



PRWC Board of Directors Special Meeting

April 26, 2023

Agenda

Special Meeting April 26, 2023

A. Call to Order

B. Recognition of New Board Members

C. Agenda Revisions

D. Public Comments

No Items for the Consent Agenda

**No Items for the Regular BOD
Agenda**

April 26, 2023

RECESS:

PRWC REGULAR BOARD OF DIRECTORS

COMMENCE:

COMBINED PROJECTS BOARD OF DIRECTORS

**Adopt Resolution 2023-09
Amending Resolution 2022-
05 for the PRWC Master
Bond Resolution (*Action
Item*)**

Recommendation:

Adopt Resolution 2023-09 Amending Resolution 2022-05 for the PRWC Master Bond Resolution

**Adopt Resolution 2023-08 to
Approve the PRWC
Investment Policy (*Action
Item*)**

Recommendation:

**Adopt Resolution 2023-08 Approving the PRWC
Investment Policy**

April 26, 2023

RECESS:

COMBINED PROJECTS BOARD OF DIRECTORS

COMMENCE:

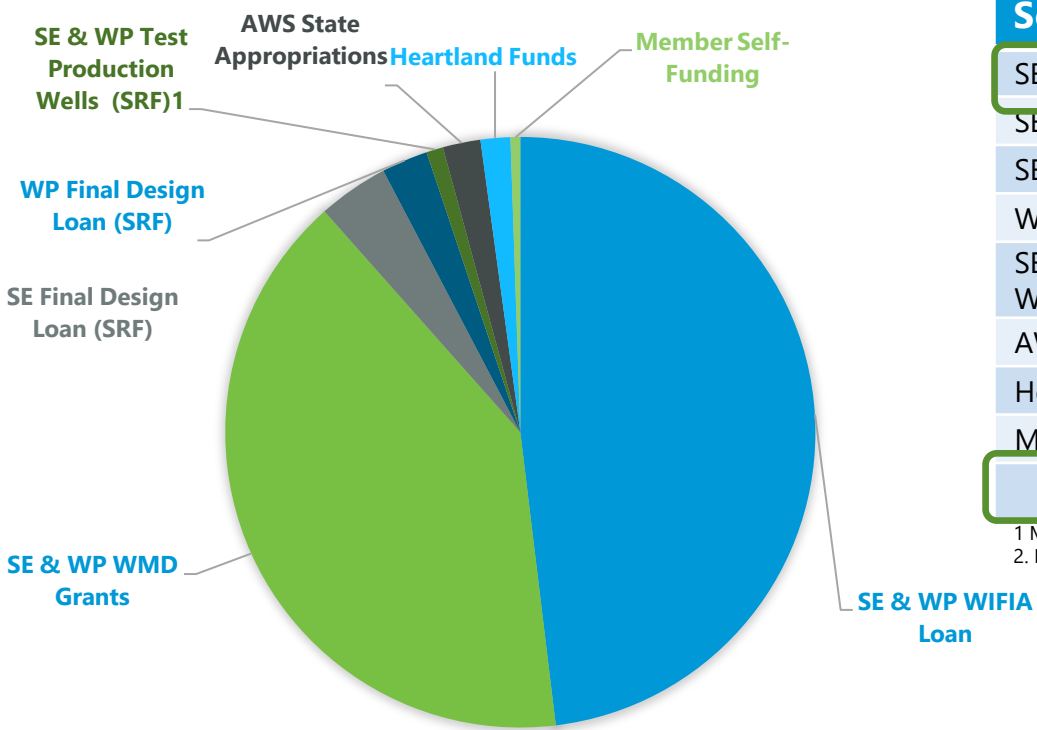
SOUTHEAST WELLFIELD BOARD OF DIRECTORS

**Adopt Resolution 2023-09
Amending Resolution 2022-
05 for the PRWC Master
Bond Resolution (*Action
Item*)**

Recommendation:

Adopt Resolution 2023-09 Amending Resolution 2022-05 for the Master Bond Resolution

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



TOTAL CAPITAL FUNDING

Source	Amount	Percentage
SE & WP WIFIA Loan	\$272,544,799	48.08%
SE & WP WMD Grants	\$228,851,333	40.37%
SE Final Design Loan (SRF)	\$21,906,290	3.86%
WP Final Design Loan (SRF)	\$14,370,666	2.54%
SE & WP Test Production Wells Loan (SRF) ¹	\$5,236,757	0.92%
AWS State Appropriations	\$11,700,000	2.06%
Heartland Funds	\$9,224,316	1.63%
Member Self-Funding ²	\$3,031,943	0.53%
Total Capital Funding	\$566,866,104	100%

1 Modification of Planning Loan
 2. Funded over time FY 23 to FY 27

- 5 years to reach substantial completion
- 5 years of deferred payment
- Interest charged only on drawn amount
- First payment for principal and interest in 2032
- Loan maturity date in 2059
- Estimated Interest Rate 3.86%
 - One time interest rate reset
- 49% of eligible costs
 - Not Included (\$12,605,703)
 - TPW # 3 for SE Wellfield
 - TPW # 2 for WP
 - Southeast Land Acquisition



Total Eligible Costs for WIFIA

• Original funding plan amount	\$566,866,104
• Minus ineligible costs*	(\$12,605,703)
• WIFIA 15% Contingency	\$69,820,092
• Total revised funding plan	<u>\$624,080,493</u>

* Ineligible Costs include TPW # 3, TPW # 2, & Southeast Land Acquisition

- Previous loan amounts

– Southeast	\$200,372,040
– West Polk	\$72,172,759
– Total	<u>\$272,544,799</u>

- Revised loan amount

– Additional loan flexibility	\$33,254,643
– Southeast	\$222,802,928
– West Polk	\$82,996,513
– Total	<u>\$305,799,441</u>

Recommendation:

Adopt Resolution 2023-10 to Approve the WIFIA Term Sheets and Loan Agreements No. 19139FL (SE Wellfield) and No. 19239FL (West Polk Wellfield)

**Adopt Resolution 2023-11 to
Approve the Truist Loan
(*Action Item*)**

Truist Interim Loan

- Truist Bank (through its affiliate Truist Commercial Equity, Inc.) will provide a tax-exempt 5-year fixed rate loan at 3.55% (locked thru May 11, 2023) with Put Dates beginning in November 2025 and every 6-months thereafter and a 20-year term-out provision commencing October 1, 2029 through October 1, 2048
- The loan will be fully funded at closing with a Not-To-Exceed (“NTE”) amount of \$175 million (estimated at \$154.3 million) deposited into a fully collateralized depository account with Truist Bank earning a fixed rate of 3.55% through November 2025 (First Put Date)
- The ~\$154.3 million Truist loan plus investment earnings will cover project draws through November 2025 that would otherwise be made from WIFIA loan as well as capitalized interest
- PRWC makes draws as needed to fund the project from Truist account
- Interest earnings help reduce interest expense of the loan
- In November 2025, PRWC will draw on WIFIA loan to payoff Truist loan and fund remaining project costs as needed for the remainder of the construction period
- PRWC maintains the flexibility to request a one-time WIFIA loan rate reset assuming interest rates decline by more than 50 basis points (0.50%) and the other requirements are satisfied

Comparative Assumptions

- Scenario 1.** PRWC draws from WIFIA loan upon closing to fund project costs at an estimated WIFIA rate of 3.86% as of April 18, 2023 (**No Truist Loan**)
- Scenario 2.** PRWC draws from Truist loan (~148 million plus capitalized interest) before paying it off with a WIFIA draw and continues to draw on WIFIA at the original rate of 3.86% (**No Rate Reset**)
- Scenario 3.** PRWC draws from Truist loan (~148 million plus capitalized interest) before paying it off with a WIFIA draw and continues to draw on WIFIA at a **Rate Reset of 3.00%**

- Based on total estimated eligible WIFIA project draws of \$148 million through November 2025 and \$305 million in total for SE and WP Projects
- No positive arbitrage (Truist loan proceeds invested at 3.55%)
- Does not include costs of issuance for any of the three scenarios

Financing Summary

Polk Regional Water Cooperative Comparison of WIFIA Loan Structuring Alternatives

	Principal	Net Interest*	Investment Earnings	Total Net Debt Service
Scenario 1 - Standalone WIFIA Loan (3.86%)	\$333,103,693	\$269,063,269	\$0	\$602,166,962
Scenario 2 - 2.5-Year Bank Loan (3.55%); WIFIA Takeout + Draws (No Reset 3.86%)	\$332,618,642	\$268,671,471	\$7,758,204	\$601,290,113
Scenario 3 - 2.5-Year Bank Loan (3.55%); WIFIA Takeout + Draws (Reset 3.00%)	\$327,712,498	\$200,628,881	\$7,758,204	\$528,341,378

* Net of capitalized interest

Recommendation

- RBC Capital Markets recommends that PRWC approve and close on the interim financing loan from Truist Bank on May 9, 2023 as currently scheduled
- The Truist loan proposal provides significant potential upside benefit with limited downside risk:
 - PRWC can borrow at a short-term tax-exempt rate (3.55%) and invest the proceeds in a fully collateralized depository account with Truist Bank at a rate of 3.55% fixed through November 2025
 - Collateral complies with State Statute and PRWC's Investment Policy presented herein
 - Reduces net interest expense by approximately \$875,000 even without a WIFIA loan rate reset (not including costs of issuance estimated at \$275,000)
 - Creates a valuable financial option for PRWC at a time when U.S Treasury rates are at or near the highest levels in over 10 years with market expectations of the Fed beginning to lower rates towards the end of 2023 and beginning of 2024
 - Acceleration of project draws from those anticipated could impact investment earnings

Recommendation:

Adopt Resolution 2023-11 to Approve the Truist Loan

**Adopt Resolution 2023-08 to
Approve the PRWC
Investment Policy (*Action
Item*)**

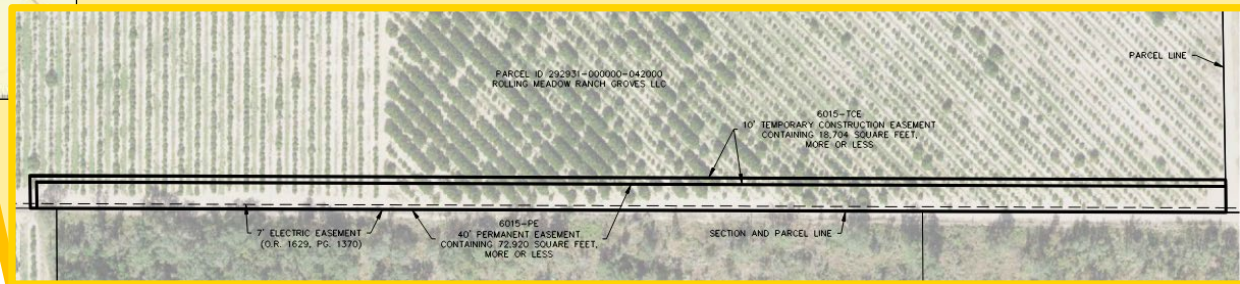
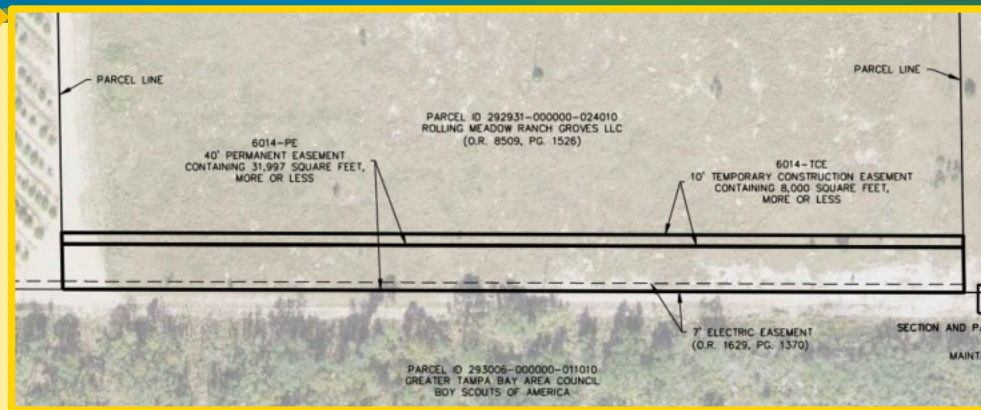
Recommendation:

**Adopt Resolution 2023-08 to Approve the PRWC
Investment Policy**

**Adopt Resolution 2023-12 Parcel
Resolution of Necessity to
Acquire Specified Parcels to
Implement the Southeast
Wellfield Project (*Action Item*)**

- Cooperative Board approved construction of SEWF raw water and finished water transmission mains pursuant to Resolution 2023-06
- Resolution 2023-12 constitutes a Parcel Resolution
 - Authorizes the Cooperative to acquire permanent easements over 2 parcels (Exhibits A & B) and temporary construction easements over the same parcels (Exhibits C & D)
 - These 2 Parcels will be included in the condemnation package approved by the BOD under Resolution 2023-07 (March 2023 BOD meeting)
- Acquisition by negotiation, contract or legal proceedings
 - Includes eminent domain proceedings pursuant to Chapter 73 and 75, Florida Statutes

Certain Lands



- 2 permanent easements
- 2 temporary construction easements
- Rolling Meadow Ranch

Recommendation:

Adopt Resolution 2023-12 Parcel Resolution of Necessity to Acquire Specified Parcels to Implement the Southeast Wellfield Project

April 26, 2023

RECESS:

SOUTHEAST WELLFIELD BOARD OF DIRECTORS

COMMENCE:

WEST POLK WELLFIELD BOARD OF DIRECTORS

**Adopt Resolution 2023-09
Amending Resolution 2022-05 for
the PRWC Master Bond
Resolution (*Action Item*)**

Recommendation:

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

Recommendation:

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

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Policy (*Action Item*)**

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April 26, 2023

RECESS:

WEST POLK WELLFIELD BOARD OF DIRECTORS

COMMENCE:

PRWC BOARD OF DIRECTORS

April 26, 2023

H. Open Discussion

I. Chair / Executive Director Report

J. Adjournment



Adjourned

PRWC Board of Directors
Special Meeting

April 26, 2023

- Status
 - FY 23 Business Plan July 2022
- Schedule of Updates
 - Implementation agreement call for a process of updating

Sample Schedule Update to Business Plan for 2024 Forecast	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Sep-23	Oct-23	Nov-23	Dec-23
Demand Update 2022 Data									
Cost & Financial Terms Update 2022 Data									
Grant Update FY23									

Business Plan Update for 2024 Forecast	Dec 2023	Jan 2024	Feb 2024	Mar 2024
Business Plan Update				
Present to TAC				
Present to PRWC Board				
Provide Updated Costs to Members				

- EPA benchmarked 2032 payment < 2.5%
Mean Household Income
- Previous cost per gallon delivered \$0.012
- Current cost per gallon delivered \$0.014
- Cost of gallon of milk \$4.16
- Cost of gallon of bottled water \$1.39

