POLICY MANUAL

Polk Regional Water Cooperative

Polk County, Florida

Adopted July 29, 2026
Revised September 16, 2026

Polk Regional
Water Cooperative

Foreword

This Policy Manual contains the policies adopted by the Polk Regional Water Cooperative Board of Directors to date — Chapter 3 (Investment Policy, Resolution 2025-33, November 19, 2025); Chapter 4 (Reserve Policy, adopted by motion September 20, 2023); Chapter 6 (Procurement Policy, Resolution 2026-09, September 16, 2026); Chapter 10 (Capital Asset Policy, adopted as Consent Item E.3 at the regular meeting of September 16, 2020); and Chapter 22 (Land Acquisition Policy, Resolutions 2022-12, 2023-05, and 2024-12) — together with the proposed Chapter 8 (Water Charges, Billing, and Annual True-Up), included in this draft for Board, member-government, and stakeholder review. The remaining Chapters are reserved for future adoption by the Board of Directors.

The Cooperative is a separate legal entity, a unit of special purpose local government and a regional water supply authority created pursuant to Section 163.01(7)(g) and Section 373.713, Florida Statutes, by Interlocal Agreement among the City of Auburndale, the City of Bartow, the City of Davenport, the City of Eagle Lake, the City of Fort Meade, the City of Frostproof, the City of Haines City, the Village of Highland Park, the City of Lake Alfred, the City of Lake Wales, the City of Lakeland, the City of Mulberry, Polk City, the City of Winter Haven, the Town of Dundee, the Town of Lake Hamilton, and Polk County. The purpose of the Cooperative is to provide an effective regional approach to the conservation of water; to the use, delivery, and provision of potable and non-potable water systems; to the protection of the environment; and to the efficient, innovative, and cooperative use of valuable water resources; and to acquire, develop, receive, recover, treat, store, transport, and supply potable and non-potable water on a wholesale or bulk-service basis for the Member Governments and to advance and cooperatively develop these essential public functions in fulfillment of the purposes set forth in Sections 163.01 and 373.713, Florida Statutes, and Chapter 189, Florida Statutes.

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CHAPTER 1 — ORGANIZATION AND OVERVIEW

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 2 — GOVERNANCE AND AUTHORITY

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 3 — INVESTMENT POLICY

3.1 Purpose and Responsibility

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

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

3.2 Scope

This Policy applies to all surplus funds owned by the Cooperative or otherwise under the management control of the Cooperative to the extent that application of this Policy does not conflict with the requirements of any Cooperative bond resolution. In the event of a conflict, the bond resolution shall govern. [Sec. 218.415(1), F.S.]

3.3 Investment Objectives

The investment objectives, in priority order, are: (a) safety of principal; (b) credit risk minimization; (c) interest rate risk minimization; (d) maintenance of liquidity; and (e) market rate of return. [Sec. 218.415(1), F.S.]

3.3.1 Safety of Principal

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

From time to time, securities may be traded for other similar securities to improve yield, maturity, or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security: (a) the yield has been increased; (b) the maturity has been reduced or lengthened; or (c) the quality of the investment has been improved.

3.3.2 Credit Risk

The Cooperative will minimize credit risk of loss with respect to investment of securities by: (a) limiting investments to the authorized investments in this Policy; (b) pre-qualifying the financial institutions, broker-dealers, intermediaries, and advisers with which the Cooperative will do business; (c) diversifying the investment portfolio to protect against losses on individual securities; and (d) performing initial and ongoing credit analysis and review of all credit-sensitive securities held in the portfolio.

3.3.3 Interest Rate Risk

The Cooperative will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by: (a) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity; (b) investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools, and limiting the average maturity of the portfolio in accordance with this Policy; and (c) limiting the maximum duration of the overall portfolio to five (5) years.

3.3.4 Maintenance of Liquidity

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

3.3.5 Return on Investment

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

3.3.6 Pecuniary-Factors Requirement

The Cooperative shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Section 218.415(24), F.S. The term “pecuniary factor” means a factor that the Cooperative prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy. The term does not include the consideration of the furtherance of any social, political, or ideological interests.

3.4 Delegation of Authority

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

3.5 Standards of Prudence

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

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

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

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

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

3.6 Ethics and Conflicts of Interest

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

3.7 Internal Controls and Investment Procedures

The responsibility to invest and manage the Cooperative's funds is delegated to the Executive Director. The Executive Director shall establish a system of internal controls and operational procedures that are in writing and made a part of the Cooperative's operational procedures. The internal controls shall be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures shall include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral and depository agreements, and "delivery vs. payment" procedures. The written procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as authorized under the terms of this Policy. These procedures are intended to reduce the relatively low risk that material losses may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. [Sec. 218.415(13), F.S.]

3.8 Continuing Education

The Executive Director, management designee, and/or appropriate staff shall annually complete eight (8) hours of continuing education in subjects or courses of study related to investment practices and products. [Sec. 218.415(14), F.S.]

3.9 Authorized Investment Institutions and Dealers

Investment activity shall be conducted only with issuers, dealers, or financial institutions authorized by any two of the Chair of the Board, Vice-Chair of the Board, or Executive Director. Accounts established with institutions, issuers, or dealers shall be approved by at least two of the Chair of the Board, Vice-Chair of the Board, or Executive Director after evaluation and favorable recommendation by the Cooperative's Investment Advisor. Securities shall be purchased only from financial institutions that are qualified public depositories as defined in Section 280.02(23), Florida Statutes, or from SIPC broker-dealers whose long-term issuer rating (or parent company's long-term issuer rating) is in the "A" category or higher from Standard & Poor's Rating Service and Moody's Investors Service. The Cooperative's Investment Advisor(s) shall utilize and maintain its own list of approved primary and non-primary securities dealers. [Sec. 218.415(9), F.S.]

3.10 Maturity and Liquidity Requirements

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with bond resolutions, but in no event shall exceed five (5) years. Maturities longer than five (5) years require the written approval of the Board. [Sec. 218.415(6), F.S.]

3.11 Risk and Diversification

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

3.12 Competitive Selection of Investment Instruments

After the Executive Director, management designee, or the Investment Advisor has determined the approximate maturity date based on cash-flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) Qualified Institutions or Primary Dealers must be contacted and asked to provide bids/offers on the securities in question. Bids will be held in confidence until the bid deemed to best meet the investment objectives is determined and selected. [Sec. 218.415(12), F.S.]

However, if obtaining bids or offers is not feasible or appropriate, securities may be purchased utilizing the comparison-to-current-market-price method on an exception basis. Acceptable current market price providers include, but are not limited to: (a) Tradeweb Information System; (b) Bloomberg Information Systems; (c) The Wall Street Journal or a comparable nationally

recognized financial publication providing daily market pricing; or (d) daily market pricing provided by the Cooperative's custodian or its correspondent institutions.

The Executive Director or the Investment Advisor shall utilize the competitive bid process to select the securities to be purchased or sold. Selection by comparison to a current market price, as indicated above, shall only be utilized when, in the judgment of the Executive Director or the Investment Advisor, competitive bidding would inhibit the selection process. Examples of when it is appropriate to use the comparison-to-current-market-value method include: (a) when time constraints due to unusual circumstances preclude the use of the competitive bidding process; (b) when no active market exists for the issue being traded due to the age or depth of the issue; (c) when a security is unique to a single dealer, for example, a private placement; or (d) when the transaction involves new issues or issues in the "when-issued" market. Overnight sweep investments or repurchase agreements will not be bid, but may be placed with the Cooperative's depository bank related to the demand account for which the sweep investments or repurchase agreement was purchased.

3.13 Authorized Investments and Portfolio Composition

Investments shall be made subject to the cash-flow needs and such cash flows are subject to revisions as market conditions and the Cooperative's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Executive Director or management designee may sell the investment at the then-prevailing market price and place the proceeds into the proper account at the Cooperative's custodian or banks. [Sec. 218.415(7), (8), (16), F.S.]

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

The securities listed below are authorized securities for all funds to the extent this does not conflict with any of the Cooperative's bond resolutions. In the event of a conflict, the bond resolution will prevail. The allocation limits are intended as a general guide for management of funds under the direct control of Cooperative staff. Investment of debt proceeds and related earnings, including but not limited to construction funds, trust funds, capitalized interest, and debt service reserves, may be invested by the Board by resolution in any amounts and as governed by the applicable bond resolution.

If securities owned by the Cooperative are downgraded by a Nationally Recognized Statistical Rating Organization ("NRSRO") to a level below the quality required by this Policy, it will be the Cooperative's policy to review the credit situation and make a determination as to whether to sell

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

Table 3-1. Authorized Investments and Portfolio Limits

Security Type	Minimum Rating	Maturity Limit	Max Allocation	Max per Issuer
U.S. Government Securities	N/A	5 Years	100%	N/A
U.S. Government Agencies (full faith and credit)	N/A	5 Years	50%	25%
Federal Instrumentalities (GSEs; non-full faith and credit)	N/A	5 Years	80%	25%
Non-Negotiable Interest-Bearing Time CDs	N/A	2 Years	25%	5%
Commercial Paper	P-1 / A-1	270 Days	25%	5%
Corporate Notes	Single "A" by any two NRSROs	5 Years	25%	5%
Demand Deposit Accounts	N/A	N/A	100%	100%
Money Market Mutual Funds (registered investment companies)	AAAm	N/A	100%	100%
Intergovernmental Investment Pool	AAAm/f	N/A	100%	N/A
Florida PRIME	AAAm	N/A	100%	N/A

3.14 Master Repurchase Agreement

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

3.15 Derivatives and Reverse Repurchase Agreements

Investment in any derivative products or the use of reverse repurchase agreements requires specific Board of Directors approval prior to their use. If the Board of Directors approves the use of

derivative products, the Executive Director or management designee shall develop sufficient understanding of the derivative products and have the expertise to manage them. A "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. If the Board of Directors approves the use of reverse repurchase agreements or other forms of leverage, the investment shall be limited to transactions in which the proceeds are intended to provide liquidity and for which the Executive Director or management designee has sufficient resources and expertise to manage them. [Sec. 218.415, F.S.]

3.16 Performance Measurement

In order to assist in the evaluation of the portfolios' performance, the Cooperative will use performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow the Cooperative to measure its returns against other investors in the same markets. [Sec. 218.415(3), F.S.]

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

3.17 Reporting

The Executive Director or management designee shall receive from the Investment Advisor a Monthly and Quarterly Investment Report. The Executive Director and/or management designee shall provide the Board of Directors with bi-monthly Investment Reports. The Monthly and/or Quarterly Investment Reports shall include but are not limited to the following: [Sec. 218.415(15), F.S.]

- Details of the portfolio by fund type.
- Recent market conditions, economic developments, and anticipated investment conditions.

- The investment strategies employed in the most recent quarter.
- A description of all securities held in investment portfolios at month-end, as well as their cost and carrying value, market value, and yield performance for that period.
- The total rate of return for the quarter and year-to-date versus appropriate benchmarks.
- Any areas of the Policy of concern warranting possible revisions to current or planned investment strategies. The market values presented in these reports will be consistent with the accounting guidelines of GASB Statement 31.

3.18 Third-Party Custodial Agreements

Securities, with the exception of certificates of deposit, shall be held with a third-party custodian, and all securities purchased by, and all collateral obtained by, the Cooperative shall be properly designated as an asset of the Cooperative. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposit will be placed in the provider's safekeeping department for the term of the deposit. The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Executive Director and whose authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, from safekeeping shall be permitted unless by such a duly authorized person. [Sec. 218.415(10), (18), F.S.]

The custodian shall provide the Executive Director or management designee with safekeeping statements that provide detailed information on the securities held by the custodian. On a monthly basis, the custodian shall also provide reports that list all securities held for the Cooperative, the book value of holdings, and the market value as of month-end. Security transactions between a broker-dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

3.19 Investment Review and Strategy

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

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

3.20 Securities Disposition

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

3.21 Preemption

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

3.22 Audits

Certified public accountants conducting audits of the Cooperative shall report, as part of the audit, whether the Cooperative has complied with Section 218.415, Florida Statutes.

3.23 Investment Policy Adoption

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

3.24 Glossary of Cash and Investment Management Terms

A glossary of cash and investment management terms is incorporated as Attachment A to this Chapter and is on file with the Records Custodian of the Cooperative. The glossary, originally adopted as Attachment A to the Investment Policy approved under Resolution 2025-33, is intended to assist in the consistent interpretation and application of this Chapter and shall be updated by the

Executive Director as needed to reflect changes in market terminology. The glossary is incorporated by reference and made part of this Chapter as if fully set forth herein.

History Note: Originally adopted as the PRWC Investment Policy by Resolution 2023-08 on April 26, 2023. Amended and restated by Resolution 2025-33 on November 19, 2025. Incorporated as Chapter 3 of this Policy Manual by Resolution 2026-___ on May 25, 2026.

CHAPTER 4 — RESERVE POLICY

4.1 Purpose and Scope

Section 11.05 of the Master Bond Resolution, as amended (the "MBR"), specifies a minimum requirement of debt-service coverage compliance of not less than one hundred fifteen percent (115%) of the aggregate Bond Service Requirement, which includes all debt-service payments on senior lien debt, and also includes the line-of-credit issued pursuant to the MBR. The senior debt issued through the State Revolving Fund loan program also requires a minimum debt-service coverage of one hundred fifteen percent (115%). These requirements necessitate the establishment of a Reserve Policy by the Polk Regional Water Cooperative (the "Cooperative").

The purpose of this Policy is to provide adequate annual net cash flows and to accumulate appropriate reserve funds over time so as to establish the Cooperative's financial position and credit. In order to accomplish this goal, the Cooperative shall establish a minimum debt-service coverage target of one hundred twenty-five percent (125%) of the aggregate annual debt-service payments on all senior lien and subordinate obligations, calculated using the same assumptions as set forth in the definition of Bond Service Requirement in the MBR.

As provided in the Implementation Agreements, the sum of all principal and interest payments on debt and the associated required coverage allowance of one hundred twenty-five percent (125%) are included in each Member's estimated future Base Rate Charge. The draft Business Plan Report dated December 16, 2022, estimated that the amount of cash reserve funds created based on the targeted compliance results would accumulate over time, resulting in an annual average contribution by Project Participants of approximately Six Million Dollars ($6,000,000) per year by Fiscal Year 2032, when principal and interest on the proposed Water Infrastructure Finance and Innovation Act ("WIFIA") Loans become due. This Policy identifies three (3) priority cash-reserve funding levels, set forth in Section 4.2 below. Revenues resulting from the twenty-five percent (25%) debt-service coverage requirement on the State Revolving Fund loans that were issued pursuant to the Combined Projects Implementation Agreement will be allocated among all active Cooperative Projects based on each Project Participant's Water Cost Proportionate Share in each Project.

Unless otherwise defined, capitalized words used in this Chapter have the same meaning as ascribed to them in the MBR.

4.2 Allocation of Excess Reserve Funds

4.2.1 Project Debt Service Reserve Funds

The Cooperative shall establish separate restricted Debt Service Reserve Funds ("DSRFs") as required under the MBR for senior and subordinated debt obligations. This Section 4.2.1 shall apply to the WIFIA Loan as evidenced by the related Polk Regional Water Cooperative Water Revenue Bond, Series 2023D and Polk Regional Water Cooperative Water Revenue Bond, Series

2023E, issued under the MBR. Future senior parity debt or subordinated debt issued by the Cooperative may, but shall not be required to, fund a DSRF, as provided in the applicable supplemental resolution to the MBR.

The Cooperative shall establish separate restricted DSRFs in its accounting records for the Southeast Wellfield Project and the West Polk Wellfield Project for the WIFIA Loan, as required by the MBR. These DSRFs may be deposited in a single bank account and commingled for investment purposes as provided in the MBR. The Cooperative shall deposit into each DSRF an amount equal to no less than fifty percent (50%) of the maximum WIFIA Debt Service on the WIFIA Loan for each Project in any Fiscal Year, with WIFIA Debt Service calculated for this purpose to assume disbursement of the entire available WIFIA Loan for the Project on the initial disbursement date, regardless of actual disbursement amount.

The DSRFs shall be funded by the Cooperative using the Pro-Rated DSR Amount (as defined below) for each Fiscal Year following the initial disbursement of the WIFIA Loan. The initial Pro-Rated DSR Amount shall be deposited into the Southeast Wellfield Project DSRF on or prior to the date of the first disbursement of the WIFIA Loan, and thereafter by each September 30 after the initial deposit was made until funded in full. The initial Pro-Rated DSR Amount shall be deposited into the West Polk Wellfield Project DSRF on or prior to the date of the first disbursement of the WIFIA Loan, and thereafter by each September 30 after the initial deposit was made until funded in full.

The Pro-Rated DSR Amount shall be calculated separately for the Southeast Wellfield Project WIFIA Loan and the West Polk Wellfield WIFIA Loan. The Pro-Rated DSR Amount is the amount equal to fifty percent (50%) of the maximum WIFIA Debt Service (assuming disbursement of the entire WIFIA Loan) divided by the number of Fiscal Years from the date of the first disbursement of the WIFIA Loan to the end of the Interest-Only Period (the "Pro-Rated DSR Amount"). The Pro-Rated DSR Amount shall be adjusted upon a decrease in the interest rate on the WIFIA Loan or if, by the Final Disbursement Date, the WIFIA Loan has not been disbursed in full; any funds in excess of the applicable recalculated Pro-Rated DSR Amount shall be released from the applicable DSRF and deposited into the Revenue Fund in accordance with the MBR.

Funds collected from Project Participants in excess of the Pro-Rated DSR Amounts for the Southeast Wellfield and West Polk Wellfield WIFIA Loans at the time the annual audit is completed for the prior Fiscal Year shall be used in the following order: (1) satisfy any reserve fund deficiency in the Renewal and Replacement Fund until the balance required by Section 4.2.2 is met; (2) satisfy any reserve fund deficiency in the Reserve Fund until the balance required by Section 4.2.3 is met; and (3) any remaining excess funds may be distributed back to the Project Participants after acceptance of the audit results by the Board of Directors. Allocation of such excess funds shall be based on each Project Participant's pro-rated payment of the Base Rate Charge for the prior Fiscal Year for those Cooperative Projects for which it is a Project Participant.

4.2.2 Renewal and Replacement Fund

The Cooperative shall establish an unrestricted Renewal and Replacement Fund for the entire Cooperative System. In its accounting records, the Cooperative shall establish sub-funds for each Cooperative Project, which may be deposited in a single bank account and commingled for investment purposes as provided in the MBR. Any excess revenues above the minimum required transfers to the DSRF shall be deposited in the Renewal and Replacement Fund. The annual deposit shall not exceed five percent (5%) of the prior Fiscal Year's Gross Revenue. An annual deposit is required until the balance in the Renewal and Replacement Fund equals the greater of: (1) Four Million Dollars ($4,000,000); (2) Two Million Dollars ($2,000,000) for each active Cooperative Project; or (3) the estimated Annual Capital Replacement and Renewal Cost for all Cooperative Projects for the upcoming Fiscal Year (the "Maximum RRF Requirement").

Funds in the Renewal and Replacement Fund may be used at the request of the Executive Director, following approval by the Board of Directors, for any lawful purpose of the Cooperative. Any use of funds in the Renewal and Replacement Fund shall include a plan for restoring those funds back to the minimum levels within a reasonable period of time established by the Board of Directors.

Funds in the Renewal and Replacement Fund in excess of the Maximum RRF Requirement for the upcoming Fiscal Year at the time the Cooperative Budget is adopted shall be used to satisfy any reserve fund deficiency in the Reserve Fund until the balance required by Section 4.2.3 is met.

4.2.3 Reserve Fund (Operating Account)

The Cooperative shall establish an unrestricted Reserve Fund, also known as the "Operating Account," for the entire Cooperative System. In its accounting records, the Cooperative shall establish sub-funds for each Cooperative Project, which may be deposited in a single bank account and commingled for investment purposes as provided in the MBR. Funds in excess of the Pro-Rated DSR Amounts and the Renewal and Replacement Fund shall be deposited in the Operating Account until the Reserve Fund balance equals ninety (90) days of Operation and Maintenance Costs for the Cooperative System, which reflects the estimated operating and maintenance expenses of all Cooperative Projects for the upcoming Fiscal Year.

Funds in the Operating Account may be used at the request of the Executive Director, following approval by the Board of Directors, for any lawful purpose of the Cooperative, including but not limited to payment of a defaulting Project Participant(s)' Base Rate Charge, in the short term, under the Implementation Agreements, in order to ensure the continued operation of the Projects and payment of the Debt Service until the defaulting Project Participant(s) cures the default. Any use of funds in the Operating Account shall include a plan for restoring those funds back to the minimum levels within a reasonable period of time established by the Board of Directors.

Funds in the Operating Account in excess of ninety (90) days of the estimated operating and maintenance expenses of all Cooperative Projects for the upcoming Fiscal Year at the time the Cooperative Budget is adopted may be distributed to the Project Participants after acceptance of

the audit results by the Board of Directors, based on each Project Participant's pro-rated payment of its Base Rate Charge for the prior Fiscal Year for those Cooperative Projects for which it is a Project Participant.

4.3 Coordination with Implementation Agreements

To the extent that any Implementation Agreement separately provides for Reserves that are calculated, funded, or distributed differently from the standards in Section 4.2, the Implementation Agreement governs the Project to which it applies. In particular, Section 18.2 (Step-Up Requirement) of the Second Amended and Restated Implementation Agreements for the Southeast Wellfield Project and the West Polk Lower Floridan Aquifer Wellfield Project requires that, upon any failure of a Project Participant to pay the Base Rate Charge when due, the Cooperative shall first apply Reserves to cure the default, and that the remaining non-defaulting Project Participants shall make up any shortfalls created by the defaulting Project Participant(s) pro rata to their Water Cost Proportionate Shares. Reserves so applied shall be replenished by recovery from the defaulting Project Participant in the priority order established by the applicable bond resolution and by Section 18.2 of the SEWF and WPLFA Implementation Agreements.

4.4 Annual Review and Reporting

Reserves shall be reviewed annually in connection with the Cooperative's annual audit. The Executive Director shall report Reserve balances, contributions, and projected funding levels to the Board of Directors not less than annually, and at any other time the Reserves are below the levels required by this Policy. Where Reserves fall below the levels required by this Policy, the Executive Director shall present a plan to restore Reserves consistent with the timeline expectations of this Policy and the Implementation Agreements.

History Note: Adopted by motion of the PRWC Board of Directors at the September 20, 2023, regular meeting (Item E.2, Consent Agenda; motion by Commissioner Lake, seconded by Commissioner Godard, adopted unanimously). Incorporated as Chapter 4 of this Policy Manual by Resolution 2026-___ on May 25, 2026.

CHAPTER 5 — FINANCIAL ACCOUNTS AND CASH MANAGEMENT

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 6 — PROCUREMENT OF GOODS, SERVICES, AND PROFESSIONAL SERVICES

6.1 Purpose and Authority

The purposes of this Chapter are to: provide for the fair and equitable treatment of all persons participating in the public procurement process of the Cooperative; foster effective broad-based competition for public procurement within the free enterprise system; provide safeguards for the maintenance of a procurement system of quality and integrity; ensure compliance with all applicable federal and state laws and the Cooperative's grant, loan, and bond covenants; and obtain in a cost-effective and responsive manner the materials, services, and construction required for the Cooperative to fulfill its statutory mission as a regional water supply authority. This Chapter establishes the Cooperative's procurement policies for the acquisition of goods, services, professional services, construction, and information technology, and is intended to satisfy (i) the procurement-authority and standards-of-conduct requirements of Florida law applicable to local government and special districts, (ii) the federal procurement standards at 2 C.F.R. §§ 200.317–200.327 applicable to non-federal entities receiving federal financial assistance, including the Cooperative's Water Infrastructure Finance and Innovation Act ("WIFIA") loans, Florida Drinking Water State Revolving Fund ("DWSRF") loans, United States Environmental Protection Agency program grants, and any other federal funding instrument, and (iii) the Cooperative-specific procurement provisions of the Interlocal Agreement, the Implementation Agreements, and applicable bond resolutions.

Authority for this Chapter is Section 2.06(E), (F), (G), (Q), (W), and (LL) of the Interlocal Agreement; Section 287.057, Florida Statutes; Section 287.055, Florida Statutes ("CCNA"); Chapter 255, Florida Statutes (Public Property and Publicly-Owned Buildings); Section 218.80, Florida Statutes (Public Bid Disclosure Act); Sections 218.70 through 218.80, Florida Statutes (Local Government Prompt Payment Act); Section 215.97, Florida Statutes (Florida Single Audit Act); 2 C.F.R. Part 200, Subpart D (Procurement Standards) and Subpart F (Audit Requirements); the federal Build America, Buy America Act of 2021, Pub. L. No. 117-58, §§ 70901–70927; 33 U.S.C. § 3914 (American Iron and Steel); 40 U.S.C. §§ 3141–3148 (Davis-Bacon Act); and 40 C.F.R. Part 33 (Disadvantaged Business Enterprise).

6.2 Application and Definitions

6.2.1 Application

This Chapter applies to all expenditures by the Cooperative of public funds for the procurement of goods, services, professional services, construction, equipment, or information technology, including expenditures funded in whole or in part by the proceeds of any federal grant or loan, state grant or loan, bond proceeds, or Cooperative revenue. Where any procurement is funded in whole or in part with federal financial assistance, the procurement shall comply, in addition to this

Chapter, with all applicable provisions of 2 C.F.R. Part 200, Subpart D, and the cross-cutting federal authorities identified in Section 6.12 of this Chapter; where any provision of this Chapter is more restrictive than the corresponding federal provision, this Chapter shall control. Where any provision of this Chapter is less restrictive, the federal provision shall control.

Procurement procedures of the Cooperative may not be waived, suspended, or supplemented except by action of the Board of Directors. Administrative procedures consistent with this Chapter may be issued by the Executive Director to implement this Chapter and to address operational matters not specifically addressed herein; provided that no Administrative Procedure may relax, modify, or supersede any threshold, approval requirement, source-selection rule, or limitation established by this Chapter or by applicable federal or state law.

6.2.2 Definitions

For purposes of this Chapter, the capitalized terms in this Subsection have the meanings ascribed below; capitalized terms not defined herein have the meaning ascribed to them in the Interlocal Agreement or in 2 C.F.R. § 200.1.

- "Board" means the Board of Directors of the Cooperative.
- "CCNA" means the Consultants' Competitive Negotiation Act, Section 287.055, Florida Statutes, governing the competitive selection of providers of architectural, engineering, landscape architectural, and surveying and mapping services, as described in Section 6.6 of this Chapter.
- "Cone of Silence" means the prohibition on certain communications with the Cooperative described in Section 6.10.4.
- "Construction" has the meaning given in Chapter 255, Florida Statutes; for federal-award purposes, it has the meaning given in 2 C.F.R. § 200.1.
- "Cooperative Purchase" means a purchase made under a contract competitively procured by another public entity or a cooperative purchasing organization, in accordance with Section 6.5.7 of this Chapter.
- "Executive Director" means the Executive Director of the Cooperative
- "Federal Award" means a federal grant, cooperative agreement, loan, or other financial assistance instrument under which the Cooperative is a non-federal entity within the meaning of 2 C.F.R. § 200.1, including without limitation a WIFIA loan and a DWSRF loan.
- "Goods" includes commodities, materials, supplies, equipment, and other tangible property; "Services" includes contractual services other than Professional Services.

- "Invitation for Bid" or "ITB" means a competitive solicitation seeking sealed bids based on definite specifications, awarded to the lowest responsive, responsible bidder.
- "Invitation to Negotiate" or "ITN" means a competitive solicitation under Section 287.057(1)(c), Florida Statutes, as adapted to local-government procurement, used where negotiation of terms is required for award.
- "Procurement Officer" means the Executive Director or the staff member to whom the Executive Director has, by written designation, delegated the duty to conduct day-to-day procurement on behalf of the Cooperative.
- "Professional Services" means services that are predominantly intellectual in character and require advanced knowledge in a field of science or learning customarily acquired by a prolonged course of study, including without limitation services regulated by Chapter 287.055, Florida Statutes (CCNA services — architecture, engineering, landscape architecture, surveying and mapping), and legal, audit, financial advisory, investment advisory, planning, and other professional services not subject to CCNA.
- "Request for Proposals" or "RFP" means a competitive solicitation seeking proposals evaluated against price and non-price criteria.
- "Request for Qualifications" or "RFQ" means a competitive solicitation seeking qualifications statements without price; used primarily for CCNA selection under Section 6.6.
- "Responsible Bidder/Proposer" means a person or firm with the capability in all respects to perform fully the contract requirements and the integrity and reliability that will assure good faith performance.
- "Responsive Bid/Proposal" means a bid or proposal that conforms in all material respects to the requirements of the solicitation.
- "Solicitation" means an ITB, RFP, RFQ, ITN, or other formal competitive process.

6.3 Approval Thresholds

Authority to commit Cooperative funds by purchase, contract, change order, task authorization, or other procurement instrument is delegated as set forth in Table 6-1. No Cooperative employee, officer, or agent may commit Cooperative funds in excess of the authority delegated by this Chapter. Approval thresholds are calculated based on the total anticipated value of the procurement, including all renewal options, contingencies, and reasonably foreseeable change

orders; an attempt to divide or split a procurement to avoid an approval threshold is prohibited and shall be cause for disciplinary action.

Table 6-1. Procurement Approval Thresholds

Total Anticipated Value	Required Procurement Method	Approval Authority
Up to $9,999	No competition required; reasonable price determination documented in the procurement file	Procurement Officer
$10,000 – $49,999	Not fewer than three (3) written quotations, or, where fewer than three qualified quotations exist, as many as are available, documented in the procurement file (oral acceptable for goods readily available off-the-shelf)	Procurement Officer
$50,000 – $99,999	Not fewer than three (3) written quotations, or, where fewer than three qualified quotations exist, as many as are available, documented in the procurement file; written cost reasonableness determination; advertised on the Cooperative's website for not less than seven (7) calendar days	Executive Director
$100,000 and above	Formal solicitation (ITB, RFP, ITN, or CCNA process)	Board of Directors
Construction > $300,000 (non-electrical) / > $75,000 (electrical)	Sealed competitive method under §255.20, F.S.; design-build under §287.055(9), F.S.; or construction-management at-risk under §255.103, F.S.	Board of Directors
Professional Services (CCNA — architecture, engineering, surveying, landscape architecture): construction estimate > §287.017 Cat. V or basic fee > Cat. II	CCNA process under §6.6	Board of Directors
Sole-source $25,000 – $99,999	Written sole-source determination; 14-day notice of intent; protest opportunity	Executive Director
Sole-source $100,000 and above	Written sole-source determination; 14-day notice; protest opportunity	Board of Directors
Emergency, any amount	Procurement Officer; ratified by Board at next regular meeting	Executive Director (≤ $100,000) / Chair or Vice-Chair (> $100,000)
Change orders, individual or cumulative ≤ 10% of original contract	Same method as original; written justification	Executive Director (≤ $50,000) / Board (> $50,000)
Change orders > 10% of original contract	Written justification; cost analysis; consistency review with original solicitation	Board of Directors

For purposes of CCNA, the construction-estimate and basic-fee thresholds incorporated by reference at Section 287.017, Florida Statutes, Category Two and Category Five, are the operative figures, as periodically adjusted by the Department of Management Services pursuant to that statute. The Executive Director shall publish the current Category Two and Category Five amounts in the Cooperative's Procurement Administrative Procedures whenever they change.

6.4 Standards of Conduct

All officers, employees, and agents of the Cooperative engaged in the selection, award, or administration of any contract shall observe the standards of conduct set forth in this Section. No employee, officer, or agent may participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. A conflict of interest arises when the employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of these parties, has a financial or other interest in or a tangible personal benefit from a firm being considered for a contract. (2 C.F.R. § 200.318(c); §§ 112.313, 112.3135, F.S.) For purposes of this Section, "relative" has the meaning given in Section 112.312, Florida Statutes, as amended by Chapter 2026-22, Laws of Florida, which includes (without limitation) foster parent and foster child relationships, and the anti-nepotism provisions of Section 112.3135, Florida Statutes, apply to the Cooperative's Board, officers, and employees as so amended.

Officers, employees, and agents of the Cooperative may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts; provided that the Cooperative may, by Administrative Procedure of the Executive Director, set a standard of de minimis acceptance consistent with Section 112.3148, Florida Statutes (governing gifts to local officers), but in no event greater than the limits stated in Section 16.5. Violation of these standards by an employee subjects the employee to discipline up to and including termination, and may subject the violator to civil and criminal penalties under Chapter 112, Florida Statutes.

No Cooperative officer, employee, or agent who participates in the selection, evaluation, or award of a contract may accept any post-Cooperative employment with or compensation from a contractor for a period of two (2) years after termination of his or her Cooperative employment, as required by Section 112.313(9), Florida Statutes, except as expressly permitted by that statute.

6.5 Source-Selection Methods

6.5.1 Micro-Purchases (Up to $9,999)

Procurements of $9,999 or less may be made without competition, provided the Procurement Officer has determined the price to be reasonable based on a price check, market knowledge, or other evidence documented in the procurement file. The price-reasonableness determination shall be in writing for any micro-purchase of $1,000 or more. Where the procurement is funded by a

Federal Award, the Cooperative may make micro-purchases up to the federal micro-purchase threshold then in effect under 2 C.F.R. § 200.320(a)(1) without competition, subject to the equitable-distribution requirement of that subsection; the federal micro-purchase threshold is greater than the Cooperative's $9,999 threshold and the Cooperative threshold therefore controls.

6.5.2 Small Purchases ($10,000 – $49,999)

Procurements between $10,000 and $49,999 shall be made on the basis of not fewer than three (3) quotations obtained from qualified sources, or, where fewer than three qualified quotations exist, as many as are available, as documented in the procurement file. Quotations may be oral or written; if oral, the Procurement Officer shall record in the procurement file the name and address of the source, the date of the quotation, the description of the item or service, and the price quoted. For procurements funded by a Federal Award, all quotations shall be written. The award shall be made to the responsible source quoting the lowest price unless the Procurement Officer determines, in writing in the procurement file, that the lowest-price quotation is not in the best interest of the Cooperative.

6.5.3 Informal Purchases ($50,000 – $99,999)

Procurements between $50,000 and $99,999 shall be made on the basis of not fewer than three (3) written quotations, or, where fewer than three qualified quotations exist, as many as are available, as documented in the procurement file, advertised on the Cooperative's public website for not less than seven (7) calendar days prior to the deadline for quotation submission. Award shall be made to the responsible source quoting the lowest price meeting specifications, unless the Procurement Officer determines, in writing in the procurement file, that the best interest of the Cooperative is served by another award.

6.5.4 Sealed Competitive Bidding ($100,000 and Above) (ITB)

Sealed competitive bidding shall be used for procurement of goods, services, and construction of $100,000 or more, except where: (a) the procurement is exempt under Section 6.5.7 of this Chapter; (b) sealed competitive bidding is determined by the Board to be unfeasible or not in the best interest of the Cooperative, in which case the Board may direct procurement by RFP, ITN, or other competitive method authorized by this Chapter; or (c) the procurement is for Professional Services subject to CCNA under Section 6.6 of this Chapter.

Notice inviting bids shall be advertised on the Cooperative's website and in such other media as the Procurement Officer determines necessary to obtain adequate competition. Notice for bids subject to Section 255.0525, Florida Statutes (construction contracts), shall be published in a newspaper of general circulation in the area where the project is to be constructed, not less than twenty-one (21) days before the established bid opening time (or five (5) days for projects of less than $500,000). Bids shall be opened publicly at the time and place stated in the public notice. The

contents of all bids opened shall be made available for public inspection in accordance with Section 119.071(1)(b), Florida Statutes, subject to the bid-protest exemption.

Award shall be made by written contract to the lowest responsive, responsible bidder. The determination of "responsibility" shall be based on the criteria specified in the bid documents, including the standards in 2 C.F.R. § 200.318(h) where the procurement is federally funded, and shall be documented in the procurement file.

6.5.5 Competitive Sealed Proposals (RFP)

Competitive sealed proposals may be used when the Procurement Officer determines, in writing, that sealed bidding is not practicable or advantageous to the Cooperative, including when factors other than price will be material to the award decision. The RFP shall identify all evaluation criteria and the relative importance of each. Proposals shall be evaluated by a selection committee appointed by the Executive Director, and award shall be made to the responsible proposer whose proposal is determined to be the most advantageous to the Cooperative, considering price and the other factors listed in the RFP. The contents of all proposals are exempt from public inspection during the protest-period blackout under Section 119.071(1)(b), Florida Statutes.

6.5.6 Invitation to Negotiate (ITN)

An ITN may be used when the Procurement Officer determines, in writing, that negotiation is necessary to determine the best method to achieve the Cooperative's goals or to develop terms or conditions of the contract. The procedures for ITN shall follow the requirements of Section 287.057(1)(c), Florida Statutes, as applied to special districts.

6.5.7 Cooperative Purchases (Piggyback)

The Cooperative may purchase goods, services (other than Professional Services subject to CCNA), and information technology under contracts competitively procured by other public entities ("Cooperative Purchases" or "piggybacks"), including but not limited to State Term Contracts under Section 287.057, Florida Statutes; Department of Management Services state term contracts for building-code inspection services maintained under Section 553.79(15), Florida Statutes (as enacted by Chapter 2026-63, Laws of Florida); the U.S. General Services Administration ("GSA") Schedules; the U.S. Communities Government Purchasing Alliance; OMNIA Partners; Sourcewell; Florida Sheriffs Association; and contracts of the City of Lakeland, Polk County, and the City of Winter Haven, provided that the original procurement was conducted by a competitive method substantially equivalent to that which would have been required under this Chapter and that the contract permits use by other governmental entities. The Procurement Officer shall include in the procurement file a copy of the original solicitation and contract, evidence of competitive award, and a determination of cost reasonableness for the Cooperative's purchase. Cooperative Purchases ≥ $100,000 require Board approval. In addition, for vertical construction requiring local building permits and inspections (water treatment plants, booster

pump stations, operations and electrical buildings, and similar structures), the Cooperative may, in accordance with Section 553.791, Florida Statutes (as strengthened by Chapter 2026-63, Laws of Florida), engage a qualified private provider to perform plan review and inspections in lieu of the host local government's building department, subject to the notice and qualification requirements of that Section. The cost of qualified private provider services shall be procured under this Chapter.

6.5.8 Sole Source

A procurement may be made from a sole source where the Procurement Officer determines, in writing, that the item, service, or supplier is the only one capable of meeting the Cooperative's requirements. The written determination shall identify the item or service; describe the unique characteristics that require sole-source procurement; document the efforts made to locate alternative sources; and certify the reasonableness of price. For sole-source procurements ≥ $10,000, notice of intent to sole-source shall be posted on the Cooperative's website for not less than fourteen (14) calendar days prior to award; objections received during the notice period shall be considered by the Executive Director (or, for procurements ≥ $100,000, by the Board) before award.

6.5.9 Emergency

Notwithstanding any other provision of this Chapter, when there exists a threat to public health, safety, welfare, or critical infrastructure, the Executive Director may authorize procurement without compliance with the otherwise-applicable competitive process to the extent necessary to address the emergency. Emergency procurements ≥ $100,000 shall require the prior concurrence of the Chair (or, in the Chair's absence, the Vice-Chair). All emergency procurements shall be ratified by the Board at its next regular meeting and a written record of the emergency, the basis for the procurement, and the steps taken shall be included in the procurement file. The Cooperative's emergency procurement procedures shall be coordinated with the Cooperative's Emergency Response Plan.

6.5.10 Best-Value Awards

Where authorized by the solicitation, award may be made on the basis of best value, with evaluation factors including total cost of ownership, life-cycle cost, performance, quality, and other non-price factors, in addition to price. Best-value awards must be documented in the procurement file with a detailed evaluation matrix showing the application of evaluation criteria to each proposal.

6.5.11 Prohibited Net-Zero and Fuel-Source Preferences

In accordance with Section 377.816, Florida Statutes (as enacted by Chapter 2026-45, Laws of Florida), the Cooperative shall not, in any solicitation, evaluation matrix, scoring rubric, or award decision under this Chapter: (a) provide any procurement or purchasing preference for a product

or vendor on the basis that the procurement or purchase of such product or from such vendor will advance or support a "net zero policy" as defined in that Section; or (b) provide any procurement or purchasing preference for any goods (including vehicles, equipment, appliances, or other products) based solely on the types or sources of fuel used by, or used in the production of, such goods. Any non-price evaluation factor used in a best-value award under Section 6.5.10 shall be neutral as to net-zero alignment and fuel type or source, and the procurement file shall affirmatively document that the evaluation criteria do not give any such preference. Nothing in this Section limits the Cooperative's authority to specify performance, reliability, energy-efficiency, life-cycle cost, or total-cost-of-ownership criteria that are otherwise permitted by general law.

In further compliance with Section 377.816(4)(c), Florida Statutes, the Cooperative shall not use public funds to pay dues, membership fees, subscription fees, or charitable contributions to any nongovernmental agency, trade association, or other private organization that (i) adopts a net-zero policy as defined in that Section, (ii) requires adoption of or any commitment to support a net-zero policy as a condition of membership or of receiving any benefit of membership, or (iii) uses such funds to advocate for a net-zero policy. The Procurement Officer shall, in consultation with the Executive Director, conduct an annual review of the Cooperative's organizational memberships and subscriptions to confirm compliance with this Section and shall document that review in the procurement file. Vendor subscription, conference, and training procurements shall be screened against the same standard before purchase.

In further compliance with Section 287.05701, Florida Statutes (enacted by Chapter 2023-28, Laws of Florida), the Cooperative, as a "governmental entity" within the meaning of that Section, shall not, in any solicitation, evaluation matrix, scoring rubric, or award decision under this Chapter, give a preference to a vendor based on the vendor's social, political, or ideological interests, including any environmental, social, or governance ("ESG") criteria not connected to a pecuniary risk-and-return analysis as defined in Section 218.415(24), Florida Statutes. The Procurement Officer shall affirmatively document in the procurement file that no such preference has been given. Nothing in this Section limits the Cooperative's authority to apply the specific certifications and screens required by general law, including the Scrutinized Companies Certification under Section 287.135, Florida Statutes, the foreign-country-of-concern restrictions referenced in Section 6.13, and the disclosures otherwise required by this Chapter.

6.6 CCNA — Architectural, Engineering, Surveying, Mapping, and Landscape Architectural Services

6.6.1 Application

The Cooperative shall procure professional architectural, engineering, surveying and mapping, and landscape-architectural services in accordance with Section 287.055, Florida Statutes, the Consultants' Competitive Negotiation Act ("CCNA"), where (a) the project basic construction cost

is estimated to exceed Category Five of Section 287.017, Florida Statutes (currently $325,000), or (b) the project basic fee for a planning or study activity, when not in connection with a construction project, exceeds Category Two of Section 287.017, Florida Statutes (currently $35,000). Below these thresholds, the Cooperative may procure CCNA-eligible services using the competitive methods of Section 6.5 of this Chapter.

6.6.2 Public Announcement

When CCNA applies, the Cooperative shall publicly announce, in a uniform and consistent manner, each occasion when professional services must be purchased. The announcement shall identify the project and indicate how interested consultants may apply for consideration. The announcement shall be advertised on the Cooperative's public website and otherwise as required by Section 287.055(3)(a), Florida Statutes. To maximize the reach of the announcement to the regulated professional community, the Procurement Officer shall additionally post the announcement on the Cooperative's designated electronic procurement portal and through such other publicly accessible procurement-notice services as the Procurement Officer determines appropriate, which may include without limitation: the Florida Administrative Register (Department of State, Vol. 50 et seq.); the Florida Department of Management Services Vendor Bid System (vendor.myflorida.com); DemandStar (demandstar.com); BidNet Direct (bidnetdirect.com); Vendor Registry (vendorregistry.com); OpenGov Procurement (procurement.opengov.com); the American Council of Engineering Companies of Florida solicitations page; and one or more newspapers of general circulation in Polk County, Florida, where required by statute or by funding-agency requirements. The Cooperative shall maintain a publicly accessible record of all CCNA announcements on its website.

6.6.3 Selection Committee

Each CCNA selection process shall be conducted by a Selection Committee appointed in writing by the Executive Director. The Selection Committee shall consist of no fewer than three (3) and no more than five (5) voting members, balanced to include subject-matter expertise relevant to the procurement (engineering, finance, operations, and where appropriate, regulatory or member-government perspectives). At least one member shall represent the requesting cost center, but Selection Committee membership shall not be drawn predominantly from one cost center. Outside experts (including from a Member Government or from a peer regional water utility) may be appointed where their expertise is necessary. The Procurement Officer (or designee) shall serve as a non-voting facilitator of the Committee. The Committee shall meet as a public body subject to Chapter 286, Florida Statutes (Sunshine Law), with notice posted on the Cooperative's website and in the Florida Administrative Register not less than ten (10) calendar days before any meeting at which evaluation will occur.

No person shall serve on a Selection Committee who, with respect to any respondent: (a) is or has been within the prior one (1) year an employee or paid consultant; (b) holds an ownership interest; (c) is a member of the immediate family of any person who is an officer or director; (d) is engaged

in any current litigation with the respondent or has been within the prior two (2) years; (e) is the subject of any current investigation by the respondent or has been within the prior one (1) year; or (f) has any other relationship that would constitute a conflict of interest under Section 112.313, Florida Statutes. Each Selection Committee member shall execute a written disclosure statement confirming the absence of such relationships before participating in any evaluation meeting.

6.6.4 Competitive Selection (Qualifications-Based)

The Selection Committee shall evaluate firms responding to the announcement on the basis of qualifications, including without limitation the firm's ability to perform the services; its past performance; the firm's willingness to meet time and budget requirements; the firm's location; recent, current, and projected workloads; and the volume of work previously awarded to the firm by the Cooperative, with the objective of effecting an equitable distribution of contracts among qualified firms, provided that the firm so selected is fully qualified to render the services required. The Selection Committee shall rank no fewer than three (3) firms, where at least three (3) qualified firms have responded, in order of preference, deemed to be the most highly qualified to perform the services required, and shall submit its ranking, with a written evaluation summary and individual evaluator scoresheets, to the Executive Director. The Executive Director shall present the Selection Committee's ranking, the evaluation summary, and the Procurement Officer's recommendation to the Board. The Board shall make the final determination of competitive selection, accepting the Committee's ranking absent a documented finding of material error or material conflict of interest.

6.6.5 Competitive Negotiation

After selection, the Cooperative shall negotiate a contract with the most qualified firm at compensation that the Cooperative determines is fair, competitive, and reasonable. Should the Cooperative be unable to negotiate a satisfactory contract with the firm considered the most qualified at a price the Cooperative determines is fair, competitive, and reasonable, negotiations with that firm shall be formally terminated. The Cooperative shall then undertake negotiations with the second-most-qualified firm; failing that, with the third-most-qualified firm. Should the Cooperative be unable to negotiate a satisfactory contract with any of the selected firms, additional firms shall be selected in order of competence and qualification, and the negotiation procedure repeated, until an agreement is reached.

6.6.6 Truth in Negotiations

For lump-sum or cost-plus-fixed-fee professional services contracts > Category Four ($195,000), the firm shall certify wage rates and other factual unit costs as accurate as of the date of contracting, and the contract shall include a provision permitting price adjustment within one year of contract completion to exclude any significant sums by which the Cooperative determines the contract price was increased by inaccurate, incomplete, or non-current wage rates or other factual unit costs. (§ 287.055(5)(a), F.S.)

6.6.7 Continuing Contracts

The Cooperative may enter into continuing contracts for professional services in accordance with Section 287.055(2)(g), Florida Statutes, as amended. Under a continuing contract, the firm provides professional services for projects in which the estimated construction cost does not exceed the per-project limit set forth in Section 287.055(2)(g), Florida Statutes (as periodically adjusted), for study activity if the fee does not exceed the per-study limit, and for work of a specified nature with no time limit on the contract but with a termination clause. The Cooperative shall not enter into a continuing contract solely to avoid the competitive-selection requirements of Section 287.055 for individual projects.

6.6.8 Public Records and Negotiations

Public records associated with CCNA solicitations shall be available for public inspection in accordance with Section 119.071(1)(b)(2), Florida Statutes; sealed responses are exempt from public records until such time as the Cooperative provides notice of an intended decision or until thirty (30) days after the opening of the qualifications statements, whichever is earlier.

6.7 Public Notice and Advertising

All formal solicitations (ITB, RFP, RFQ, ITN) shall be advertised on the Cooperative's public website for not less than thirty (30) calendar days prior to the deadline for response, except as provided in Section 255.0525, Florida Statutes, for construction projects of less than $500,000 (minimum 5 days) and projects of $500,000 or more (minimum 30 days, or 21 days where the project is anticipated to receive State Revolving Fund or other federal financial assistance). The Procurement Officer may shorten the notice period for non-construction solicitations to not less than fourteen (14) calendar days where the procurement is for items routinely available in the market and the shortened period will not unduly restrict competition.

Advertising shall include the title of the project, a brief description, the date and time for receipt of responses, the place where the solicitation may be obtained, contact information for the Procurement Officer, any prerequisites for submission, and a statement that the Cooperative reserves the right to reject any or all responses and to waive informalities and irregularities to the extent permitted by law.

Pursuant to Section 218.80, Florida Statutes, the Public Bid Disclosure Act, the Cooperative shall disclose in its solicitation documents for construction services a list of all licenses, permits, and impact fees required from the Cooperative or any other governmental entity for the project and, to the maximum extent possible, the costs thereof. Failure to make such disclosure entitles the contractor to recover the cost of any undisclosed permit or fee from the Cooperative.

6.8 Bonds, Insurance, and Indemnification

6.8.1 Bid and Performance Bonds (Construction)

Pursuant to Section 255.05, Florida Statutes, the Cooperative shall require any person entering into a contract with the Cooperative for the construction of a public building or for the improvement of public works in an amount exceeding $200,000 to execute, deliver, and record a payment and performance bond with a surety insurer authorized to do business in Florida, in the amount of the contract. Where required by the solicitation, bidders for construction contracts shall furnish bid security in the amount of five percent (5%) of the bid amount.

6.8.2 Insurance

All contractors and subcontractors providing services to the Cooperative shall maintain, at a minimum, the insurance coverage and limits specified in the Cooperative's Insurance Requirements Schedule (issued as an Administrative Procedure). The Cooperative shall be named as an additional insured on the contractor's general liability, automobile liability, and excess/umbrella liability policies, and shall be provided a certificate of insurance prior to commencement of work and at each renewal during the term of the contract.

6.8.3 Indemnification

All Cooperative contracts shall include an indemnification provision consistent with Section 725.06, Florida Statutes, requiring the contractor to indemnify and hold harmless the Cooperative and its officers, employees, and agents from and against any claims, damages, losses, and expenses, including reasonable attorneys' fees, arising out of or resulting from the performance of the contract, to the extent caused by the negligent acts, errors, or omissions of the contractor. The indemnification shall not extend to claims arising solely from the Cooperative's own negligence.

6.9 Contract Administration

6.9.1 Contract Form and Required Provisions

All Cooperative contracts shall be in writing, signed by both parties, and contain at a minimum: scope of work; price or pricing methodology; term; renewal options; termination for convenience and for cause; payment terms consistent with the Local Government Prompt Payment Act (Sections 218.70–218.80, Florida Statutes); records and audit access (consistent with Section 119.0701, Florida Statutes, and 2 C.F.R. § 200.337); insurance and indemnification; non-discrimination; non-collusion; E-Verify (Section 448.095, Florida Statutes); public-entity-crimes and scrutinized-companies certifications (Sections 287.133 and 287.135, Florida Statutes); compliance with applicable laws; and dispute resolution. For federally funded contracts, the additional contract clauses required by Appendix II to 2 C.F.R. Part 200 shall be incorporated by reference and attached.

6.9.2 Public Records Notice Block (§ 119.0701, F.S.)

All Cooperative contracts shall include the contractor-public-records statement required by Section 119.0701(2)(a), Florida Statutes, in substantially the form set forth in Section 119.0701(2)(a), F.S., identifying the Cooperative's Records Custodian with contact information.

6.9.3 Change Orders

Change orders to existing contracts shall be processed in writing, supported by a written justification, and approved in accordance with Section 6.3 of this Chapter. Change orders shall not be used to materially alter the scope of the contract beyond what was originally solicited; where a change of scope would materially change the contract, a new solicitation shall be conducted.

6.9.4 Prompt Payment

The Cooperative shall make payments under all contracts in accordance with the Local Government Prompt Payment Act, Sections 218.70 through 218.80, Florida Statutes. Proper invoices for non-construction services shall be paid not later than forty-five (45) days after receipt; construction invoices shall be paid not later than twenty-five (25) business days after receipt. The Procurement Officer or its designee shall notify a vendor in writing within ten (10) days of receipt if an invoice is improper. Interest on late payments accrues at the rate established in Section 55.03, Florida Statutes.

6.9.5 Inspection, Acceptance, and Records

All deliveries of goods and services shall be inspected upon receipt; receipt and acceptance shall be documented. The Cooperative shall maintain records sufficient to detail the history of each procurement in accordance with the Cooperative's records-retention schedule and, where the procurement is federally funded, 2 C.F.R. § 200.334.

6.10 Vendor Relations and Standards of Practice

6.10.1 Equal Opportunity

The Cooperative shall procure goods, services, professional services, and construction without regard to race, color, religion, sex, national origin, age, disability, marital status, familial status, or any other status protected by federal or Florida law. Where federal funding requires, the Cooperative shall implement an Equal Employment Opportunity contract clause consistent with Executive Order 11246 and 41 C.F.R. Part 60.

6.10.2 Disadvantaged Business Enterprise (DBE) Participation

For procurements funded in whole or in part by Federal Awards from the United States Environmental Protection Agency (including DWSRF loans and WIFIA loans), the Cooperative shall comply with 40 C.F.R. Part 33 and undertake the six "Good Faith Efforts" required by 40

C.F.R. § 33.301, namely: (a) include qualified disadvantaged business enterprises ("DBEs") on solicitation lists; (b) ensure that DBEs are solicited whenever they are potential sources; (c) divide procurements, where economically feasible, to permit maximum DBE participation; (d) establish delivery schedules, where the requirement permits, that encourage DBE participation; (e) use the services and assistance of the U.S. Small Business Administration and the U.S. Department of Commerce Minority Business Development Agency; and (f) require the prime contractor, if subcontracts are to be let, to take the affirmative steps in subparagraphs (a) through (e) of this paragraph.

The Cooperative shall report MBE/WBE/DBE participation to the cognizant federal agency on EPA Form 5700-52A or successor form, as required by the applicable Federal Award.

6.10.3 Suspension and Debarment

Prior to award of any contract or subcontract of $25,000 or more funded in whole or in part by a Federal Award, the Procurement Officer shall verify that the prospective contractor (and, for subcontracts, the prospective subcontractor) is not excluded from federal procurement or non-procurement programs by checking the System for Award Management ("SAM") exclusions database, in accordance with 2 C.F.R. § 180.300 and Subpart C of 2 C.F.R. Part 180. The Procurement Officer shall print and retain in the procurement file the SAM search result. All Cooperative contracts of $25,000 or more shall include a non-debarment certification.

6.10.4 Cone of Silence

From the date of public notice of any formal solicitation until the date of award (or earlier rejection of all responses), all communications between a prospective bidder/proposer and any officer, employee, agent, or member of the Board of Directors of the Cooperative concerning the solicitation, other than communications expressly authorized by the solicitation (such as pre-bid conferences, written questions submitted through the designated portal, and the Procurement Officer's written responses), are prohibited. Violation of the Cone of Silence by a bidder or proposer is grounds for disqualification. The Cone of Silence does not prohibit communications at duly noticed public meetings of the Board or its committees.

6.10.5 Lobbying Disclosure

Every person engaged for compensation to lobby on behalf of a vendor with respect to a Cooperative procurement shall register with the Cooperative's Procurement Officer in advance of any such communication, and shall disclose the principal represented and the procurement to which the lobbying relates. The Cooperative shall maintain a publicly available registry of such registrations consistent with Section 286.25, Florida Statutes.

6.11 Protest and Dispute Resolution

6.11.1 Applicability and Exclusivity

This Section is the exclusive way to protest any decision, intended decision, or other action of the Cooperative relating to a procurement under this Chapter. Because the Cooperative was created by interlocal agreement under Section 163.01, Florida Statutes, it is not a state "agency" under Section 120.52(1), Florida Statutes, and the state bid-protest process in Section 120.57(3), Florida Statutes, does not automatically apply to it. The Cooperative therefore adopts the procedures in this Section as its own exclusive protest process, as authorized by Section 163.01(7), Florida Statutes, and Section 2.06 of the Interlocal Agreement. Final action of the Cooperative under this Section is subject to judicial review under Chapter 86 and Section 26.012(2)(c), Florida Statutes.

6.11.2 Posting of Recommended Award

Within seventy-two (72) hours of the Procurement Officer's recommendation of award (or, where Board approval is required, of the Procurement Officer's posting of intended action for Board consideration), the Procurement Officer shall post on the Cooperative's website a Notice of Intended Award identifying the solicitation, the recommended awardee, the contract price (if applicable), and the procedures and deadlines for filing a protest under this Section. Time is computed in accordance with Section 120.57(3), Florida Statutes, with Saturdays, Sundays, and state holidays excluded.

6.11.3 Notice of Intent to Protest

Any actual or prospective bidder or proposer who is aggrieved by the proposed action of the Cooperative may file a written Notice of Intent to Protest with the Procurement Officer within seventy-two (72) hours (excluding Saturdays, Sundays, and state holidays) of the posting of the Notice of Intended Award. Failure to file a timely Notice of Intent to Protest constitutes a waiver of any protest.

6.11.4 Formal Written Protest and Protest Bond

A formal written protest shall be filed with the Procurement Officer within ten (10) calendar days after the date of the Notice of Intent to Protest. The formal written protest shall identify the protestor; the solicitation; the specific factual and legal grounds for protest, including specific references to the solicitation document and the conduct of the procurement; the relief requested; and any supporting documentation. The formal written protest shall be accompanied by a protest bond or cashier's check payable to the Cooperative in an amount equal to one percent (1%) of the estimated contract amount, but not less than Five Thousand Dollars ($5,000) nor more than Twenty-Five Thousand Dollars ($25,000). The bond is conditioned upon payment of all costs and attorneys' fees that may be awarded to the Cooperative if the protest is denied or dismissed.

6.11.5 Informal Resolution by Procurement Officer

Within seven (7) calendar days after receipt of the formal written protest, the Procurement Officer (in consultation with General Counsel) shall meet with the protestor and shall attempt to resolve the protest informally. If the Procurement Officer determines, in writing, that no disputed issue of material fact exists and that the protest can be resolved on the basis of the written record, the Procurement Officer may issue a written recommended order denying or granting the protest based on the record. The Procurement Officer's recommended order shall be transmitted to the Executive Director and to the Board for action under Section 6.11.8. Where the protest cannot be resolved informally, or where disputed material facts are presented, the protest shall be referred to a Hearing Officer under Sections 6.11.6 and 6.11.7.

6.11.6 Hearing Officer Designation

Because the Board of Directors meets only on a bi-monthly schedule, the prompt designation of a Hearing Officer is essential to fair and expedient protest resolution. The Executive Director, in consultation with General Counsel, shall designate a Hearing Officer within seven (7) calendar days after referral of a protest under Section 6.11.5. The Hearing Officer shall be a Florida-licensed attorney with not less than ten (10) years of experience in administrative or public-procurement matters, or shall be obtained from the State of Florida Division of Administrative Hearings ("DOAH"). The Hearing Officer shall be free from conflict of interest with the protestor, the recommended awardee, and the Cooperative; the Hearing Officer shall execute a written conflict-disclosure statement before commencing the proceeding. If no member of the Standby Panel is available to serve, the Executive Director shall refer the protest to DOAH pursuant to a pre-executed standing agreement for hearing-officer services.

6.11.7 Hearing Procedure

The Hearing Officer shall conduct the protest hearing on the record. The Hearing Officer shall:

- Issue a written notice of hearing not less than seven (7) calendar days before the hearing date, identifying the time, place (which may be the Cooperative's offices or by remote-participation technology), and procedure for the hearing;
- Permit the parties to file pre-hearing statements identifying issues, witnesses, and exhibits;
- Receive sworn testimony, written exhibits, depositions, affidavits, expert reports, and other evidence relevant and material to the protest, including hearsay where probative and not unduly prejudicial;
- Permit limited cross-examination by counsel;
- Apply the burden of proof: the protestor must demonstrate, by a preponderance of the evidence, that the Cooperative's proposed action is clearly erroneous, contrary

to competition, arbitrary, capricious, or in violation of the solicitation, this Chapter, or applicable law (the same standard as Section 120.57(3)(f), Florida Statutes);

- Permit subpoenas only upon written request and a showing of materiality; subpoenas shall be enforceable in the Circuit Court for the Tenth Judicial Circuit in and for Polk County, Florida;
- Maintain a transcript or audio recording of the hearing, which shall be a public record subject to Chapter 119, Florida Statutes;
- Issue a written Recommended Order containing findings of fact, conclusions of law, and a recommended disposition not later than thirty (30) calendar days after the conclusion of the hearing.

The Hearing Officer's fees and costs shall be paid by the Cooperative, subject to reimbursement from the protest bond of any non-prevailing protestor in accordance with Section 287.042(2)(c), Florida Statutes, as adapted herein.

6.11.8 Board Action; Final Order

The Hearing Officer's Recommended Order (or, where Section 6.11.5 applies, the Procurement Officer's recommended order) shall be transmitted to the Board for action at the next regular meeting at which it can practicably be heard, and in any event not later than sixty (60) calendar days after issuance of the Recommended Order. The Board may adopt, modify, or reject the Recommended Order in whole or in part; the Board's action shall be in the form of a written Final Order containing findings of fact, conclusions of law, and disposition. The Board may not reject or modify any finding of fact of the Hearing Officer unless the Board first determines, from a review of the complete record and stating reasons in its Final Order, that the finding of fact is not supported by competent substantial evidence. The Board's Final Order is subject to judicial review under Chapter 86, Florida Statutes.

6.11.9 Emergency or Continued Procurement Pending Protest

Pending final resolution of a timely protest, the Cooperative shall not proceed further with the solicitation or contract award. However, the Executive Director may, after notice to the protestor and General Counsel's concurrence, make a written determination that immediate continuation of the procurement is necessary to (a) protect the substantial interests of the Cooperative, the public health, safety, or welfare, or (b) prevent serious operational harm to the Cooperative's drinking-water system. Such a determination shall be reported to the Board at its next regular meeting and shall be in the form of a written record placed in the procurement file.

6.11.10 Disposition of Protest Bond

The protest bond shall be returned to the protestor if the protest is sustained in whole or in part. If the protest is denied or dismissed, the bond shall be applied to the Cooperative's reasonable costs and attorneys' fees in defending the protest, and any excess shall be returned to the protestor.

6.11.11 Informal Bid Disputes (under $50,000)

Disputes concerning procurements made by informal methods under Sections 6.5.1 through 6.5.3 of this Chapter (procurements of less than $50,000) shall be resolved informally by the Procurement Officer in consultation with General Counsel; the Procurement Officer's written decision shall be final and not subject to the formal-protest procedures of this Section.

6.12 Federal Funding — Required Procurement Provisions

When a procurement is funded in whole or in part by a Federal Award, the procurement shall comply with this Section in addition to the other provisions of this Chapter. To the extent any provision of this Section conflicts with another provision of this Chapter, the more restrictive provision controls.

6.12.1 Competition (2 C.F.R. § 200.319)

All procurement transactions shall be conducted in a manner providing full and open competition consistent with 2 C.F.R. § 200.319. The Cooperative shall avoid restrictive specifications, unnecessary geographic preferences, requirements for unnecessary experience or excessive bonding, organizational conflicts of interest, and any arbitrary action that would restrict competition. Solicitations shall incorporate a clear and accurate description of the technical requirements, identify all requirements that the offerors must fulfill, and identify all factors used in evaluating bids or proposals.

6.12.2 Source Selection Methods (2 C.F.R. § 200.320)

The Cooperative shall use the source-selection methods described in Sections 6.5.1 through 6.5.10 above, applied consistently with the federal terminology of "informal" (micro-purchase and small-purchase) and "formal" (sealed bids and competitive proposals) methods at 2 C.F.R. § 200.320. The Cooperative's thresholds for micro-purchase and small-purchase, as set in Section 6.3 above, are more restrictive than the federal thresholds and therefore control. Noncompetitive procurement under 2 C.F.R. § 200.320(c) is permitted only where (a) the item is available only from a single source; (b) the public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation; (c) the federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in writing in response to a written request from the Cooperative; or (d) after solicitation of a number of sources, competition is determined inadequate.

6.12.3 Cost or Price Analysis (2 C.F.R. § 200.324)

The Cooperative shall perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold ($250,000) when federally funded. As a starting point, the Cooperative shall make independent estimates before receiving bids or proposals. Profit shall be negotiated as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed.

6.12.4 Bonding (2 C.F.R. § 200.326)

For federally funded construction or facility improvement contracts exceeding the Simplified Acquisition Threshold, the Cooperative shall require: a bid guarantee from each bidder equivalent to five percent (5%) of the bid price; a performance bond in an amount equal to one hundred percent (100%) of the contract price; and a payment bond in an amount equal to one hundred percent (100%) of the contract price.

6.12.5 Required Federal Contract Clauses (2 C.F.R. § 200.327; Appendix II)

Every Cooperative contract funded in whole or in part by a Federal Award shall, to the extent applicable, include each of the contract clauses listed in Appendix II to 2 C.F.R. Part 200, including without limitation:

- Remedies for breach of contract (>$250,000)
- Termination for cause and convenience (>$10,000)
- Equal Employment Opportunity (Executive Order 11246; 41 C.F.R. Part 60), for federally assisted construction contracts
- Davis-Bacon Act (40 U.S.C. §§ 3141–3144, 3146, 3147), for federally assisted construction in excess of $2,000
- Copeland “Anti-Kickback” Act (18 U.S.C. § 874; 40 U.S.C. § 3145), for federally assisted construction
- Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3702–3704), for federally assisted contracts > $100,000 involving mechanics or laborers
- Rights to inventions made under a contract or agreement under the Bayh-Dole Act, for funding agreements involving experimental, developmental, or research work
- Clean Air Act (42 U.S.C. §§ 7401–7671q) and Federal Water Pollution Control Act (33 U.S.C. §§ 1251–1387), for contracts > $150,000
- Debarment and Suspension (2 C.F.R. Parts 180 and 1532), for contracts > $25,000

- Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352), for contracts > $100,000
- Procurement of recovered materials (2 C.F.R. § 200.323)
- Domestic preference for procurements (2 C.F.R. § 200.322) — Build America, Buy America
- Prohibition on certain telecommunications and video surveillance services (2 C.F.R. § 200.216)

6.12.6 American Iron and Steel; Build America, Buy America

For Cooperative procurements funded by a DWSRF or other Clean Water State Revolving Fund loan, all iron and steel products used in the project shall be produced in the United States in accordance with 33 U.S.C. § 3914 and the United States Environmental Protection Agency American Iron and Steel ("AIS") guidance. For procurements funded in whole or in part by any Federal Award for infrastructure, the Cooperative shall comply with the Build America, Buy America Act ("BABA"), Pub. L. No. 117-58, §§ 70901–70927, requiring that all iron, steel, manufactured products, and construction materials used in the project be produced in the United States. The Cooperative shall include the BABA and AIS contract clauses prescribed by the cognizant federal agency in each affected solicitation and contract, and shall require subrecipients and contractors to flow down the requirements to all subcontracts. The Cooperative may rely on waivers (nonavailability, public interest, or unreasonable cost) issued by or applicable through the cognizant federal agency.

6.12.7 Davis-Bacon Prevailing Wages

For federally assisted construction contracts in excess of $2,000, the Cooperative shall include the Davis-Bacon wage determinations and contract clauses prescribed by 29 C.F.R. § 5.5 in the solicitation and contract documents. Contractors shall pay laborers and mechanics not less than the prevailing wage rates determined by the United States Department of Labor for the locality. Contractors shall submit weekly certified payrolls, retained in accordance with the Cooperative's records-retention schedule (and not less than three (3) years after final payment under the contract).

6.12.8 Single Audit Coordination

Because the Cooperative expects to expend federal financial assistance at or above the Single Audit threshold established at 2 C.F.R. § 200.501, it is subject to a Single Audit under 2 C.F.R. Part 200, Subpart F, and the procurement-related findings of any such Single Audit shall be promptly addressed. The Procurement Officer shall maintain procurement records sufficient to support all transactions subject to Single Audit review. Procurement records shall be retained for not less than three (3) years after submission of the final expenditure report for the applicable Federal Award (2 C.F.R. § 200.334).

6.12.9 WIFIA Master Loan Agreement Compliance

Without limiting the foregoing, the Cooperative shall, and shall require its contractors and subcontractors at all tiers with respect to each Project, to comply with the procurement and labor-standards covenants in Section 14 of the WIFIA Master Loan Agreement dated May 31, 2023, between the Cooperative and the United States Environmental Protection Agency, including but not limited to compliance with Davis-Bacon Act requirements, American Iron and Steel, non-debarment under 2 C.F.R. Parts 180 and 1532, and non-lobbying under 31 U.S.C. § 1352, as applicable.

6.13 Florida Statutory Certifications and Disclosures

All contractors shall, where applicable, submit the following certifications and disclosures with their bid, proposal, or contract:

- Public Entity Crimes Sworn Statement under Section 287.133(3)(a), Florida Statutes (for contracts ≥ Cat. Two).
- Scrutinized Companies Certification under Section 287.135, Florida Statutes (for contracts ≥ Cat. Two).
- E-Verify affidavit under Section 448.095, Florida Statutes.
- Conflict of Interest Disclosure under Sections 112.313 and 112.3145, Florida Statutes, where the bidder is owned or controlled by, or has as a principal, a relative of any Cooperative officer or employee.
- Non-Collusion Affidavit.
- Foreign Country of Concern and Foreign Terrorist Organization Disclosure, certifying that the bidder is not subject to the contracting prohibitions of Section 287.138, Florida Statutes, has not solicited or accepted anything of value from a designated foreign terrorist organization in violation of Section 112.313, Florida Statutes (as amended by Chapter 2026-66, Laws of Florida), and is not otherwise prohibited from contracting with the Cooperative by reason of foreign-country-of-concern affiliation under Florida law.
- Camera-Equipment Source Certification under Section 316.0078, Florida Statutes (as amended by Chapter 2026-66, Laws of Florida), certifying that no camera systems supplied or installed under the contract are manufactured by, or sourced from, a foreign country of concern within the meaning of that Section.
- Net-Zero Policy Representation under Section 377.816, Florida Statutes (as enacted by Chapter 2026-45, Laws of Florida), in which the bidder (i) acknowledges that the Cooperative is prohibited from providing procurement or

purchasing preferences for products or vendors that advance or support a "net zero policy" or on the basis of fuel type or source, and (ii) agrees that no such preference has been requested, claimed, or relied upon in the bidder's response.

- Anti-Preference / ESG Representation under Section 287.05701, Florida Statutes (as enacted by Chapter 2023-28, Laws of Florida), in which the bidder (i) acknowledges that the Cooperative is prohibited from giving a preference to a vendor based on the vendor's social, political, or ideological interests, including any environmental, social, or governance ("ESG") criteria not connected to a pecuniary risk-and-return analysis, and (ii) agrees that no such preference has been requested, claimed, or relied upon in the bidder's response.

6.14 Records of Procurement

The Procurement Officer shall maintain a procurement file for each procurement, containing all documents relevant to the procurement, including without limitation: the requisition; the solicitation document; advertising affidavits; pre-bid/pre-proposal meeting minutes and addenda; all bids and proposals received; the bid tabulation or evaluation matrix; the selection committee's report and any individual evaluator notes; the recommendation of award; any protest documents; the executed contract and amendments; insurance certificates; bonds; the SAM exclusions check; all certifications and disclosures; and any other documents relevant to the procurement. Procurement files shall be retained in accordance with the Cooperative's records-retention schedule, and for federally funded procurements, for not less than three (3) years after submission of the final expenditure report under 2 C.F.R. § 200.334, except that records relating to litigation, claims, or audit findings shall be retained until resolution and any associated appeal. Notwithstanding the public-records provisions of Section 6.5 of this Chapter and Section 119.071(1)(b), Florida Statutes, the Procurement Officer shall identify and protect from public disclosure those portions of any procurement file (including specifications, drawings, configurations, schematics, login credentials, and similar materials submitted with bids or proposals for information-technology, operational-technology, supervisory control and data acquisition (SCADA), critical-infrastructure, or cybersecurity-related procurements) that are confidential and exempt under Section 119.0725, Florida Statutes (as amended by SB 7024, 2026 Reg. Sess.). Closed portions of any selection committee or Board meeting at which such exempt information is revealed shall be recorded and transcribed in accordance with that Section. The Procurement Officer shall further identify and protect from public disclosure any "trade secret" as defined in Section 688.002, Florida Statutes, that is held by the Cooperative within the meaning of Section 119.0715, Florida Statutes (as reenacted without sunset by Chapter 2026-52, Laws of Florida), including without limitation trade secrets submitted by bidders or proposers and clearly marked as such at the time of submission. The redaction authority conferred by Section 119.0715 is, as of April 23, 2026, permanent and not subject to the Open Government Sunset Review schedule previously applicable to it.

6.15 Ratification of Prior Procurements

Until the adoption of this Chapter, the Cooperative procured goods, services, and professional services using the procurement procedures of the City of Lakeland (acting as Cooperative agent under Section 3.02 of the Interlocal Agreement), Polk County, and the City of Winter Haven. All procurements, contracts, change orders, task authorizations, and other procurement instruments lawfully entered into by or on behalf of the Cooperative prior to the effective date of this Chapter using the procurement procedures of the City of Lakeland, Polk County, or the City of Winter Haven are hereby ratified, confirmed, and approved in all respects as properly procured under the procurement law and procedures then applicable to the Cooperative, and are not invalidated by, and shall not require re-procurement under, this Chapter. This ratification applies whether or not the prior procurement satisfies the source-selection method, threshold, or other requirement of this Chapter. Nothing in this Section limits the application of this Chapter to procurements initiated or undertaken after the effective date of this Chapter.

6.16 Funding-Agency Procurement Compliance

Where any procurement is funded in whole or in part by a cooperative funding agreement with the Southwest Florida Water Management District ("SWFWMD"), by a Florida Department of Environmental Protection ("FDEP") loan or grant, by a federal loan or grant, or by any other funding agreement that imposes procurement-related requirements on the Cooperative (a "Funding Agreement"), the procurement shall comply with the procurement-related requirements of the Funding Agreement in addition to this Chapter. To the extent any provision of the Funding Agreement is more restrictive than this Chapter, the Funding Agreement controls.

6.16.1 SWFWMD Pre-Posting and Pre-Execution Review

Pursuant to the SWFWMD Cooperative Funding Agreements applicable to PRWC projects, the Procurement Officer shall submit all solicitations to SWFWMD's Contract Manager for review prior to posting, and all contracts to SWFWMD's Contract Manager for review prior to execution. SWFWMD has thirty (30) days to respond. No reimbursement under a SWFWMD CFA shall be requested until this review has been completed. (Reference: SWFWMD Cooperative Funding Agreement § 3.6.)

6.16.2 FDEP Pre-Approval for Non-Competitive Fixed-Price Subcontracts

Where any FDEP funds pass through the procurement, the Procurement Officer shall, in addition to compliance with this Chapter, obtain advance written approval from FDEP's Grant Manager for any fixed-price subcontract that is not procured by Invitation for Bid or Request for Proposals. (Reference: FDEP Grant Agreement Terms and Conditions Exhibit, § 5.a.)

6.16.3 SWFWMD/FDEP Insurance Minimums

Where a procurement is funded by SWFWMD or FDEP, the Cooperative shall require, as additional contract terms, the minimum insurance limits specified in the applicable Funding Agreement, with SWFWMD, FDEP, and their employees and officers named as additional insureds on commercial general liability, automobile liability, and excess/umbrella policies. The current minimums are: Commercial General Liability $250,000 per occurrence / $500,000 aggregate; Commercial Automobile $200,000/$300,000; Workers' Compensation in accordance with Chapter 440, Florida Statutes, plus Employer's Liability of $100,000/$100,000/$500,000. The Cooperative shall flow down deductible-funding responsibility to the contractor and require subcontractor compliance.

6.16.4 Diversity in Contracting

For procurements funded by SWFWMD or FDEP, the Cooperative shall use good-faith efforts to encourage participation of minority business enterprises ("MBE"), women business enterprises ("WBE"), and small business enterprises ("SBE") in its solicitations and contracts, and shall submit a Minority/Women/Small Business Utilization Report to SWFWMD at project completion and within thirty (30) days of any amendment increasing funding under the applicable Funding Agreement. (Reference: SWFWMD CFA Diversity in Contracting clause.)

6.16.5 Florida Single Audit Act Threshold

Where the Cooperative's expenditures of state financial assistance equal or exceed the State single audit threshold established in Section 215.97, Florida Statutes, in any Fiscal Year, the Cooperative shall undergo a Florida Single Audit Act audit in accordance with Section 215.97, Florida Statutes, and the Auditor General's Rules. Audit and records retention shall be in accordance with the FDEP Special Audit Requirements Exhibit (E) of each Funding Agreement and the Cooperative's records-retention schedule.

6.16.6 Inspector General Cooperation

All Cooperative contractors and subcontractors shall cooperate with, and provide records access to, the Inspector General of the Cooperative's funding agencies in accordance with Section 20.055(5), Florida Statutes, and the applicable Funding Agreement. A clause to this effect shall be flowed down to all subcontracts.

6.16.7 Blacklists and Vendor Lists

In addition to the Public Entity Crimes Sworn Statement under Section 287.133, Florida Statutes, and the Scrutinized Companies Certification under Section 287.135, Florida Statutes, the Procurement Officer shall, for procurements funded by SWFWMD or FDEP, verify that the proposed contractor is not on the Discriminatory Vendor List or the Antitrust Violator Vendor List, and shall require the contractor to notify the Cooperative within ten (10) business days if it

or any of its suppliers, subcontractors, or consultants is placed on any such list during the life of the contract.

History Note: Adopted as Chapter 6 of this Policy Manual by Resolution 2026-___ on May 25, 2026. Until adoption of this Chapter, the Cooperative procured goods, services, and professional services using the procurement policies of the City of Lakeland (acting as Cooperative agent under Section 3.02 of the Interlocal Agreement), Polk County, and the City of Winter Haven. Section 6.15 of this Chapter expressly ratifies all procurements lawfully undertaken in that fashion prior to the effective date of this Chapter.

Standalone Document Note: This Procurement Policy is the Chapter 6 (Procurement) text of the Working Draft Polk Regional Water Cooperative Policy Manual dated May 25, 2026, extracted and reissued as a standalone draft policy on June 1, 2026 to facilitate stand-alone Board, member-government, and stakeholder review. Section numbering (6.x) and table numbering (Table 6-x) are preserved to maintain cross-reference compatibility with the Policy Manual. Upon adoption by the PRWC Board of Directors, this Policy will be incorporated as Chapter 6 of the Policy Manual.

CHAPTER 7 — BUDGET AND RATE-SETTING

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 8 — WATER CHARGES, BILLING, AND ANNUAL TRUE-UP

This Chapter governs the calculation, billing, collection, and annual reconciliation ("True-Up") of Water Charges payable by Project Participants under the Combined Projects Implementation Agreement, the Southeast Wellfield ("SEWF") Implementation Agreement, the West Polk Lower Floridan Aquifer Wellfield ("WPLFA") Implementation Agreement, and any future Implementation Agreement that incorporates a Water Charge mechanism. This Chapter implements the operative provisions of those agreements and is subject in all respects to the controlling text of the applicable Implementation Agreement. To the extent any provision of this Chapter conflicts with an Implementation Agreement, the Implementation Agreement controls.

8.1 Authority

The Cooperative's authority to fix and collect Water Charges arises from Section 2.06(R) and Section 2.08 of the Interlocal Agreement, Section 11 of the Combined Projects Implementation Agreement, Section 13 of the SEWF and WPLFA Implementation Agreements, and the Master Bond Resolution.

8.2 Components of the Water Charge

The Water Charge for an Approved Project consists of a Base Rate Charge and, where applicable, a Water Use Charge.

8.2.1 Base Rate Charge

The Base Rate Charge recovers the fixed costs of providing wholesale water service. The components of the Base Rate Charge are:

- Debt Service (principal, interest, line-of-credit interest, annual fees, debt-issuance costs);
- Debt-service coverage in accordance with the Reserve Policy adopted as Chapter 4 of this Manual (125%);
- Unfunded Capital costs for the Project;
- Unfunded other costs allocable to the Project;
- Fixed Operations and Maintenance ("Fixed O&M") for the Project; and
- Reserves (as required by Section 13 of the SEWF and WPLFA Implementation Agreements, beyond debt-service coverage).

The Base Rate Charge is offset by any Offsetting Revenue identified in the Project Budget, including SWFWMD cooperative funding, federal or state grants, and other revenue not derived from Project Participants' Base Rate Charges.

8.2.2 Water Use Charge

The Water Use Charge recovers the variable cost of water actually delivered to the Project Participant. Variable Operations and Maintenance ("Variable O&M") is divided by the total Project Water Estimate and charged per one thousand (1,000) gallons of water actually used. The Water Use Charge is invoiced monthly based on metered or otherwise verified usage.

8.3 Allocation Methodology by Project

8.3.1 Combined Projects

For the Combined Projects, the Base Rate Charge is allocated to each Project Participant in proportion to its Water Allocation. The Combined Projects Implementation Agreement Section 11.3.1 establishes the components and Section 11.3.2 establishes the Variable O&M allocation methodology. Section 11.4.1 requires twelve (12) equal monthly installments of the Base Rate Charge from October 1 through September 1, and Section 11.2 requires annual Water Charge notification by August 15.

8.3.2 SEWF and WPLFA Projects

For the SEWF and WPLFA Projects, the Base Rate Charge is allocated by Water Allotment Percentage as set forth in Section 1.47 of each Implementation Agreement (the "Water Allotment Table"). The Water Allotment Table is amended only by amendment to the Implementation Agreement, by True-Up under Section 10 (see Section 8.5 of this Chapter), or by Allotment transfer under Section 11 or Section 20 of the Implementation Agreement (see Chapter 9 of this Manual). Annual Water Charge notification shall be provided to Project Participants by May 31 (Implementation Agreement Sec. 13.2). Grants received reduce the Water Charge to the Project Participant(s) to which they apply (Sec. 13.6).

8.4 Billing, Collection, and Delinquency

8.4.1 Invoicing

Base Rate Charges shall be invoiced in twelve (12) equal monthly installments. Water Use Charges shall be invoiced monthly based on metered or otherwise verified usage. Invoices shall be transmitted electronically and by U.S. mail (where required) to the billing contact designated by each Project Participant.

8.4.2 Payment Terms

Payment is due by the date stated on the invoice. Unpaid amounts shall accrue interest at the rate set forth in the applicable Implementation Agreement (eight percent (8%) per annum for the Combined Projects, Implementation Agreement Sec. 8.5.5; the rate set under Section 55.03, Florida Statutes, for the SEWF and WPLFA Projects, or as specified in the Implementation Agreement).

8.4.3 Delinquency, Cure, Default

Failure to pay a Water Charge when due constitutes a default subject to the cure and remedies provisions of the applicable Implementation Agreement. For Combined Projects, Section 16.3 of the Implementation Agreement establishes a ninety (90) day past-due trigger for default, with thirty (30) days' notice of service suspension. For SEWF and WPLFA Projects, Section 18.4 of each Implementation Agreement establishes a fifteen (15) day notice period for service suspension; Section 18.2 requires application of Reserves first to cure any default and obligates the remaining non-defaulting Project Participants to make up shortfalls pro rata to their Water Cost Proportionate Shares. The replenishment of Reserves so applied is governed by Chapter 4 of this Manual and Sec. 18.2 of the SEWF and WPLFA Implementation Agreements. For all Projects, Section 2.12 of the Interlocal Agreement authorizes appointment of a receiver of the defaulting Project Participant's water-utility-system revenues, subordinate only to bondholder receiver rights.

8.5 Annual True-Up

8.5.1 Audit Deadline

Pursuant to Section 11.5 of the Combined Projects Implementation Agreement and Section 13.5 of each of the SEWF and WPLFA Implementation Agreements (as amended by First Amendment of July 27, 2023), the Cooperative shall annually complete an audit determining what the Water Charge for each Project Participant should have been based on actual costs incurred and (for the Combined Projects) actual water use during the preceding Fiscal Year. The audit shall be conducted by a nationally recognized certified public accounting firm. The audit deadlines are:

- Combined Projects: by January 31 following the close of the prior Fiscal Year (Sec. 11.5).
- SEWF and WPLFA Projects: by March 31 following the close of the prior Fiscal Year (Sec. 13.5, as amended).

8.5.2 Assumed-Use Rule (SEWF and WPLFA)

For purposes of verifying the Base Rate Charge of a SEWF or WPLFA Project Participant, Section 13.5 of each Implementation Agreement directs that "it shall be assumed that the Project Participants have used the quantity of water specified in their Project Water Estimates even if

actual water use was less." Accordingly, the True-Up for the Base Rate Charge of SEWF and WPLFA Project Participants is computed on an Estimate basis, not on actual-use basis.

8.5.3 Application of True-Up Differences

Underpayments determined by the True-Up shall be added to, and overpayments shall be deducted from, the Base Rate Charge for the next Fiscal Year. The Executive Director shall transmit a True-Up statement to each Project Participant within fifteen (15) Business Days after audit completion, identifying the underpayment or overpayment and its application to the next Fiscal Year's Base Rate Charge.

8.5.4 Five-Year Allotment True-Up (SEWF and WPLFA)

Section 10.6 of the SEWF and WPLFA Implementation Agreements requires that, at least once in every five-year period (and any time a Project Participant's 2045 Water Allotment increases), the Cooperative conduct a true-up of the Water Allotment Table and of each Project Participant's Water Cost Proportionate Share. Anchor Project Participant Water Allotments may not be reduced while any Obligation is outstanding except as expressly authorized by the lender (or, for WPLFA, by the United States Environmental Protection Agency).

8.6 True-Up Procedures

8.6.1 Audit Engagement

The annual True-Up audit shall be conducted by the Cooperative's independent auditor or by another nationally recognized certified public accounting firm engaged through the procurement processes in Chapter 4. The Executive Director shall communicate the scope of the True-Up audit to the auditor not later than ninety (90) days before the relevant audit deadline.

8.6.2 Data Submitted to Audit

The Cooperative's Senior Finance Manager (and, after FY 2029, the Director of Finance and Administration) shall provide to the audit firm: actual costs by Project for the audited Fiscal Year; the budget originally adopted; the Water Charge originally notified; any in-year amendments; actual water use (for Combined Projects); the Estimates filed by each SEWF and WPLFA Project Participant; SWFWMD cooperative funding receipts; grant receipts; and other Offsetting Revenue.

8.6.3 Audit Report

The audit firm shall report, in writing, by Project, by Project Participant, and by line item: (a) the Water Charge originally invoiced; (b) the Water Charge that should have been invoiced based on actual costs; (c) the difference; (d) the proposed application of the difference to the next Fiscal Year's Base Rate Charge; and (e) any open items recommended for further Board action.

8.6.4 Board Acceptance

The Board (or Project Board, as applicable) shall accept the True-Up audit results at a public meeting following audit completion. Once accepted, the True-Up results shall be applied to the next Fiscal Year's Base Rate Charge through the budget process described in Chapter 5.

8.7 Distribution of Excess Reserves

Funds in excess of the levels required by the Reserve Policy (Chapter 3 of this Manual) at the time of Board acceptance of the audit results may be distributed to the Project Participants, pro rata to their respective Base Rate Charge payments for the prior Fiscal Year, in accordance with Sections 3.2.1, 3.2.2, and 3.2.3 of this Manual.

8.8 Dispute Resolution

A Project Participant disputing a Water Charge or True-Up result shall first notify the Executive Director in writing within thirty (30) days after the disputed invoice or True-Up statement. The Executive Director shall meet with the Project Participant within thirty (30) days to attempt resolution. If not resolved, the matter shall be referred to the Chair of the Board of Directors, who may convene an ad hoc Dispute Committee. If still not resolved, the dispute shall be subject to Chapter 164, Florida Statutes, conflict-resolution proceedings as a precondition to any litigation, consistent with the dispute-resolution provisions of the applicable Implementation Agreement.

History Note: Adopted as Chapter 8 of this Policy Manual by Resolution 2026-___ on May 25, 2026. Codifies the annual True-Up methodology presented to the Board of Directors on September 17, 2025 (PRWC True-Up Presentation).

CHAPTER 9 — WATER ALLOTMENT TRANSFERS (WATER SWAP)

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 10 — CAPITAL ASSET POLICY

10.1 Purpose

To provide for the safeguarding of capital assets and to provide Polk Regional Water Cooperative (PRWC) personnel with accounting guidance applicable to the several categories of capital assets.

10.2 Statutory Requirements

Chapter 274, F.S., governs the administration of tangible personal property owned by certain local governments. Section 274.01, F.S., defines "governmental units" for purposes of the requirements as the governing board, commission or authority of a county or taxing district of the State or the sheriff of the county. Section 274.02, F.S., defines "property" as fixtures and other tangible personal property of a nonconsumable nature and requires the State's Chief Financial Officer to establish, by rule, the requirements for the recording of property.

State issued laws and rules addressing local government capital assets are as follows:

- Florida Statutes Chapter 274.
- Department of Financial Services Rule 69I-73.

10.3 Capital Asset Valuation

Capital assets should be reported at their historical cost, which can include: (1) all charges to place the asset in its intended location (for example, freight); (2) all charges to place the asset in its intended condition for use (for example, installation or site preparation); and, (3) subsequent additions or improvements that enhances a capital asset's functionality or extends its expected useful life. Expenditures for repairs are generally not included in historical cost. If historical cost information is not available, estimated historical cost may be used.

Donated capital assets should be reported at their acquisition value on the date the donation is made. Typical donated capital assets include land, buildings, furniture, fixtures, and equipment.

10.4 Definitions

Terms relating to the accounting for capital assets are defined in the following paragraphs.

Capital assets are tangible assets of significant value having a useful life that extends beyond one year. The capital assets included in this accounting system are land, buildings, improvements, infrastructure, equipment, leasehold improvements and intangible assets as further defined.

10.4.1 Land

Land includes the investment, fee simple in real estate other than building and/or improvements.

10.4.2 Buildings

Buildings include all local government owned buildings except those whose condition prevents their serving any present or future useful purpose. Permanently installed fixtures to or within the building, such as lighting fixtures and plumbing are considered a part of the building. The costs of major improvements to a building, such as additions and renovations, should be capitalized and recorded as a part of the building asset value.

10.4.3 Improvements

Improvements are physical property of a relatively permanent nature. Examples include storage tanks, parking areas and park facilities.

10.4.4 Infrastructure

Infrastructure includes capital expenditures relating to roads, curbs and gutters, streets, sidewalks, shoulder safety, drainage systems and lighting systems.

10.4.5 Equipment

Equipment includes moveable property of a relatively permanent nature and of significant value, such as mobile equipment, office equipment, data processing equipment, machines, tools and office furniture and fixtures. “Relatively permanent” is defined as a useful life span of one year or longer when it is applied to equipment to be inventoried.

PRWC may consistently exercise the option to include other items which it desires to maintain accounting control over. Exceptions to the “significant value” definition and the one-year life rule should be applied consistently.

10.4.6 Intangible Assets

Intangible assets include software, easements, and right of ways. An intangible asset can only be recognized as an asset if it is identifiable, meaning it can be sold, transferred, licensed, rented, exchanged, or it arises from contractual or other legal rights as per Governmental Account Standards Board.

10.4.7 Leasehold Improvements

Costs used to increase the service capacity of a leased asset, such as additions, alterations, remodeling, or renovations.

10.4.8 Maintenance

Maintenance is defined as expenditures that neither materially add to the value of an asset nor appreciably prolong its life. Rather, maintenance keeps an asset in ordinary efficient operating condition. As such, maintenance costs should not be capitalized.

10.4.9 Betterments

Betterments consist of the replacement of a unit of an existing asset by an improved or superior unit, usually resulting in a more productive, efficient or longer useful life. Significant betterments are considered as capital assets and should be added to the value of the asset that is improved. Replacement of a part of an existing asset by another of like quality is not betterment, even though the useful life is maintained or extended.

10.5 Asset Acquisition Costs

10.5.1 Land Costs

The acquisition cost of land includes all expenditures relating to its procurement, such as:

- Purchase price.
- Appraisal and negotiation fees.
- Title search fees.
- Surveying fees.
- Costs of consents.
- Payment of damages.
- Clearing land for use.
- Demolishing or removing structures.
- Filing costs.

10.5.2 Building and Other Improvements

The acquisition cost of buildings, improvements, leasehold improvements and infrastructure includes all expenditures in connection with its procurement, such as:

- Purchase price or construction costs.
- Fixtures attached to the structure.
- Architect’s fees.
- Costs of permits and licenses.
- Payment of damages.
- Insurance costs during construction.
- Interest incurred for the purpose of the project — interest on debt.

10.5.3 Equipment Costs

The acquisition cost of equipment includes all expenditures in connection with its procurement, such as: Purchase price or construction costs, before trade-in allowance, less discounts; Freight or other transportation costs; and Installation costs.

10.5.4 Software Costs

The acquisition cost of software created by the government itself (internally generated), by a contracting party acting on the government's behalf, or the purchase of "off-the-shelf" software.

10.5.5 General Asset Accounts

The grouping together of assets that share common characteristics, are placed in service in the same fiscal year, and are depreciated as if they collectively represent one asset. Examples include library resources and radio read meters.

10.6 Custodian

Each department is responsible for the assets assigned to that department and will act as custodian of the property. As specified in Section 274.03, Florida Statutes, each custodian shall be responsible to the governmental unit for the safekeeping and proper use of the property entrusted to his or her care.

10.7 Capital Asset Accounting Transactions

The following procedures shall be applied to capital asset accounting transactions:

- Statutory requirements regarding local government owned tangible personal property shall be adhered to.
- PRWC will create and maintain proper subsidiary ledgers to record capital asset acquisitions and deletions.
- PRWC will balance the subsidiary ledgers to the general ledger on a regular basis.

10.8 Capitalization Thresholds

The following capitalization thresholds have been established:

- Equipment — $5,000.
- Land — capitalize all.
- Buildings — $5,000.
- Improvements — $5,000.
- Software — $5,000.

- Leasehold Improvements — $5,000.

10.9 Depreciation

Depreciation is recorded for capital assets in accordance with Generally Accepted Accounting Principles. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Table 10-1. Estimated Useful Lives for Depreciation

Asset Class	Estimated Useful Life
Buildings	20 – 40 Years
Improvements	20 Years
Water/Sewer Lines	50 Years
Infrastructure	
Pavement Management	15 Years
Surface Treatment	5 Years
Culverts	50 Years
Drainage	50 Years
Stormwater	50 Years
Shoulder Safety	50 Years
Intangibles	Per contract
Leasehold Improvements	Lesser of Life of Lease or Improvement
Equipment	5 – 15 Years

History Note: Adopted by the Polk Regional Water Cooperative Board of Directors as Consent Item E.3 at its regular meeting of September 16, 2020. The Capital Asset Policy was approved as part of the consent agenda on a motion made by Mayor Eugene Fultz (City of Lake Wales) and seconded by Commissioner Charles Lake (City of Lake Alfred); the motion was approved unanimously. Operative source document: "20-08-31 Draft Capital Assets Policy" presented in the agenda packet for the September 16, 2020 meeting.

CHAPTER 11 — DEBT MANAGEMENT

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 12 — PERSONNEL AND COMPENSATION/CLASSIFICATION

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 13 — TRAVEL AND EXPENSE REIMBURSEMENT

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 14 — PUBLIC RECORDS AND OPEN MEETINGS (SUNSHINE)

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 15 — RECORDS RETENTION

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 16 — ETHICS AND CONFLICTS OF INTEREST

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 17 — RISK MANAGEMENT AND INSURANCE

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 18 — INFORMATION TECHNOLOGY AND CYBERSECURITY

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 19 — PROJECT TIME ALLOCATION AND COST REPORTING

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 20 — EMERGENCY RESPONSE AND CONTINUITY OF OPERATIONS

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 21 — CONSERVATION

[RESERVED]

This Chapter is reserved for future adoption by the Polk Regional Water Cooperative Board of Directors.

CHAPTER 22 — LAND ACQUISITION

22.1 Purpose and Authority

This Chapter governs the acquisition by the Polk Regional Water Cooperative of fee interests, easements, leasehold interests, rights-of-way, and other real-property interests required for the development, construction, operation, and maintenance of the Cooperative's Approved Projects. It implements Sections 2.06(M), 2.06(N), and 2.06(LL) of the Interlocal Agreement and the streamlined three-tier approval process originally approved by the Southeast Wellfield Project Board on September 21, 2022, by Cooperative Resolution 2022-12, as amended by Resolution 2023-05 on March 22, 2023, and further amended by Resolution 2024-12 on March 20, 2024. The express predicate for this delegated-authority structure is the Board of Directors' authority under Sections 2.02 and 2.03(A) of the Interlocal Agreement to delegate any and all executive, administrative, and ministerial powers, including powers regarding a specific Approved Water Project.

22.2 Application

This Chapter applies to all real-property interests acquired by the Cooperative for any Approved Project, including without limitation the Southeast Wellfield Project, the West Polk Lower Floridan Aquifer Wellfield Project, the Combined Projects, the Conservation Project, the Alafia River Project, the Peace River/Land Use Transition Treatment Facility, the Peace Creek Integrated Water Supply Project, and any future Approved Project, except as otherwise expressly provided by the applicable Project Board resolution. The Cooperative undertakes major land acquisitions in connection with the Southeast Wellfield Project, which involves the acquisition of approximately three hundred twenty-nine (329) easement parcels along approximately ten (10) miles of raw water pipeline and sixty-one (61) miles of finished water transmission pipeline, plus the wellfield, treatment facility, and injection well sites; the volume of acquisitions for this and other Approved Projects, coupled with the Board of Directors' bi-monthly meeting schedule, requires a streamlined delegated approval process to maintain construction schedules and federal/state grant compliance.

22.3 Definitions

- "Appraised Value" means the value of the real-property interest to be acquired, as established by an appraisal that meets the Uniform Standards of Professional Appraisal Practice ("USPAP") and the applicable requirements of the funding instrument, performed by a licensed Florida appraiser engaged by the Cooperative.
- "Attorney's Fees and Other Costs" means the legal fees, expert-witness fees, mediation costs, court costs, appraisal-review costs, title-insurance premiums, recording fees, survey costs, environmental-assessment costs, and other

transaction costs associated with the acquisition of a real-property interest, separate and apart from the consideration paid for the interest itself.

- "Land Acquisition Executive Committee" means the committee established under Section 22.4.2, composed of three (3) Project Board members and one (1) alternate Project Board member appointed by the Project Board of Directors.
- "Project Board" means the Board of Directors of the Cooperative sitting as a Project Board with respect to a specific Approved Project, as established by Section 2.03 of the Interlocal Agreement.
- "Real-Property Interest" means any fee simple, easement, leasehold, right-of-way, license, or other interest in real property, whether perpetual, term, temporary, or revocable.
- "Declaration of Restrictive Covenants" means an instrument required by the Florida Department of Environmental Protection ("FDEP") Grant Agreement LPA0212, as amended, or by any other funding instrument, recording in the public records of the county where the real property is located the restrictive covenants required by the funding agency to be applied in perpetuity to the property acquired with grant funds.

22.4 Three-Tier Approval Process

The acquisition of any real-property interest, and the incurrence of any attorney's fees and other costs in connection with that acquisition, shall be approved at the tier specified below by reference to (i) the percentage by which the proposed consideration exceeds the Appraised Value of the real-property interest, and (ii) the dollar amount of the proposed consideration or of the proposed attorney's fees and other costs. Where the consideration or the fees/costs fall within multiple tiers, the higher tier governs.

22.4.1 Executive Director (Tier I)

The Executive Director is hereby delegated the authority to approve, in writing and on behalf of the Cooperative:

- All real-property acquisitions at a price up to fifty percent (50%) above the Appraised Value of the real-property interest, or up to One Hundred Thousand Dollars ($100,000), whichever is higher; and
- All Attorney's Fees and Other Costs associated with such acquisitions in an amount up to and including One Hundred Fifty Thousand Dollars ($150,000) per acquisition.

The Executive Director shall execute, on behalf of the Cooperative, the purchase agreement, deed of conveyance or easement, settlement statement, and all related closing documents necessary to complete the acquisition. The Executive Director may delegate the day-to-day administration of acquisitions to the Cooperative's land-acquisition consultant and eminent-domain counsel; final written approval, however, remains with the Executive Director.

22.4.2 Land Acquisition Executive Committee (Tier II)

A Land Acquisition Executive Committee is hereby established, composed of three (3) Project Board members and one (1) alternate Project Board member appointed by the Project Board of Directors. The Land Acquisition Executive Committee shall be a public body whose meetings are subject to Chapter 286, Florida Statutes (Sunshine Law) and Chapter 14 of this Manual. The Land Acquisition Executive Committee is delegated the authority to approve:

- All real-property acquisitions at a price greater than fifty percent (50%) and up to one hundred percent (100%) above the Appraised Value of the real-property interest, or in the dollar range greater than One Hundred Thousand Dollars ($100,000) and up to and including Five Hundred Thousand Dollars ($500,000), whichever range is higher; and
- All Attorney's Fees and Other Costs associated with such acquisitions in an amount greater than One Hundred Fifty Thousand Dollars ($150,000) and up to and including Three Hundred Thousand Dollars ($300,000) per acquisition.

The Land Acquisition Executive Committee shall meet on call of the Executive Director and shall act by majority vote of a quorum of two (2) of the three (3) members; the alternate member shall vote in the absence of any sitting member.

22.4.3 Project Board (Tier III)

The Project Board of Directors reserves to itself the authority to approve:

- All real-property acquisitions at a price exceeding one hundred percent (100%) above the Appraised Value of the real-property interest, or exceeding Five Hundred Thousand Dollars ($500,000), whichever is higher; and
- All Attorney's Fees and Other Costs associated with such acquisitions exceeding Three Hundred Thousand Dollars ($300,000) per acquisition.

22.5 Appraisal Requirements

Before any real-property interest may be approved for acquisition under any Tier of this Chapter, the Cooperative shall obtain an appraisal of the property by a Florida-licensed appraiser, prepared in accordance with USPAP and with the appraisal requirements of any applicable funding instrument (including without limitation the Federal Uniform Act, 42 U.S.C. § 4601 et seq., for

federally funded acquisitions, and Chapter 73, Florida Statutes, where eminent-domain proceedings are anticipated). Where the proposed acquisition is funded in whole or in part by FDEP, SWFWMD, or another funding agency that imposes appraisal-review requirements, an appraisal review by a second qualified appraiser shall be obtained as required by that funding instrument.

22.6 Declarations of Restrictive Covenants

The Executive Director is delegated the authority, on behalf of the Cooperative, to execute and record in the public records of the county where the real-property interest is located a Declaration of Restrictive Covenants as required by FDEP Grant Agreement LPA0212, as amended, by any successor or replacement FDEP grant agreement, and by any other funding instrument that imposes recordable restrictive-covenant requirements. The Executive Director shall coordinate with the Cooperative's eminent-domain counsel on the form and content of each Declaration of Restrictive Covenants to ensure that the form complies with the requirements of the funding agency and does not unnecessarily restrict the Cooperative's use of the property for its intended Project purpose.

22.7 Eminent Domain

Where the Cooperative is unable to acquire a real-property interest by voluntary purchase agreement, the Cooperative may exercise the power of eminent domain in accordance with Section 2.06(N) of the Interlocal Agreement, Chapters 73, 74, and 127, Florida Statutes, and the procedures of this Section.

22.7.1 Resolution of Necessity

The exercise of eminent domain over a specified parcel requires the Project Board's adoption of a Resolution of Necessity identifying the parcel; finding that the acquisition is necessary for the development, construction, operation, or maintenance of an Approved Project; finding that the location of the acquired interest provides the least adverse impact to the property and the environment; and authorizing the Executive Director and the Cooperative's eminent-domain counsel to take all steps necessary to acquire the interest, including without limitation the filing of a petition for eminent domain in the Circuit Court for the Tenth Judicial Circuit in and for Polk County, Florida.

22.7.2 Deposit and Order of Taking

In connection with any eminent-domain proceeding, the Executive Director is authorized to cause the Cooperative to deposit with the Court the amount of the Cooperative's good-faith estimate of full compensation (as required by Chapter 74, Florida Statutes), to seek an Order of Taking, and to take possession of the real-property interest upon entry of the Order of Taking. The Executive Director shall report all such deposits and Orders of Taking to the Project Board at the next regular meeting.

22.7.3 Settlement Authority

Settlement of any eminent-domain proceeding shall be in accordance with the Three-Tier Approval Process of Section 22.4. The Executive Director, with the advice of the Cooperative's eminent-domain counsel, may negotiate a stipulated settlement at any Tier consistent with that counsel's recommendation and the appraisal of the property.

22.8 Coordination with Funding Agencies

Acquisitions funded in whole or in part by FDEP, SWFWMD, or another funding agency shall comply with the procurement, appraisal-review, environmental-review, pre-acquisition-notice, and post-acquisition-reporting requirements of the applicable Funding Agreement, in coordination with the Funding-Agency Procurement Compliance section of Chapter 6 of this Manual. The Executive Director shall maintain a current list of funding-agency requirements applicable to each Approved Project and shall ensure that the Cooperative's land-acquisition consultant and eminent-domain counsel are informed of those requirements.

22.9 Records and Reporting

The Executive Director shall maintain, for each Approved Project, a Land Acquisition Log identifying for each real-property interest acquired or under acquisition: (a) the parcel identification number; (b) the property owner; (c) the type of real-property interest; (d) the Appraised Value; (e) the agreed or court-ordered acquisition price; (f) the percentage by which the agreed or court-ordered acquisition price exceeds the Appraised Value; (g) the Attorney's Fees and Other Costs; (h) the Tier at which the acquisition was approved; (i) the date and form of any Declaration of Restrictive Covenants recorded; and (j) the funding source. The Land Acquisition Log shall be presented to the Project Board at every other regular meeting, and to the Land Acquisition Executive Committee on call. The Land Acquisition Log shall be a public record subject to Chapter 119, Florida Statutes, and Chapter 14 of this Manual, except for components exempt under Section 119.071(1)(d), Florida Statutes (litigation strategy), or Section 119.071(2)(d), Florida Statutes (security plans).

22.10 Insurance, Indemnification, and Closing Procedures

All acquisitions shall be subject to title insurance, environmental due diligence, and other closing procedures consistent with prudent governmental real-property practice. The Executive Director, in consultation with the Cooperative's General Counsel and Risk Officer (Chapter 17), shall establish standard form instruments and closing procedures by Administrative Procedure issued under this Chapter.

History Note: Originally adopted as the Southeast Wellfield Project Board's land-acquisition process by Cooperative Resolution 2022-12 on September 21, 2022 (establishing the three-tier approval framework). Amended by Cooperative Resolution 2023-05 on March 22, 2023 (separating Attorney's Fees and Other Costs from acquisition consideration). Further amended by Cooperative Resolution 2024-12 on March

20, 2024 (delegating to the Executive Director the authority to execute and record Declarations of Restrictive Covenants required by FDEP Grant Agreement LPA0212). Incorporated as Chapter 22 of this Policy Manual by Resolution 2026-___ on May 25, 2026, and generalized from the Southeast Wellfield Project specifically to all Approved Projects.