RECOMMENDATION

Staff recommends that the Southeast Project Board and the West Polk Project Board approve the attached Municipal Advisor Agreement. The attached Agreement contains signature blocks for both project boards.

FISCAL IMPACT

The cost associated with this Agreement will be paid by the PRWC from proceeds of the loans described above, SWFWMD Cooperative Funding and ultimately the two implementation Agreements.



RBC Capital Markets, LLC
100 2nd Avenue South, Suite 800
St. Petersburg, Florida 33701
Tel: (727) 895-8871
Email: Julie.santamaria@rbccm.com

MUNICIPAL ADVISOR AGREEMENT

July 9, 2021

Mr. Ryan Taylor
Executive Director
Polk Regional Water Cooperative
ryantaylor@PRWC.org

Re: Municipal Advisory Agreement

Dear Ryan,

1. **Retention of RBC Capital Markets, LLC.** RBC Capital Markets, LLC ("RBC CM") very much appreciates the opportunity to serve as municipal advisor to the Polk Regional Water Cooperative (the "Client" or "you") in association with the potential issuance of obligations in the form of municipal securities and/or loan(s) (the "Obligations"). Upon your acceptance, this engagement letter (the "Agreement") will serve as our mutual agreement with respect to the terms and conditions of our engagement as your municipal advisor, effective on the date this Agreement is executed by the Client (the "Effective Date").
2. **Scope of Services for Municipal Securities.** RBC CM is engaged by the Client as its municipal advisor to provide the services set forth below (the "Scope of Services") regarding the Obligations:
 - (a) Analyze the financing and structuring alternatives available to the Client if and as requested by the Client, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
 - (b) Assist in the Client's preparation of the near-term and long-term capital plans, which may include multiple funding sources and/or programs, in coordination with the Client, its engineers, rate consultants, counsels and other parties.
 - (c) Analyze the risks and benefits of the issuance of municipal securities via the public debt markets versus a loan with a bank or governmental agency/authority.
 - (d) Recommend a plan for the issuance of the Obligations, consistent with the goals and needs of the Client, that may include: (1) the type of Obligations (e.g. current interest, capital appreciation, deferred income, etc.); (2) the date of issue; (3) principal amount; (4) interest structure (e.g., fixed rate, variable rate, etc.); (5) interest payment dates; (6) a schedule of maturities; (7) early redemption options; (8) security provisions; (9) method of sale (e.g., public sale, direct purchase by a bank or other investor, etc.); (10) as applicable, the investment of proceeds of the Obligations via state and local government obligations (SLGS), competitively bid open market securities or guaranteed investment contracts; and (10) other matters that we consider appropriate to best serve the Client's interests.
 - (e) Advise you of current conditions in the relevant debt market, market supply and demand issues, and other general market information and economic data which might reasonably be expected to influence interest rates, sale or bidding conditions or timing of issuance.
 - (f) Organize and coordinate the financing team selected by you. If requested, we will recommend qualified paying agents, escrow agents and verification agents, as the particular transaction may require, each of whom will be retained and compensated by you. In a negotiated offering, we will assist in the preparation of soliciting underwriter proposals upon request and provide assistance to you for the hiring of the underwriter(s).

- (g) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the Obligations and (as applicable) tax exemption of the interest paid thereon. In addition, bond counsel, disclosure counsel or underwriter's counsel (as applicable) will issue an opinion to the effect that the disclosure document does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Generally, working with counsel will mean coordinating with the attorneys and reviewing as municipal advisor such counsel's preparation of appropriate legal proceedings and documents.
- (h) As applicable, assist in the Client's preparation of the preliminary official statement and the official statement or equivalent document as the particular transaction may require.
- (i) Make recommendations as to the need for credit rating(s) for the proposed Obligations and, should the Client seek a rating, coordinate the process of working with the rating agency or agencies and assist in the preparation of presentations as necessary.
- (j) Analyze the value and costs of obtaining municipal bond insurance, a liquidity facility or other credit enhancement for the Obligations and, should the Client seek any such credit enhancement, coordinate the process and assist in the preparation of presentations as necessary.
- (k) Attend meetings of governing bodies of the Client, its staff, representatives or committees as requested.
- (l) Coordinate with all parties to consummate the sale and delivery of the Obligations in a timely manner.
- (m) After closing, deliver to the Client and the paying agent(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.
- (n) You acknowledge that advice and recommendations involve professional judgment on our part and that the results cannot be, and are not, guaranteed. Further:
 - i. Unless otherwise provided in the Scope of Services described herein, RBC CM is not responsible for the information included in any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about RBC CM provided by RBC CM for inclusion in such documents.
 - ii. The Scope of Services does not include tax, legal, accounting or engineering advice with respect to any issue or in connection with any opinion or certificate rendered by counsel or any other person at closing, and does not include review or advice on any feasibility study.
 - iii. The Scope of Services does not include providing advice or services with respect to investment advisory services, brokerage services or derivative products.
 - iv. If the Client designates RBC CM as its independent registered municipal advisor ("IRMA") pursuant to the Municipal Advisor Rule (the "MA Rule") of the Securities and Exchange Commission (the "SEC") with respect to the activities and aspects described in the Scope of Services, the Client agrees to disclose to RBC CM the existence of any such IRMA designations. Any reference to RBC CM, its personnel and its role as IRMA in the written representation of the Client contemplated under the MA Rule is subject to prior approval by RBC CM. RBC CM is not responsible for verifying that it is independent (within the meaning of the MA Rule as interpreted by the SEC) from any party.

3. Scope of Services for Loans with Bank or Governmental Agency/Authority.

- (a) Analyze the financing and structuring alternatives available to the Client if and as requested by the Client, taking into account its borrowing capacity, future financing needs, policy considerations, and such other factors as we deem appropriate to consider.
- (b) Assist in the Client's preparation of the near-term and long-term capital plans, which may include multiple funding sources and/or programs, in coordination with the Client, its engineers, rate consultants, counsels and other parties.
- (c) Analyze the risks and benefits of a loan with a bank or governmental agency/authority versus the issuance of municipal securities via the public debt markets.
- (d) Recommend a plan for the structure of the loan, including: (1) the debt repayment structure (e.g., current interest, capital appreciation, etc.). and maturity dates; (2) loan amount; (3) interest structure (e.g., fixed or variable rate, etc.); (4), payment dates and early redemption dates, if applicable; (5) security provisions; and (6) as applicable, the investment of loan proceeds via state and local government obligations (SLGs), competitively bid open market securities or guaranteed investment contracts; and (7) other matters that we consider appropriate to best serve the Client's needs.
- (e) Advise you of current conditions in the relevant debt market, market supply and demand issues, and other general market information and economic data which might reasonably be expected to influence interest rates, sale or bidding conditions or timing of issuance.
- (f) Assist in the Client's preparation of any loan applications and financing/capital plan schedules for state and/or federal loan programs as the particular transaction may require.
- (g) Organize and coordinate the financing team selected by you. If requested, we will recommend qualified escrow agents and verification agents, as the particular transaction may require, each of whom will be retained and compensated by you.
- (h) Make recommendations as to the need for credit rating(s) for the proposed Obligations and, should the Client seek a rating, coordinate the process of working with the rating agency or agencies and assist in the preparation of presentations as necessary.
- (i) For a direct placement with a lender, recommend: (1) lenders who are or may be active in the market for tax exempt municipal loans; (2) participate in the drafting for your review and approval appropriate request for bids or qualification for lenders to submit bids to provide a loan; and (3) facilitate the distribution of requests for bids or qualifications.
- (j) Analyze and negotiate the term sheets obtained and advise you and recommend the terms that meet your financial objectives.
- (k) Work with counsel on the transaction, including bond counsel whom you retain, who will be recognized municipal bond attorneys, whose fees will be paid by you, and who will prepare the proceedings, provide legal advice concerning the steps necessary to be taken to issue the Obligations, and issue an unqualified opinion (in a form standard for the particular type of financing) approving the legality of the Obligations and (as applicable) tax exemption of the interest paid thereon. Generally, working with counsel will mean coordinating with the attorneys and reviewing as municipal advisor such counsel's preparation of appropriate legal proceedings and documents.
- (l) Attend meetings of governing bodies of the Client, its staff, representatives or committees as requested.
- (m) Coordinate with all parties to consummate the sale and delivery of the Obligations in a timely manner.
- (n) After closing, deliver to the Client and the paying agent(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.

4. Amendment to Scope of Services.

The Scope of Services may be changed only by written amendment or supplement to the Scope of Services described herein. The parties agree to amend or supplement the Scope of Services described herein promptly to reflect any material changes or additions to the Scope of Services.

5. RBC CM's Regulatory Duties When Servicing the Client under MSRB Rule G-42.

RBC CM must make a reasonable inquiry as to the facts that are relevant to the Client's determination whether to proceed with a course of action, or that form the basis for any advice provided by RBC CM to the Client. Municipal Securities Rulemaking Board ("MSRB") Rule G-42 also requires that RBC CM undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. RBC CM is also required to use reasonable diligence to know the essential facts concerning the Client and concerning the authority of each person acting on the Client's behalf. If the review of a recommendation of another party is requested by the Client and is within the Scope of Services of the Agreement, RBC CM must determine based on information obtained through reasonable diligence, whether the proposed securities transaction or financial product is or is not suitable for the Client. To the extent our services involve advising you with respect to a bank loan or a loan with a governmental agency or authority, certain rules and regulations of the Securities and Exchange Commission and MSRB may not apply to the activities of RBC CM.

The Client agrees to assist RBC CM in carrying out these regulatory duties, including providing to RBC CM accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, the Client agrees to notify RBC CM if the Client requests that RBC CM review any recommendation of a third party.

6. Term of this Engagement.

This Agreement shall be for a period of three (3) years (the "Term") from its date; however, this Agreement may be terminated by either party upon 30 days written notice. If neither party provides written notice of termination prior to the end of any successor Term, this Agreement will automatically renew for additional Terms until terminated.

7. Payment of Services When Services are Terminated Upon Notice By a Party.

- (a) In the event of termination of this Agreement by the Client, and not due to the fault of the RBC CM, the Client shall compensate RBC CM for all authorized services performed prior to the effective date of termination.
- (b) In the event of termination of this Agreement due to the fault of RBC CM, or upon written notice by RBC CM, the Client shall compensate RBC CM for all authorized services completed prior to the effective date of termination, which have resulted in a usable product or otherwise tangible benefit to the Client. All such payments shall be subject to an off-set for any damages incurred by the Client resulting from any delay occasioned by early termination. This provision shall in no way be construed as the sole remedy to the client in the event of breach by RBC CM.

8. Standard of Care.

RBC CM has represented to the Client that it possesses a level of knowledge, experience and expertise that is commensurate with firms in the areas of practice required for the services to be provided. By executing this Agreement, RBC CM agrees that it will exercise that degree of care, knowledge, skill and ability as any other similarly situated municipal advisor possessing the degree of skill, knowledge, experience and expertise within the local area, working on similar activities. RBC CM shall perform the services requested in an efficient manner consistent with the Scope of Service stated in this Agreement.

9. Compensation.

The fees due to RBC CM hereunder shall be as set forth in Appendix A hereto. In addition, RBC CM shall be entitled to reimbursement of expenses incurred in connection with any services provided hereunder as set forth in Appendix A.

10. Compliance With All Laws.

RBC CM, at its sole expense, shall comply with all laws, ordinances, judicial decisions, orders and regulations of federal, state, regional, county, municipal and Client, as well as their respective departments, commissions, boards and officers, which are in effect on the Effective Date of this Agreement or adopted at any time following execution of this Agreement.

11. Limitation of Liability.

- (a) In the absence of gross negligence, reckless disregard or intentionally wrongful conduct on the part of RBC CM or any of its associated persons with regards to its obligations and duties under this Agreement, RBC CM and its associated persons shall have no liability to the Client for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of any Obligations, or investments of bond proceeds, or for any financial or other damages resulting from the Client's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by RBC CM to the Client. No recourse shall be had against RBC CM for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of the Client arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any issue or otherwise relating to the tax treatment of any issue, or in connection with any opinion or certificate rendered by counsel or any other party.
- (b) Official Statement. Client acknowledges that it is responsible for the contents of the preliminary official statement, official statement or any other document related to the issuance of the Obligations as contemplated herein ("Offering Documents"). Client will take all reasonable steps to ensure that the governing body has reviewed and approved the contents of the Offering Documents.

12. Hold Harmless/Indemnification.

To the fullest extent permitted by laws and regulations, RBC CM shall indemnify and hold harmless the Client, its directors, employees, agents and member governments (including member commissioners and councils, employees and agents), from all liabilities, damages, losses, including reasonable attorney's fees, to the extent caused by the gross negligence, reckless disregard or intentionally wrongful conduct of RBC CM and other persons employed or utilized by RBC CM in the performance of this Agreement.

13. Sovereign Immunity.

The Client expressly retains all rights, benefits and immunities of sovereign immunity in accordance with section 768.28, Florida Statutes. Nothing in this Agreement shall be deemed as a waiver of sovereign immunity or limits of liability which may have been adopted by the Florida Legislature or may be adopted by the Florida Legislature, and the cap on the amount and liability of the Client for damages, attorney's fees and costs, regardless of the number or nature of claims in tort, equity, or construct shall not exceed the dollar amount set by the Florida Legislature for tort. Nothing in this Agreement shall inure to the benefit of any third party for the purposes of allowing any claim against the Client which would otherwise be barred under the Doctrine of Sovereign Immunity or operation of law.

14. Required Disclosures.

MSRB Rules G-10 and G-42 require that RBC CM provide you with disclosures of pertinent regulatory information, potential and actual conflicts of interest, and information regarding certain legal events and disciplinary history. Such disclosures are provided in RBC CM's Disclosure Statement delivered to the Client together with this Agreement.

15. Know Your Client, Anti-Money Laundering, and Terrorist Financing Rules and Regulations.

The Client agrees to provide information to satisfy "Know Your Client," "Anti-Money Laundering" and Terrorist Financing" rules and regulations, in each case, in accordance with RBC CM's requirements.

16. Waiver of Jury Trial.

EACH PARTY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE

TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNATIVE DAMAGES.

17. Choice of Law and Venue.

This Agreement shall be construed and given effect in accordance with the laws of Florida. In the event it is necessary for either party to initiate legal action regarding this Agreement, venue shall lie in Polk County, Florida for purposes of state legal actions and the U.S. District Court for the Middle District of Florida, Tampa Division, for federal legal actions.

18. Binding Effect; Assignment.

This Agreement shall be binding upon and inure to the benefit of the Client and RBC CM, their respective successors and permitted assigns; provided however, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

19. Entire Agreement.

This instrument, including all appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

20. Severability.

If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

21. No Third Party Beneficiary.

This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

22. Florida Public Records of Law.

RBC CM shall comply with Chapter 119, Florida Statutes, the Florida Public Records Act as it related to recorders maintained by RBC CM in performance of services pursuant to this Agreement. In accordance with the Section 119.0701, Florida Statutes, RBC CM shall keep and maintain public records required by the Client in performance of services pursuant to this contract. Upon request from Client's custodian of public records, RBC CM shall provide a public records request with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided pursuant to Chapter 119, Florida statutes or as otherwise provided by law. RBC CM shall ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Agreement term and following completion of the Agreement. If RBC CM does not transfer the records to the Client, RBC CM shall, upon completion of the Agreement, transfer at no cost to the Client all public records in possession of RBC CM or keep and maintain public records required by the Client to perform services pursuant to the Agreement. If RBC CM transfers all public records to the Client upon completion of the Contract, RBC CM shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If RBC CM keeps and maintains public records upon completion of the Agreement, RBC CM shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the Client, upon request from the Client's custodian of public records, in a format that is compatible within the information technology systems of the Client.

IF THE CONSULTANT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONSULTANT'S DUTY

TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT POLK COUNTY'S CUSTODIAN OF PUBLIC RECORDS AT: RECORDS MANAGEMENT LIASON OFFICER, POLK COUNTY, 330 WEST CHURCH STREET, BARTOW, FL 33830, TELEPHONE: (863) 534-7527, EMAIL: RMLO@POLK-COUNTY.NET.

23. Authority.

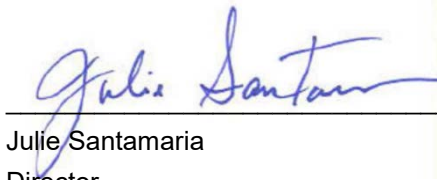
The undersigned representatives of the Client represent and warrant that (they have full legal authority to execute this Agreement on behalf of the Client. The following individuals have the authority to direct RBC CM's performance of its activities under this Agreement on behalf of the Client:

24. Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original, but which taken together, shall constitute one and the same instrument.

RBC CAPITAL MARKETS, LLC

By



Name Julie Santamaria

Title Director

Date July 9, 2021

ACCEPTANCE

ACCEPTED this _____ day of _____, 2021

ATTEST:

POLK REGIONAL WATER
COOPERATIVE
SOUTHEAST WELLFIELD
PROJECT BOARD

Secretary/Treasurer

By: _____
Chairman

Print Name

Print Name

Date: _____

(SEAL)

APPROVED AS TO FORM AND CORRECTNESS

Legal Counsel

Print Name

ACCEPTANCE

ACCEPTED this _____ day of _____, 2021

ATTEST:

POLK REGIONAL WATER
COOPERATIVE
WEST POLK LOWER FLORIDAN
WELLFIELD PROJECT BOARD

Secretary/Treasurer

By: _____
Chairman

Print Name

Print Name

Date: _____

(SEAL)

APPROVED AS TO FORM AND CORRECTNESS

Legal Counsel

Print Name

FEE SCHEDULE

In consideration for the services rendered by RBC CM, the Client agrees that our fee for each issue of Obligations will be as follows:

- a. RBC CM shall be paid the following hourly rates for all time expended by its personnel for specific projects requested in writing by the Client, as follows:

Managing Directors and Principals	\$250 per hour
Vice Presidents	\$200 per hour
Assistant Vice President and Financial Analysts	\$150 per hour

Alternatively, the Client may wish to negotiate a fixed price for such special projects. The Client and RBC CM acknowledge that there may be special projects for which the services of the financial advisor may be requested which are not appropriately compensated for on an hourly rate and which do not result in the issuance of obligations as more specifically referenced below. Fees for these special services shall be negotiated on a case-by-case basis and shall be agreed to in writing by both parties.

- b. In connection with the issuance of debt, RBC CM shall be paid at closing in accordance with the following schedule with a minimum fee of \$20,000 per transaction:

Par Amount of Bonds Issued	Fee per \$1,000
\$0 - \$50,000,000.00	\$1.25
\$50,000,000.01 - \$100,000,000.00	\$1.00
\$100,000,000.01 and more	\$0.75

Such fees shall be contingent upon the successful closing of a transaction. If a transaction fails to close for any reason, the Client and RBC CM shall negotiate a fee reflecting the characteristics of the actual services rendered.

- c. For the preparation of the bid solicitation and review of bids received for securities to be purchased for escrow accounts, guaranteed investment agreements and other investments, RBC CM shall be paid a Placement Fee of the lesser of (A) \$35,000, and (B) 0.2 percent of the computational base (computational base shall mean (i) for guaranteed investment contract, the amount of gross proceeds the Client reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract, and (ii) for investments (other than guaranteed investment contracts) to be deposited in a yield restricted defeasance escrow, the amount of gross proceeds initially invested in those investments) or, if more, \$4,000.
- d. For conduit financings proposed to be issued through the Client, RBC CM shall be paid on the same fee schedule as set forth above in paragraph (b) by the Borrower. In the event that no bonds are actually issued, RBC CM shall receive a fee from the Borrower, such fee subject to negotiation between RBC CM and the Borrower, but in no event less than the dollar amount for the hours expended on the project to compensate RBC CM for the preparation and presentation to the Client of a report analyzing the credit, the proposed marketing plan, and analyzing the Client's protection from any risk of default on the financing and making a recommendation regarding the issuance of the proposed bonds.

RBC CM shall be reimbursed for all out-of-pocket expenses, subject to Client approval. Travel expense reimbursement shall comply with the Client's policy for reimbursement of the Client's employees.

Agenda Item G2

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item Nos. E.4., F.2. and G.2.

SUBJECT

Combined Projects Final Design Decision (ACTION ITEM)

DESCRIPTION

On June 23, 2017, the City of Lakeland on behalf of the PRWC received statements of qualifications from consultants for the Combined Projects - Phase 1, inclusive of 30% design to be receptive to SWFWMD's required third party review for projects using cooperative funding above a certain threshold. The Request for Qualification (RFQ) for these consultants was conducted under Chapter 287.055, Florida Statutes (Consultants' Competitive Negotiations Act. The RFQ specifically states, "Consultants selected for Preliminary Design services may or may not be retained for Final Design services at the discretion of the parties."

The October 18, 2017 Engineering Services Agreement (Agreement) approved by the Combined Projects Board on behalf of the PRWC with Team One states in the Consultant's Scope of Work, "Phase II Services are anticipated to include final design, advancing the work beyond the 30 percent stage of completion (provided by the above described services) to final completion and shall, at the discretion of the COOPERATIVE, also include services during construction. In the event that the COOPERATIVE determines that progressing to Phase II services with the same consultant team, led by Carollo Engineers, Inc. is to the benefit of the COOPERATIVE and/or the collective projects, then such services may be negotiated and added to the above-described scope of services by addendum."

In sum, the PRWC can legally retain Team One to provide final design services and services during construction for the Southeast Wellfield Project and the West Polk Lower Floridan Aquifer Project. This would entail negotiating an expanded scope of services covering this additional work and preparing an addendum to the Agreement. In order to proceed in this fashion, the Combined Projects Board, the Southeast Wellfield Project Board and the West Polk Project Board would all have to authorize staff to retain Team One to provide final design services.

RECOMMENDATION

Staff requests authorization by the Combined Projects Board, the Southeast Wellfield Project Board and the West Polk Project Board to expand the scope of services in the Agreement to include final design and services during construction for the Southeast Wellfield and the West Polk Lower Floridan Aquifer Wellfield Projects. Staff requests that this authorization be made contingent upon receiving confirmation from SWFWMD, EPA and SRF that this arrangement is acceptable. Upon receiving such assurances, staff will negotiate and expanded scope and contract addendum and bring those back to all three Project Boards for their approval..

FISCAL IMPACT

No fiscal impact related to this action. Fiscal impact will be identified at such time as an expanded scope of work and contract addendum is brought back for board approval.

Agenda Item G3

August 4, 2021 Polk Regional Water Cooperative Regular Meeting
Agenda Item Nos. E.3. and G.3.

SUBJECT

Prepare and Submit CFI Application for West Polk LFA CFI Application (ACTION ITEM)

DESCRIPTION

On October 18, 2017, the Combined Projects Board acting on behalf of the PRWC entered into an Engineering Services Agreement (Agreement) with Team One. The Consultant's Scope of Work incorporated in the Agreement directed Team One to prepare and apply for cooperative funding agreements for the Combined Projects.

Team One has been requested to prepare and submit a Cooperative Funding Agreement application for the West Polk Lower Floridan Aquifer Wellfield to SWFWMD. Since the Team One's Agreement was approved by the Combined Projects Board, to prepare the cooperative funding agreement application will have to be approved by the Combined Projects Board. The West Polk Project Board will have to authorize Team One to submit the application on behalf of this project.

RECOMMENDATION

Staff recommends that the Combined Projects Board authorize Team One to prepare an application for a Cooperative Funding Agreement for the West Polk Lower Floridan Aquifer Project and that West Polk Project authorize Team One to submit this application on behalf of West Polk Lower Floridan Aquifer Wellfield Project.

FISCAL IMPACT

None. Covered by the Combined Projects Phase I Budget.

West Polk Cofunding Application

- Final Design of West Polk WPF to being October of 2022.
- SWFWMD FY2022 cofunding initiative applications are due October 1 (first Friday of month).
- Work to be funded under this application would include final design and construction of the West Polk WPF.
- Amount requested to be presented for ratification in September, 2021.

CFI SCHEDULE

August:

CFI Workshop &
Application Period Open

October:

Application Period Closes

October – February:

Applications Review
and Preliminary Rankings
Assigned

February:

1st Subcommittee –
Preliminary Rankings
Presented

April:

2nd Subcommittee –
Final Rankings
Presented/Subcommittee
Recommendations

May:

Full Governing Board
reviews all projects for
inclusion in the
preliminary budget

August-September:

Final Budget Approved

West Polk Cofunding Application

Action Item:

Staff recommends authorizing TeamOne to submit the CFI application for West Polk Final Design and Construction.