



## MINUTES POLK REGIONAL WATER COOPERATIVE

July 13, 2022 – 2:00 PM  
Lake Myrtle Sports Complex  
2701 Lake Myrtle Park Road  
Auburndale, FL 33823

ZOOM Virtual Meeting  
<https://us02web.zoom.us/j/81234162977?pwd=yoXAX3ehUA7F0ULcjdk7mKMnfJfHyT.1>  
Call In: +1 (646) 558-8656  
Meeting ID: **812 3416 2977**  
Password: **185038**

### **Member Governments in Attendance:**

| <u>Member Government</u> | <u>Representative</u>                             |
|--------------------------|---------------------------------------------------|
| City of Auburndale       | Vice mayor Keith Cowie, Primary                   |
| City of Bartow           | Commissioner Steve Githens, Primary               |
| City of Davenport        | Commissioner Tom Fellows, Primary                 |
| City of Dundee           | Commissioner Bert Goddard, Primary                |
| City of Eagle Lake       | In Absence, Commissioner Randy Billings, Primary  |
| City of Fort Meade       | In Absence, Commissioner James Watts, Primary     |
| City of Frostproof       | In Absence, Vice Mayor Austin Gravley, Primary    |
| City of Haines City      | Mayor Morris West, Primary                        |
| City of Lake Alfred      | Vice Mayor Jack Dearmin, Primary                  |
| Town of Lake Hamilton    | Vice Mayor Marlene Wagner, Alternate              |
| City of Lake Wales       | Commissioner Daniel Williams, Primary             |
| City of Lakeland         | Mayor Bill Mutz, Primary (Secretary/Treasurer)    |
| City of Mulberry         | In Absence, Commissioner Collins Smith, Primary   |
| City of Polk City        | Mayor Joe LaCascia, Primary                       |
| City of Winter Haven     | Mayor Pro-Tem Nathaniel Birdsong, Primary         |
| Polk County              | Commissioner George Lindsey, Primary (Vice Chair) |

#### A. Call to Order

Meeting called to order by Vice Chair Lindsey at **2:00 PM**.

B. Recognition of new primary/alternate appointees of members

Members stated their names and areas they represented for roll call.

C. Agenda Revisions

No agenda revisions were presented.

D. Public Comments

No public comments were presented.

E. Consent Items

1. Board of Directors Meeting Minutes from May 11, 2022

Motion to approve consent agenda made by Commissioner Githens, seconded by Vice Mayor Dearmin. Motion was unanimously approved.

F. Regular Board of Directors

2. Election/Confirmation of a Chair, Vice-Chair and Secretary/Treasurer for PRWC Board of Directors for the remainder of FY2022 and FY2023 (ACTION ITEM)

**Executive Director DeHaven** stated the first items were the confirmation of Chair and Vice Chair and the election of a Secretary/Treasurer. Typically, the board of directors conducts elections in September however since Mr. Eugene Fultz had retired the Chairman position was vacant. The proposal would be to confirm Commissioner Lindsey (currently Vice Chair) as Chairman and Mayor Mutz (currently Secretary/Treasurer) as Vice Chair. Additionally, a Secretary/Treasurer would need to be elected. A second vote would then be taken to confirm the same slate of officers for FY2023 to complete the election process thus eliminating readdressing it in September. The officers would then serve until September 30, 2023. [slide]

**Vice Chair Lindsey** asked if the first order of business was to nominate a Secretary/Treasurer.

**Executive Director DeHaven** replied a motion to confirm Chair and Vice Chair would be first.

**Vice Chair Lindsey** suggested approving all the offices together after a Secretary/Treasurer was chosen.

**Vice Mayor Dearmin** nominated Mayor Pro-Tem Nathaniel Birdsong for Secretary/Treasurer.

Motion to approve nomination of Mayor Pro-Tem Birdsong as Secretary/Treasurer of PRWC made by Vice Mayor Dearmin, seconded by Commissioner Githens. Motion was unanimously approved.

Motion to approve Commissioner Lindsey, Mayor Mutz and Mayor Pro-Tem Birdsong as Chair, Vice Chair and Secretary/Treasurer respectively of PRWC for the balance of FY2022 made by Vice Mayor Dearmin, seconded by Mayor West. Motion was unanimously approved.

Motion to approve Commissioner Lindsey, Mayor Mutz and Mayor Pro-Tem Birdsong as Chair, Vice Chair and Secretary/Treasurer respectively of PRWC for FY2023 made by Vice Mayor Dearmin, seconded by Mayor LaCascia. Motion was unanimously approved.

3. Accept Independent Auditor's Report for FY2021 (ACTON ITEM)

**Executive Director DeHaven** introduced Mike Brynjulfson with Brynjulfson CPA firm who was on zoom to provide a brief presentation of the audit results.

**Mike Brynjulfson** stated his company had been the cooperative's auditor for six years. He explained the audit report consisted of six reports and summarized their pertinent content in the slides. The report does not provide the financial condition (good or bad) but rather what transpired during the year. Its management's responsible for the financial statements; the auditor has the responsibility to perform the audit as a double check function. Looking at the grant reimbursement requests it was noted that all most all costs send to the state for reimbursement had already been reimbursed by the state through the SRF loan process. Almost every expense incurred by the cooperative was funded by either the District, members who chose to fund their up-front costs or SRF funding. There were no expenses incurred through the end of the grant agreement that had not been funded by another source. The grant had expired by the time this was identified. The money had been sent and the non-compliance falls to the point where the same expenses were applied to the SRF loan and the grant agreement. A non-compliance on the internal report will be required if its "material". The amount was \$452,000 which was material so that generated the finding of non-compliance. The recommendation was to work with DEP in getting the grant agreement extended. Then applying that to current costs rather than to the SRF loans. He noted everything went smoothly and thanked the District, the attorneys, management and the board members. Part of the audit process required contacting members of the governing board and responses were timely from everybody this year. [slides]

Motion to approve the FY2021 Independent Auditors Report and their recommendation regarding cooperation with DEP made by Mayor Mutz, seconded by Commissioner Githens. Motion was unanimously approved.

4. Approval of the FDEP Standard Grant Agreement LPA0212 (Member Portion) using Heartland Headwaters and Sustainability Act Funds (ACTON ITEM)

**Executive Director DeHaven** stated the Florida Department of Environmental Protection had provided the PRWC the grant agreement to use these funds. The slide and packet list how the funds will be used. If the board approves authorization to sign this FDEP grant, the agreements would be routed to member governments who would be receiving funds. The member governments would then approve those agreements

in their July or September commission/council meeting. The executed member government agreement would then come back to the PRWC. The Board of Directors in the September meeting would then consider approval of the member agreements. Today the approval would be an agreement between FDEP and the PRWC. Then in September the approval would be the agreements between the PRWC and those member governments. The expectation would be that FDEP would contract directly with those member government that have projects next year. But for this year they requested it be done this way. [slides]

**Vice Chair Lindsey** asked to clarify that PRWC would not be the intermediary next year.

**Executive Director DeHaven** responded correct.

**Vice Chair Lindsey** asked when its received from the respective cities that authorized the checks to be sent.

**Executive Director DeHaven** replied once the board had approved the agreements the checks would be extended.

**Vice Mayor Wagner** inquired if next year would be different.

**Executive Director DeHaven** responded next year would be slightly different and easier.

**Vice Mayor Wagner** asked if Lake Hamilton would receive funding from the rest of the \$20M for their projects.

**Executive Director DeHaven** replied a process for those funds was underway. It will be on the agenda in the September board meeting. Leadership has been working with each local government staff to allocate that \$20M.

**Vice Chair Lindsey** questioned if the action referenced the items in green on the slide and the West Polk items also shown would be addressed later.

**Executive Director DeHaven** clarified the action presented was for all the items displayed. There would be a separate FDEP agreement later to approve for West Polk.

Motion to approve staff to sign the FDEP Standard Grant Agreement LPA0212 and forward to the members with return dates made by Mayor Pro-Tem Birdsong, seconded by Vice Mayor Cowie. Motion was unanimously approved.

5. Project identification by PRWC member governments for funding from the Heartland Headwaters Protection and Sustainability Act for FY2023-2024 (Informational Item)

**Executive Director DeHaven** explained this item also involved the Heartland Headwaters Protection and Sustainability Act Funds. He wanted to inform members that solicitations for members to submit projects to PRWC would be printed in preparation of the next round of Heartland Headwaters Funds if funds were received. The legislature appropriated \$20M for the projects in the last session. He thanked the

Florida legislature, the Polk delegation and Mr. Bernardino for all their work to support the requests and receive the funds. Member solicitations for next year's projects were in progress. Member applications would be due to the PRWC by September 16, 2022. The application form should be provided in the next two weeks. Changes to the form were needed based upon member edits and comments. The Board of Directors would review the annual report in November along with all the submitted projects. Then on December 1, 2022 the annual report would be submitted to the legislature and FDEP for those projects. [slide]

**Vice Chair Lindsey** asked if the letters of invitation would go to the city managers and staff to be completed and returned.

**Executive Director DeHaven** responded that was correct.

**Mayor West** asked that each member represented have a copy once it was sent to the city managers.

**Executive Director DeHaven** replied it could be sent to each of the Board of Directors, City Managers and utility staff.

6. Adopt Resolution No. 2022-04 – Final Polk Regional Water Cooperative Administrative Budget for FY2023 (ACTON ITEM)

**Executive Director DeHaven** explained this item was to adopt the final administrative budget for FY2023. The proposed budget consisting of member government's annual contributions of \$235,000 – an increase of \$37,000. This same budget was presented in the May 2022 meeting. Since member government's contributions were greater than the \$200,000 threshold, the budget must be approved by a majority vote of a 75% quorum of the Board of Directors using the weighted vote method. Preparations have been made to calculate the vote if was not unanimous. The board packet shows the expenditure side of the budget which matches the \$235,000. [slides]

Motion to approve Resolution No. 2022-04 – Final PRWC Administrative Budget for FY2023 made by Commissioner Githens, seconded by Mayor Cowie. Motion was unanimously approved.

Recess Regular Board of Directors Meeting / Commence Combined Projects Board of Directors Meeting at 2:30 P.M.

#### G. Combined Project Board of Directors Items

7. Election/Confirmation of a Chair, Vice-Chair and Secretary/Treasurer for PRWC Combined Project Board for the remainder of FY2022 and FY2023 (ACTION ITEM)

**Executive Director DeHaven** stated this election item would be the same process but for the Combined Projects Board. The first vote would be to confirm Chairman Lindsey and Vice Chair Mutz in those positions. The next item would be a motion for Secretary/Treasurer candidates.

Motion to approve Commissioner Lindsey and Mayor Mutz as Chair and Vice Chair respectively of PRWC Combined Project Board for the remainder of FY2022 made by Commissioner Githens, seconded by Mayor West. Motion was unanimously approved.

**Commissioner Fellows** nominated Mayor Pro-Tem Nathaniel Birdsong for Secretary /Treasurer.

Motion to approve nomination of Mayor Pro-Tem Birdsong as Secretary/Treasurer of PRWC Combined Project Board for the remainder of FY2022 made by Commissioner Fellows, seconded by Commissioner Githens. Motion was unanimously approved.

Motion to approve Commissioner Lindsey, Mayor Mutz and Mayor Pro-Tem Birdsong as Chair, Vice Chair and Secretary/Treasurer respectively of PRWC Combined Project Board for FY2023 made by Commissioner Githens, seconded by Mayor West. Motion was unanimously approved.

8. Review of the Southeast and West Polk Wellfield Business Plan (Information Item)

**Executive Director DeHaven** introduced Mr. Beltran who would be presenting the PRWC Southeast and West Polk Wellfield Business Plan.

**Vice Chair Lindsey** remarked he want to draw attention to this agenda item as it was the single most consolidated, comprehensive summary of what they had tried to accomplish for the past seven years. He commended the staff, TeamOne and others who helped put it together on a good job. It really sets a business plan for going forward. He recommended those who had not read it completely to do so, as it was very interesting.

**Robert Beltran** (Dewberry) shared this business plan had been an effort in the making for quite some time. It originated from a funding group that worked closely with the City Managers, Utility Directors and Technical Advisory Committee to make sure the plan was being brought together under the guidance of Mr. DeHaven. There were discussions about a financial plan in the past but this was the evolution of that financial plan into a business plan. He recognized Raftelis (one of their partners) who authored the study along with input from the engineers, the scientist and the financial consultant. He noted the plan was dynamic and they were looking for consensus and wanted to brief the board on the plan moving forward. Everything presented was in accordance with the master bond resolutions which would be discussed later. Any money borrowed would be done in accordance with the guidelines and specifications of the master bond resolutions. He noted it also address the CIP and overall expenditures approved in the Amended and Restated Agreement. The total program shown amounted to about \$562M. It identifies the funding sources, the timing of those funding sources and how the dollars would be spent. A rate projection of revenue for rate covenant requirements was provided. He stated he wanted a consensus from the Board on some of the recommendations going forward. Finally, shown was a forecasting period from October 2021 to September 2023. The September 2023 date was important because that was the date when the principle begins to be paid for WIFIA. The plan was to add Alternative Water Supply (AWS) production into the Amended and Restated Agreement for the Southeast Wellfield and West Polk

Wellfield in Phase 1. They worked closely with the utility directors to understand demands, timing of those demands and the phases/timelines needed which were the foundation of what they tried to implement with the business plan. Looking at demands the Southeast Wellfield will reach the 7.5 MGD in 2030. He noted the need was immediate for all communities as they continue to grow the demand increases. He presented the chart with the long term percentage breakdowns of capital costs on which debt service repayment was based. They came straight from the Amended and Restated Implementation Agreements and were used to divide up the principle costs and static fixed costs. He mentioned that TAC, staff members and the consulting engineers continue to watch market conditions as the plan evolved. Supply chains issue and inflation require the estimates to continually be reevaluated to make sure they remain accurate and up-to-date. The 15% increase for inflation approved in the last board meeting was included in this package which references the 7.5 MGD for Phase 1. He explained that \$195M (48%) of the \$406M being spent on the Southeast project was coming from grants and appropriations. Excluded from that were other grants that had yet to be signed a contract. He referenced the Heartland Funding that Mr. DeHaven mentioned earlier would be providing \$4M to the Southeast and \$3M to the West Polk projects. The plan would be updated when those agreements were signed increasing grand funding to around 50%. A spending plan set to occur over the next several years which aligned to the budget was shown. He noted this item would come back to the board on a regular basis to keep everyone informed as changes occurred. The SRF design loan which would continue to fund the 60% design and other services was discussed. He anticipated bringing the WIFIA loan and closing later this year which would begin the funding for the final design, land and construction. He remarked the reason SWFWMD funding was delayed in the chart was that they reimbursed once construction commenced. He then reviewed the percentages of distribution for debt services and fixed costs for West Polk. The current build would be 2 MGD with 10 MGD down the line. He explained that West Polk would receive approximately \$69.5M (44.7%) from grant funding. The West Polk and Southeast projects were viewed individually but also cumulatively to make sure the right covenants and rate coverage to afford the expenditures. He pointed out there were different funding sources from State Appropriations. When they received the Heartland State Appropriations funding either SRF or WIFIA funding would be reduced later in the timeline. He noted in Southeast Wellfield the State Appropriations line was \$0 but it was really part of the AWS funding. The state not only gave funding through the Heartland but had given funding from the \$50M set aside from the Department of Environmental Protection for AWS development. They had already assigned \$11.7M in AWS funding to the Southeast – the application for the West Polk facility funding was in progress. The demands presented were directly from the Implementation Agreements. They were the percentages each member was responsible for based on their long-term demand as stated in the Amended and Restated Implementation Agreements. It becomes the basis for the base rate charge/water charge. Every year going forward on the invoices the base rate charge will be a fixed cost based on these percentages. Any given year there will be a variable cost associated with the water used and the base rate charge would be paid in 12 equal payments. He then presented a summary chart of projected operating and debt services through 2032. The coverage ratio shown was at 115% which was the absolute requirement in the Master Bond Resolution. The last funding group meeting discussed if that percentage was enough when asking the financial markets for credit ratings. One of the recommendations from the funding group was to consider raising the coverage up from 115% to 125%. Then over time (5 to 10 years) increase it up to 150% coverage.

That was typically what other water supply authorities have done. The goal being to provide assurance of a solvent system to the financial markets. He discussed the increase in annual debt service to get to a 125% coverage. Based on what had happened with other utilities the recommendation was a 125% coverage and potentially increasing to a 150% over time. He stated this came up after the business plan had been written but he wanted to make the board aware. This was recommendation from the financial communities and the experts on both finance and funding as it would lead to more favorable rates with WIFI and other credit rating agencies. [slides]

**Mayor Pro-Tem Birdsong** asked if the numbers projected in the presentation were based on the 115% rather than on the 125%.

**Mr. Beltran** responded there were chart that showed both the 115% and 125% coverage. He explained they would like to see a minimum of 115% coverage.

**Mayor Pro-Tem Birdsong** commended he thought they were saying it stood at 115% and they would like to project it to 125%.

**Mr. Gary Hubbard** added he thought Mr. Birdsong was asking if the numbers showing the allocation for each community were based on 115%.

**Mr. Beltran** replied the percentages would be the same because they were based on total demand but the dollar amounts would change once the decision was made. He added information could be provided to each member.

**Mayor Pro-Tem Birdsong** asked if that was in there yet.

**Mr. Beltran** responded it was not in there yet as that was the next step.

**Vice Chair Lindsey** commented the numbers were staggering but they put us in absolutely the best position. The variety of funding sources, the favorable terms and rates – no individual system would have been able to provide a funding package of this magnitude alone. He suggested each utility do a rate study to determine how their individual utility would be impacted by their proportionate share. The big numbers were for the entirety – the proportionate share would be according to the formula. Some municipalities may already have a utility AWS surcharge build into their rates. Municipalities who have not reviewed their rates recently may have more struggles. He thought it incumbent on all to individually charge their staff to include these numbers in the rate projections. The phasing in of these rates would assure the debt service requirements were met for the foreseeable future. He advised they be cognizant that a water utilities system was an enterprise fund. It depends on calculating costs and recovering those costs from each class of customer, recognizing their impact and rates vary slightly. Even the meter connection charges vary based on the type of customer (large, small, medium, industrial, residential or commercial). The rates should be reviewed and indexed to avoid going through a rate review every year. He stated it was important to provide the information to our staff and customers for what to anticipate related to the bond covenant coverage percentages. It had been stated before “there is no more cheap water”. The water now was the most expensive available. He advised them that their location in the system, the amount of old water at the low rate vs new water at the high rate – that blended average would dictate the



final rates to their customers. He stated how proud he was of the work the team had done and collectively the board members and our professional staff.

**Commissioner Githens** noticed the land was budgeted around \$6.9M and wanted to know when that would be accomplished.

**Mr. Beltran** responded currently easements and acquisitions are being reviewed. There will be 65 miles of pipeline to consider. The cost over the next several years would occur before construction started.

**Vice Chair Lindsey** replied the numbers would be adjusted as the process was more refined and defined. Sufficient confidence existed in the current state to move forward to the next step.

**Mayor West** asked if the Southeast Wellfield projections and percentage shown with the 7.5 MGD for 2025 were set in stone or flexible because the growth in the Northeast Polk area could increase or decrease.

**Mr. Beltran** responded the final numbers were set in stone. The 7.5 MGD was derived from working with all the utilities. [slides]

**Mayor West** added they were only projections because definitive numbers could not really be provided.

**Mr. Beltran** responded right – the only set numbers were the percentages that members stated they ultimately needed. The projections showed 2025 and 2030 was already at 7.5 MGD. The anticipation was for water to be online in 2026 with 3.25 MGD coming out to be allocated.

**Vice Chair Lindsey** replied he thought Mayor West was asking if his city's demands were understated then a supplemental source would need to be considered. He added that would be address next.

**Mayor West** confirm that was correct.

**Mr. Beltran** remarked if more were needed early on then adjustments could be made.

**Vice Chair Lindsey** replied there was already a jump from 5.0 to 7.5 MGD in the last six months. He asked if a protocol and/or formula existed or could be added for a gap permit process between the municipalities, PRWC and the Water Management District. A uniform procedure that involved all the groups would alleviate having different processes for different crises scenarios. The goal being to meet all partners' needs before the new assets were online. He questioned how to accomplish that to reduce impact from the time it takes to get the assets in place.

**Mr. de la Parte** responded the new CFWI rules required all water users in the CFWI area be limited to their 2025 upper Florida aquifer demands. The rules state for those party to a multi-phase AWS project a process exists by which the Water Management District can approve additional water to tide them over until the next phase of that AWS project comes online. The process requires preparing a plan to submit to the governing board for approval.

**Vice Chair Lindsey** asked if the plan was between the PRWC and the participating partners.

**Mr. de la Parte** replied yes – and with the governing board approval of the plan each individual member who modifies their permits will not have to fight that battle. There will be additional water the governing board had approve to be used on a temporary basis. TeamOne and our office have been working on a template that would extend 50 years to cover the entire project. Member governments would need to provide amounts in the template to cover each phase of the project. Hopefully, in the next couple of months member governments will receive copies to provide their input. Once finalized it would be submitted to the governing board for their approval. Then when the individual members need permit renewals or modifications, they would not fight that battle as the governing board would have already approved their quantities.

**Vice Chair Lindsey** asked if the PRWC would be acting as their advocate.

**Mr. de la Parte** confirmed that was correct – the approved quantities would be translated to their permits. Nobody would be fighting the battle individually thus eliminating inconsistent results.

**Vice Chair Lindsey** asked if that plan would be coming back for adoption so each municipality could use it going forward when needed.

**Mr. de la Parte** replied the next step would be to share it with the member government's utility staff and TAC for their input. After that the PRWC board would review. Finally, a meeting with the Water Management District would be scheduled for their consent. This would prevent individual members from having to undertake this issue when they come in for a permit review.

**Mayor Mutz** asked for clarification on if a reserve or contingency pool of water would be created that would then parse out.

**Vice Chair Lindsey** responded no – rather if a system needed extra resources over their permitted allotment, they could request an addition to their existing permit at their existing well site. They would be allowed to exceed their permit for a duration of time until other conditions were satisfied – conditional on being able to connect at a later date and absent environmental damage. He asked Mr. de la Parte if that was explained correctly.

**Mr. de la Parte** replied that was correct and it would last for 50 years.

**Vice Chair Lindsey** added the 50 years was the total plan but interim permits would be a predetermined number of years.

**Mr. de la Parte** stated a yet to be determined duration – the idea being as each phase came online nobody would be without water. The plan would state that the utility needed an additional specified gallon a day, prior to the next increment of the project coming online. The governing board would authorize that use on a temporary basis.

**Vice Chair Lindsey** responded without the PRWC that path would not be available to the individual systems or they would have a horrendous task to overcome.

**Mr. de la Parte** added each of them would have to do it individually and then answer questions from the Water Management District regarding the affect it had on other utilities.

**Mayor Pro-Tem Birdsong** questioned how the overall projections and costs would be affected. The project costs were based on our estimated water consumption. He asked how the extended needs would fit back into the plan.

**Vice Chair Lindsey** answered the deficient municipality would pay a sur-charge for that water.

**Mr. de la Parte** added if the deficient municipality needed to increase water to get it to the next AWS increment – then in calculating their rates both the ground water and the additional AWS water would be considered.

**Vice Chair Lindsey** replied if that happened to one municipality it could happen with other municipalities and then the next phase maybe accelerated.

**Mr. de la Parte** responded if growth comes faster – then another phase may be need to increase the allocations.

**Vice Chair Lindsey** replied then there would be a reallocation.

**Mr. de la Parte** confirmed there would be a reallocation.

**Mayor Mutz** added the good news was as surcharges increase, people will be more responsible in the way they use the water.

**Commissioner Fellows** asked if a municipality needed a gap permit would that member come to the PRWC and the PRWC would go to the district.

**Vice Chair Lindsey** responded an agreement format will be adopted with the PRWC as a partner advocate for the municipality. When an application gets submitted to the District they know the PRWC and the municipality are partners and not fighting against each other. So, the district would have already agreed to that formula and that application.

**Mr. de la Parte** replied that was correct. The member would provide a number that would be put in the plan. The governing board would approve the plan and that would be the member's permit to apply for that quantity of water. That eliminates the governing board bringing up the CFWI rule limiting the quantity of water. Since the governing board would have already approved the 50 years plan where members identified the quantity they would receive.

**Commissioner Fellows** asked if only project members would have access to additional water of if project associate would as well. He also wanted to know what happens since they were already over the 2030 AWS projections.

**Vice Chair Lindsey** replied a reshuffling would be done based on the demands and supplemental requests.

**Commissioner Fellows** added he was concerned about spending \$500M and by 2030 running out of water again.

**Mr. Beltran** clarified the ultimate facility size would be 12.5 MGD. There will be an item later to discuss the final ultimate size. There might be an upgrade but for now the Phase 1 build will be 7.5 MGD plant capacity. The transmission mains being build would be for the full buildout capacity (15 MGD or 12.5 MGD) whatever was determined. If more water were needed, a temporary allocation from the district based on this plan would be sought. That would sustain everyone until the PRWC could meet and initiate the next phase to increase capacity. The plant would need additional skids and other improvements to produce more water but the gap permit would cover the time needed to build the facility.

**Vice Chair Lindsey** replied at appropriate intervals a reallocation of percentages to each municipality would be done so no one had to subsidize anyone else. It must be done incrementally to maintain our proportionate share throughout the process.

**Mr. de la Parte** added the Implementation Agreements have a five-year interval for members to revisit their allocations to determine if they need more allocations.

**Vice Chair Lindsey** responded he want to recite from the business plan in response to Mr. Fellows comment – “project associate means such members may continue to be updated on the status of a project but is a non-voting member and has no financial responsibility/liability for the project.” He added it did not say but should have said “and have no entitlement to the AWS supply”. He then asked if there should be a gap plan “B” for those who were not full members. Since there will be costs, the steps necessary and consequences for associate member should be decided so they can be made aware as soon as possible.

**Mr. de la Parte** replied the plan being looked at had been for project participates because they were the only ones who committed to take AWS water. The first step for a project associate would be to make a request of the cooperative for AWS water. A process exists for them to come into the project and get additional AWS water. Then they would be eligible for additional ground water because they were taking some AWS water.

**Vice Chair Lindsey** responded their ante had not been part of the calculations so far. It would amount to the expenditures to date, anticipated costs and calculating their proportionate share in order to buy in.

**Mr. de la Parte** replied that was correct. He mentioned Mr. Beltran had said the plan was a dynamic document and changes might occur. There could be changes with revenue or grants or changes in terms of allocations – all could affect the numbers.

**Commissioner Fellows** asked if there was a timeframe in the agreement between the PRWC and member governments to apply for gap permits. He noted they were in the middle of that process now.

**Vice Chair Lindsey** replied that Mr. de la Parte would be bringing a template agreement to the next meeting. It will be a fill in the blank application to take to the district on behalf of the member city and the PRWC.

**Mr. de la Parte** added the next stage would be to circulate a draft to members' staff for input. Once completed it would be taken to the board for their September meeting.

**Mayor Mutz** asked if there was a defined late entry fee/formula for plan "B".

**Mr. de la Parte** replied the agreement stated 2.5%.

**Mayor Mutz** asked if that was punitive enough.

**Vice Chair Lindsey** responded it would be the accumulative costs realized and anticipated plus the 2.5%. If there was concern it should be raised, it could be put on the agenda for future discussion.

**Mayor Mutz** asked what the engineering formula was for the oversupply out of the wellfields in terms of the build and engineering design above the allocations.

**Mr. Beltran** responded the system was being designed to meet the average annual daily flows. Peak hours and max day factors were not considered. That kind of demand would be handled from local facilities. The 60% design phase being worked on was in accordance with the Implementation Agreements. That would be a 15 MGD demand on the system overall based on the 60% design levels. Included were all the demands listed on the chart that get it to that 15 MGD level.

**Mayor Mutz** asked if some of it would be pumped back.

**Mr. Beltran** replied more had to be withdrawn than can be treated because 20% was lost through the treatment process. So, the permit for Southeast was 37.5 MGD to draw 30 MGD. Similarly, to produce 7.5 MGD more would to be withdrawn.

**Vice Chair Lindsey** asked if the transition was at the 15 MGD treated water.

**Mr. Beltran** replied right now the transmission was being designed at 15 MGD based on the Implementation Agreements.

**Vice Mayor Wagner** noted they were a project associate but paid every year. Since they are growing she questioned how they would become a full partner.

**Vice Chair Lindsey** responded Lake Hamilton's bill would be credited for what they had paid. That bill would include all the costs expended to-date and some amount in the short future. The proportionate share would be calculated from that amount plus 2.5% as the buy-in. That would put them level with everybody else but the calculations needed to be made quickly with the pressures facing Lake Hamilton.

**Vice Mayor Wagner** replied she understand and wished she knew more in-depth about the situation.

**Vice Chair Lindsey** responded PRWC staff and the consultants were available for an orientation for her team.

**Executive Director DeHaven** added she could contact him. Also, he would send out Mr. Beltran's slides tomorrow to have the benefit of that information immediately for member boards education.

9. Adopt Resolution No. 2022-05 – Master Bond Resolution (ACTION ITEM)

**Mr. Michael Weiner** (Holland & Knight) introduced himself as bond council for the cooperative and presented the Master Bond Resolution. He explained prior cooperative financing was piecemealed. A single Master Bond Resolution was consistent with how other sophisticated utilities operated. Debt incurred would be issued under the Bond Resolution. All creditors have the same covenants and agreements under the Master Bond Resolution providing a master contract with each creditor. Under the agreement it pledges the revenues of the utility systems. Bond holders would either be on the same parity level – meaning each bond holder was entitled to their proportionate amount of revenues or a subordinate debt could be issued. That allows better credit for the creditors as each would be guaranteed to be paid on a pro rata allocation of revenues. Also, provided would be certain covenants that continue as long as the resolution was in place. Some covenants would be a requirement to maintain the system in good condition, to prepare an operating budget each year and set a rate covenant. Setting the rates would be a matter of covering operating expenses and a 1.15 times debt service coverage as the floor. The policies and procedures could be set higher but 1.15 would be the minimum. The system could not be mortgaged or sold assuring the revenues would continue. Additional bonds issued would have to comply with the covenants set forth in the resolution. One modification in the resolution seeking adoption today that was different than previously presented was the additional bonds test. It was the covenant which had to be complied with in order to issue additional debt. It was tweaked so that the next SRF loan being issued would not have to have comply with that test. It was a logistical issue since currently revenues were not coming in to meet that test. So rather than asking SRF to waive a covenant, they were saying it would not apply until the future. Then future bond holders would also be given the ability to waive those covenant rights. Funds and accounts would be created for revenues to be deposited. Revenue accounts (giving bond holders a lien on those revenues), operating expenses and debt service accounts (to pay bond holders) would be created. That provided assurance to the bond holders that those revenues were segregated and set aside for the payment. Rating agencies and bond holders all look for those things. He stated he had summarized at a high level the resolution and how it operated. It was prepared in consultation with the financing working group and recommend it for approval.

**Vice Chair Lindsey** responded this was a take or pay scenario. If a member did not take the volume they agreed to, they would still be obligated to pay their proportioned share. It could be sold to another system but the obligation remained. Also, this pledged only revenues not ad valorem taxes or any other source of general fund revenues of any type.

**Mr. Weiner** confirmed the lien would only be on water revenues.

Motion to approve Resolution No. 2022-05 – Master Bond Resolution made by Mayor Mutz, seconded by Commissioner Githens. Motion was unanimously approved.

10. Adopt Resolution No. 2022-06 – Combined Projects Implementation Expenditures and Budget for FY2023 and Amendment to the FY2022 Budget (ACTION ITEM)

**Executive Director DeHaven** introduced the item to be explained by Ms. Gierok.

**Katie Gierok** (Consultant) explained in May the budget was presented but was now adjusted to include project reconciliations plus TPW #2 and #3 expenses. Also, the annual allocation presented in May was revised to reflect where expenses were expected to fall. [slides]

Motion to approve Resolution No. 2022-06 – Combined Projects Implementation Expenditures and Budget for FY2023 and to amend the FY2022 Budget made by Mayor Pro-Tem Birdsong, seconded by Commissioner Fellows. Motion was unanimously approved.

## **Recess Combined Projects Board of Directors Meeting / Commence Southeast Wellfield Project Board of Directors Meeting at 3:28 P.M.**

### H. Southeast Wellfield Project Board of Directors Items

11. Election/Confirmation of a Chair, Vice-Chair and Secretary/Treasurer for the SE Wellfield Project Board for the remainder of FY2022 and FY2023 (ACTION ITEM)

**Executive Director DeHaven** remarked for the Southeast Board election of officers a nomination for secretary/treasurer was needed. Since Mr. Lindsey and Mr. Birdsong were already Chair and Vice-Chair respectively no confirmation vote was required. However, there would be a vote to confirm all the officers for FY2023. [slide]

**Vice Mayor Dearmin** nominated Vice Mayor Cowie for Secretary /Treasurer.

Motion to approve the nomination of Keith Cowie as Secretary/Treasurer of the Southeast Wellfield BOD made by Vice Mayor Dearmin, seconded by Mayor Mutz. Motion was unanimously approved.

Motion to approve Commissioner Lindsey, Mayor Pro-Temp Birdsong and Vice Mayor Cowie as Chair, Vice Chair and Secretary/Treasurer respectively of the Southeast Wellfield BOD for the FY2023 made by Mayor Pro-Tem Birdsong, seconded by Vice Mayor Dearmin. Motion was unanimously approved.

12. Approval of the modification to the Phase 1 Southeast Wellfield design and construction from 5.0 MGD to 7.5 MGD (ACTION ITEM)

**Mary Thomas** (Carollo/TeamOne) responded there was a lot of discussion earlier about a 5.0 MGD vs a 7.5 MGD facility. Mr. Beltran previously referenced a 7.5 MGD facility which was the assumed correct path based on demand. This action item will be the formal request for approval. The scope of work prepared was based on demands from the prior year. TeamOne prepared a fee estimate for the design of a 5.0 MGD Phase 1 facility. Then earlier this year the adopted Implementation Agreements had demands slightly higher than they were working with. Shortly after that they were authorization to proceed with final design of a 5.0 MGD Phase 1 facility. The demands presented in the Implementation Agreement showed 7.5 MGD demand hitting approximately in 2029. It seemed appropriate to them to increase the capacity

of the Phase 1 facility from 5.0 MGD to 7.5 MGD to accommodate the updated demands. The anticipated affect to the design would be negligible. She noted if more changes occurred a change order might be requested but for now the impact was negligible. There would be no impact to the pipeline design since it was already accommodating the 2045 demands as mentioned by Mr. Beltran. Potential future impacts to construction oversight fees which were part of the TeamOne contract were possible. The overall impact in terms of construction cost would be that some expenses intended to occur in Phase 2 would move to Phase 1. She stated there was a 15 MGD 2045 demand but they were planning for a 12.5 MGD facility as that was in their scope. They would be moving forward at 60% by evaluating the 15 MGD facility. There might be time at 90% to back that down if its decide the costs were too high – for now only Phase 1 was being addressed. She added that with a 7.5 MGD facility additional wells were required (1 raw water well and 1 injection well). They were hopeful the driller would be able to drill more than one at a time but more funds might be needed which would be discussed later. She concluded by explaining the construction cost difference between a 5.0 MGD and 7.5 MGD was estimated to be \$23M which had already been accounted for in all the loan documents. [slides]

Motion to approve changing Phase 1 design and construction from 5.0 MDG to 7.5 MGD made by Commissioner Githens, seconded by Vice Mayor Cowie. Motion was unanimously approved.

13. Adopt Resolution No. 2022-07 SE Wellfield Phase 2 FY2023 Budget and Amendment to the FY2022 Budget (ACTION ITEM)

**Ms. Gierok** explained she was presenting the Southeast Wellfield Water Production Facility and Transmission Main budget. Starting in May the budgets have been correlated to the business plan but they do not match exactly since they have different purposes. The budgets look at when costs were incurred and the business plan looks at when the funding was received. The draft budget presented in May had some TBD undeveloped costs which were now being provided. [slides]

Motion to approve the adoption of Resolution No. 2022-07 and approve the Southeast Wellfield FY2023 Budget and the amendments to the FY2022 Budget made by Vice Mayor Cowie, seconded by Mayor West. Motion was unanimously approved.

14. Authorization to develop and submit the annual SWFWMD Cooperative Funding Initiative program applications for the Phase 2 Southeast Wellfield Water Production Facility and Transmission Main Phase 2 (ACTION ITEM)

**Ms. Gierok** detailed the authorization request to develop and submit a SWFWMD funding application. Cooperative funding for the Southeast Wellfield with the District was applied for in 2020. The District asks that requests be summitted yearly for the anticipated amount needed. Estimates for the Water Production Facility and Transmission Main were compiled but subject to coordination with SWFWMD. [slides]

**Vice Chair Lindsey** added that would allow the numbers to conform to their numbers.

**Ms. Gierok** replied yes.



Motion to authorize submittal of SWFWMD cooperative funding initiative program applications for Southeast Wellfield Production Facility and Transmission Main made by Vice Mayor Dearmin, seconded by Vice Mayor Cowie. Motion was unanimously approved.

15. Approval of the Second Amended and Restated Implementation Agreement Southeast Wellfield (ACTION ITEM)

**Mr. de la Parte** stated at the March board meeting the Southeast Wellfield Project Board recommended approval of the Second Amended and Restated Implementation Agreement to the member governments. The signed signature pages have been received from all parties to the agreement.

Motion to approve the Second Amended and Restated Implementation Agreement for the Southeast Wellfield Project made by Mayor West, seconded by Vice Mayor Cowie. Motion was unanimously approved.

16. Adopt Resolution No. 2022-08 and Approval of the State Revolving Fund (SRF) loan DW532001 for the Southeast final design (ACTION ITEM)

**Mr. Beltran** recapped the PRWC authorization to work with the FDEP for additional SRF funding. He noted an existing SRF loan had already been approved earlier by the board. This request directed back to the business plan as everything would be based on that moving forward. He noted that SRF had a funding cap of \$20M in any given year and presented the SRF fiscal year loan agreement totals. This funding would be a planning loan to be amortized over 10-year with an interest rate of 1.64%. He pointed out a lot of great funding had come through grant programs that would not necessarily be available to members working alone. Then he presented the debt service allocation for members based on the 2045 demand chart. [slides]

**Vice Chair Lindsey** asked if the \$7M would have to acted on again in August.

**Mr. Beltran** replied no the motion would grant approval to the chairman to execute that loan as well.

**Mr. de la Parte** added this resolution would authorize the Chair and Vice Chair to approve that amendment.

**Commissioner Fellows** asked if the first loan payment came due in September 2024.

**Mr. Beltran** replied they had worked closely with SRF and the payment was anticipated to be due in 2025. SRF had been flexible so it may be possible to time it to the sale of water.

Motion to approve Resolution No. 2022-08 and SRF loan DW532001 made by Vice Mayor Wagner, seconded by Vice Mayor Dearmin. Motion was unanimously approved.

17. Adopt Resolution No. 2022-05 – Master Bond Resolution (ACTION ITEM)

**Executive Director DeHaven** remarked this was the same information as agenda item #9 if they wanted to just take a vote.

Motion to approve Resolution No. 2022-05 – Master Bond Resolution made by Mayor Pro-Tem Birdsong, seconded by Mayor West. Motion was unanimously approved.

18. Approval of the Selection Committee recommendation for Construction Manager at Risk (CMAR) Services (ACTION ITEM)

**Mark Addison** (PCU CIP Manager) stated he was the Southeast Wellfield Project Manager and would be discussing the Construction Manager at Risk (CMAR) solicitation. The board authorized solicitation through the City of Winter Haven for CMAR services in May of 2021. Then in March 2022 the CMAR solicitation was advertised by the City of Winter Haven and distributed to nearly 6,000 construction firms through various outlets. Subsequently, one submittal was received from the Florida Water Partners (a Garney /Wharton Smith joint venture). The board authorized the formation of a selection committee at the May 2022 BOD meeting to review and rank the proposals. Ultimately the selection committee unanimously recommended awarding a contract to Florida Water Partners. The funding partners have no concerns proceeding with the recommended firm. Therefore, on June 15, 2022 the City of Winter Haven posted the recommendation award subject to approval by the PRWC.

Motion to approve the Selection Committee recommendation of Florida Water Partners as CMAR and authorize staff to negotiate an agreement made by Mayor Mutz, seconded by Commissioner Githens. Motion was unanimously approved.

19. Southeast Wellfield Contract Operation Services (ACTION ITEM)

**Mr. Addison** explained what third-party contract operation services were. Operations would include both operations and maintenance owned or operated by the PRWC. He reviewed considerations and options for operating a facility of this nature. Third-party lenders like WIFIA required plans be submitted as part of the loan to demonstrate a plan existed for operating and maintaining the facility. He detailed the typical structure of a third-party contract operations agreement. The team was recommending a five-year initial term with an option to extend an additional five years. That gives the third-party contract operator time to find tune the facility, gain efficiencies, commit the necessary resources for that period and control costs. If at some point PRWC had staff or one of the members had the resources to step in they could work with the third-party contract operator to have a transition plan in place. Options could also be included for design build services for emergency and non-emergency projects. He requested authorization for staff to advertise for third-party contract operations services in coordination with the City of Lakeland. Lakeland offered to assist with the solicitation which would be for the Southeast and West Polk Wellfield Projects but this item was just for Southeast – the West Polk action item will be later. [slides]

**Vice Chair Lindsey** asked if the City of Lakeland would perform the RFP.

**Mr. Addison** replied correct the City of Lakeland had volunteered to take the lead on the solicitation.

**Vice Chair Lindsey** asked if there was opportunity for collaboration between the operator and the designer before design is complete.

**Mr. Addison** responded yes that would be the preconstruction services. If a third-party operator could be on board by the middle of next year the 60% design should be completed and moving forward. They could be involved with the 90% design and provide their own input on design.

**Mayor Mutz** asked what their assumption of liability would be.

**Mr. Addison** replied certainly the liability with operating a facility like in terms of any issues that may come up with the operation itself.

**Mayor Mutz** asked if there was protection when something breaks because it was not done correctly.

**Mr. Addison** replied the agreement can be structure to define liability. The liability can also rest on their guarantees.

Motion to approve Southeast Wellfield Contract Operation Services recommendation made by Vice Mayor Dearman, seconded by Mayor West. Motion was unanimously approved.

## 20. Approval of Eminent Domain Counsel for Southeast Wellfield (ACTION ITEM)

**Mr. de la Parte** replied it was previously noted that the Southeast Wellfield would require the acquisition of easement for 65 miles of transmission lines and several well sites. TeamOne has a real estate acquisition firm as a subcontractor that will be assisting. However, an eminent domain counsel would be needed to work with the land acquisition firm to assure the project moves forward on time. He worked with the city attorneys of Lakeland and Polk County over the last two months and requested proposals from four firms. They reviewed the firms and decided to recommend the firm of Peterson & Myers as the eminent domain counsel for this project. He would also request authorization to sign the legal engagement letter included in the agenda.

Motion to approve recommendation of Peterson & Myers as eminent domain counsel and authorize Mr. de la Parte to sign the engagement letter made by Mayor Mutz, seconded by Commissioner Githens. Motion was unanimously approved.

**Vice Chair Lindsey** added earlier discussions bought up that once these acquisitions came up they would need to be acted on quickly. He asked Mr. de la Parte to bring a recommendation that allowed the executive committee to act instead of convening the entire member board.

**Mr. de la Parte** responded at the next meeting a recommendation for a certain percent above appraisal be authorized to the real estate agent in order to keep the project moving forward. Also, a recommendation to create an executive committee of this

board who could meet more frequently to deal with settlement issues in excess of the percentage will be suggested.

**Recess Southeast Wellfield Project Board of Directors Meeting / Commence West Polk Wellfield Project Board of Directors Meeting at 4:01 P.M.**

I. West Polk Wellfield Project Board of Directors Items

21. Election/Confirmation of a Chair, Vice Chair and Secretary/Treasurer for the West Polk Wellfield Project Board for the remainder of FY2022 and FY2023 (ACTION ITEM)

**Mayor Mutz** stated the item was the election confirmation for FY2022 and FY2023 of Chair Mayor Mutz, Vice Chair Commissioner Lindsey and a nomination was needed for Secretary/Treasurer. [slide]

**Vice Mayor Wagner** nominated Commissioner Githens for Vice Chair.

Motion to approve nomination of Commissioner Githens as Vice Chair for the West Polk Wellfield Project Board made by Vice Mayor Wagner, seconded by Vice Chair Lindsey. Motion was unanimously approved.

**Mayor Cowie** nominated Commissioner Lindsey for Secretary/Treasurer.

Motion to approve nomination of Commissioner Lindsey as Secretary/Treasurer for the West Polk Wellfield Project Board made by Mayor Cowie, seconded by Vice Mayor Wagner. Motion was unanimously approved.

Motion to approve nomination of Mayor Mutz, Commissioner Githens and Commissioner Lindsey as Chair, Vice Chair and Secretary/Treasurer respectively for FY2023 for the West Polk Wellfield Project Board made by Vice Chair Lindsey, seconded by Mayor Pro-Tem Birdsong. Motion was unanimously approved.

22. Adopt Resolution No. 2022-09 and West Polk Wellfield Phase 2 FY2023 Budget (ACTION ITEM)

**Ms. Gierok** noted this would be somewhat of a repeat from the Southeast Wellfield. The budgets had been correlated with the business plan. The budget presented displayed costs incurred and was updates from the undeveloped May draft budget. The cost indexing was moved since it was accounted for in the financial plan. [slides]

Motion to approve Resolution No. 2022-09 and West Polk Wellfield Phase 2 FY2023 Budget made by Vice Chair Lindsey, seconded by Commissioner Githens. Motion was unanimously approved.

23. Authorization to complete the annual SWFWMD Cooperative Funding Initiative application for Phase 2 of the PRWC West Polk Project (ACTION ITEM)

**Ms. Gierok** stated that cooperative funding had already been applied for through SWFWMD. The initial request made in FY2021 needed to be requested annually. Only one West Polk cooperative agreement existed the Production Facility and Transmission Main were not split with the district. [slides]

Motion to approve authorization to submit the annual SWFWMD Cooperative Funding Initiative application for West Polk Wellfield Project for FY2024 and make any amendments necessary in coordinating with the district made by Vice Chair Lindsey, seconded by Vice Mayor Cowie. Motion was unanimously approved.

24. Approval of FDEP Standard Grant Agreement LPA2012 (PRWC Portion) using Heartland Headwaters and Sustainability Act Funds (ACTION ITEM)

**Executive Director DeHaven** stated this was the same grant agreement the board approved in the regular agenda (LPA0212). The West Polk Board also needed to approve it because two of the projects being funded were for West Polk. [slides]

Motion to approve executive director to sign the FDEP Standard Grant Agreement LPA2012 made by Vice Chair Lindsey, seconded by Vice Mayor Cowie. Motion was unanimously approved.

25. Approval of FDEP Standard Grant Agreement LPA0251 using Heartland Headwaters and Sustainability Act Funds (ACTION ITEM)

**Executive Director DeHaven** explained this grant agreement (LPA0251) funds would be exclusively used for West Polk Wellfield land acquisition. [slides]

Motion to approve Executive Director to sign the FDEP Standard Grant Agreement LPA0251 made by Vice Chair Lindsey, seconded by Commissioner Githens. Motion was unanimously approved.

26. Approval of the Second Amended and Restated Implementation Agreement West Polk Wellfield (ACTION ITEM)

**Executive Director DeHaven** explained this item had already been approved for the Southeast Board. He suggested moving to approval.

Motion to approve the Second Amended and Restated Implementation Agreement for the West Polk Wellfield made by Vice Chair Lindsey, seconded by Commissioner Githens. Motion was unanimously approved.

27. Adopt Resolution No. 2022-05 – Master Bond Resolution (ACTION ITEM)

**Executive Director DeHaven** noted this item similarly had been approved by previous boards. He suggested moving to approval.

Motion to approve Resolution No. 2022-05 – Master Bond Resolution made by Vice Chair Lindsey, seconded by Commissioner Githens. Motion was unanimously approved.

28. Approval of the Selection Committee recommendation for Construction Manager at Risk (CMAR) services (ACTION ITEM)

**Executive Director DeHaven** stated Mr. Addison had presented the CMAR recommendation. He asked that the recommendation be approved.

Motion to approve recommendation of Florida Water Partners (a Garney/Wharton Smith joint venture) and authorize staff to negotiate an agreement made by Vice Chair Lindsey, seconded by Mayor Pro-Tem Birdsong. Motion was unanimously approved.

29. Authorize staff to advertise for Third-party Contract Operations Services for the West Polk Lower Floridan Aquifer Project – Phase 1 (ACTION ITEM)

**Executive Director DeHaven** requested approval of the third-party contract operations as presented by Mr. Addison earlier. [slides]

Motion to approve authorize staff to advertise for a Third-party Contract Operations Services in coordination with the City of Lakeland for the Southeast and West Polk Wellfield projects made by Vice Chair Lindsey, seconded by Commissioner Githens. Motion was unanimously approved.

**Recess West Polk Wellfield Project Board / Commence Regular PRWC Board at 4:10 P.M.**

J. Open Discussion

No comments provided.

K. Chair / Executive Director Comments

No comments provided.

L. Adjournment

Board meeting adjourned by Chair Lindsey at 4:10 P.M.