



**TOWN OF LAKE HAMILTON
TOWN COUNCIL
SPECIAL MEETING AGENDA
Tuesday, May 10, 2022
5:00 P.M.**

The Town Council of the Town of Lake Hamilton will hold a Special Meeting on Tuesday, May 10, 2022, at 5:00 PM at the Town Hall, 100 Smith Ave, Lake Hamilton, FL 33851.

- 1. CALL TO ORDER BY THE MAYOR**
- 2. INVOCATION**
- 3. PLEDGE OF ALLEGIANCE**
- 4. ROLL CALL OF COUNCIL MEMBERS BY THE CLERK**
- 5. ITEMS TO BE DISCUSSED BY THE COUNCIL**
 - a. Swear in Larry Dale Tomlinson, Council Seat 2- *pages 1*
 - b. Construction Loan Agreement for Town's Septic to Sewer and WWTF Project- *pages 2-31*
 - c. Resolution R-2022-07 Authorizing Resolution for SRF Funding Agreement - *pages 32-34*
 - d. Clarification on 2026 Water Supply Source- *pages 35-36*
 - e. Authorize Pennoni Addendum #4 for additional WUP Renewal Services- *pages 37-40*
 - f. Consider withdrawal from Wolverine- *no pages*
 - g. PRAG/Lake Hamilton/FMLC Engagement Letter- *pages 41-48*
- 6. ADJOURNMENT**

IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT AND F. S. 286.26, PERSONS WITH DISABILITIES NEEDING SPECIAL ACCOMMODATIONS TO PARTICIPATE IN THESE PROCEEDINGS PLEASE CONTACT TOWN CLERK, BRITTNEY SANDOVALSOTO, TOWN HALL, LAKE HAMILTON, FL AT 863-439-1910 WITHIN TWO (2) WORKING DAYS OF YOUR RECEIPT OF THIS NOTIFICATION. IF A PERSON DESIRES TO APPEAL ANY DECISION MADE BY THE TOWN COUNCIL WITH RESPECT TO ANY MATTER CONSIDERED AT ITS MEETING, HE OR SHE WILL NEED A RECORD OF THE PROCEEDINGS, AND THAT, FOR SUCH PURPOSE, AFFECTED PERSONS MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE WHICH THE APPEALS IS TO BE BASED. (F.S. 286.26.105)



OATH OF OFFICE

MAY 3, 2022

STATE OF FLORIDA
COUNTY OF POLK
TOWN OF LAKE HAMILTON

“I do solemnly swear (or affirm) that I will support, honor, protect, and defend the Constitution and Government of the United States and of the State of Florida; that I am duly qualified to hold office under the Constitution of the State and under the Charter of the Town of Lake Hamilton; and that I will well and faithfully perform the duties of Council Seat 2 on which I am now about to enter, so help me God.”

Larry Dale Tomlinson, Council Seat 2

ATTEST:

Town Clerk, Brittney Sandovalsoto

**STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

AND

TOWN OF LAKE HAMILTON, FLORIDA

**CLEAN WATER STATE REVOLVING FUND
CONSTRUCTION LOAN AGREEMENT**

WW531642

Florida Department of Environmental Protection
State Revolving Fund Program
Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard, MS 3505
Tallahassee, Florida 32399-3000

CLEAN WATER STATE REVOLVING FUND CONSTRUCTION LOAN AGREEMENT

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**CLEAN WATER STATE REVOLVING FUND
CONSTRUCTION LOAN AGREEMENT
WW531642**

THIS AGREEMENT is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the TOWN OF LAKE HAMILTON, FLORIDA, (Local Government) existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as “Parties” or individually as “Party”.

RECITALS

Pursuant to Section 403.1835, Florida Statutes and Chapter 62-503, Florida Administrative Code, the Department is authorized to make loans to finance or refinance the construction of wastewater pollution control facilities, the planning and design of which have been reviewed by the Department; and

The Department is authorized to allow Principal Forgiveness on Loans funded by the Federal Clean Water Act; and

The Local Government applied for the financing of the Project, and the Department has determined that such Project meets all requirements for a loan and Principal Forgiveness.

AGREEMENT

In consideration of the Department loaning money to the Local Government, in the principal amount and pursuant to the covenants set forth below, it is agreed as follows:

ARTICLE I - DEFINITIONS

1.01. WORDS AND TERMS.

Words and terms used herein shall have the meanings set forth below:

- (1) “Agreement” or “Loan Agreement” shall mean this construction loan agreement.
- (2) “Asset Management Plan” shall mean a systematic management technique for utility systems that focuses on the long-term life cycle of the assets and their sustained performance, rather than on short-term, day-to-day aspects of the assets. This plan includes the identification of and costs for rehabilitating, repairing, or replacing all assets as well as the schedule to do so. The requirements for asset management plans are in Subsection 62-503.700(7), Florida Administrative Code.
- (3) “Authorized Representative” shall mean the official of the Local Government authorized by ordinance or resolution to sign documents associated with the Loan.

(4) “Capitalized Interest” shall mean a finance charge that accrues at the Financing Rate on Loan proceeds from the time of disbursement until six months before the first Semiannual Loan Payment is due. Capitalized Interest is financed as part of the Loan principal.

(5) “Depository” shall mean a bank or trust company, having a combined capital and unimpaired surplus of not less than \$50 million, authorized to transact commercial banking or savings and loan business in the State of Florida and insured by the Federal Deposit Insurance Corporation.

(6) “Final Amendment” shall mean the final agreement executed between the parties that establishes the final terms for the Loan such as the final Loan amount, the interest rate, Loan Service Fee, amortization schedule and Semiannual Loan Payment amount.

(7) “Final Unilateral Amendment” shall mean the Loan Agreement unilaterally finalized by the Department after Loan Agreement and Project abandonment under Section 8.06 that establishes the final amortization schedule for the Loan.

(8) “Financing Rate” shall mean the charges, expressed as a percent per annum, imposed on the unpaid principal of the Loan. The Financing Rate shall consist of an interest rate component and a Grant Allocation Assessment rate component.

(9) “Grant Allocation Assessment” shall mean an assessment, expressed as a percent per annum, accruing on the unpaid balance of the Loan. It is computed similarly to the way interest charged on the Loan is computed and is included in the Semiannual Loan Payment. The Department will use Grant Allocation Assessment moneys for making grants to financially disadvantaged small communities pursuant to Section 403.1835 of the Florida Statutes.

(10) “Gross Revenues” shall mean all income or earnings received by the Local Government from the ownership or operation of its Utility System, including investment income, all as calculated in accordance with generally accepted accounting principles. Gross Revenues shall not include proceeds from the sale or other disposition of any part of the Utility System, condemnation awards or proceeds of insurance, except use and occupancy or business interruption insurance, received with respect to the Utility System.

(11) “Loan” shall mean the amount of money to be loaned pursuant to this Agreement and subsequent amendments.

(12) “Loan Application” shall mean the completed form which provides all information required to support obtaining construction loan financial assistance.

(13) “Loan Debt Service Account” shall mean an account, or a separately identified component of a pooled cash or liquid account, with a Depository established by the Local Government for the purpose of accumulating Monthly Loan Deposits and making Semiannual Loan Payments.

(14) “Loan Service Fee” shall mean an origination fee which shall be paid to the Department by the Local Government.

(15) “Local Governmental Entity” means a county, municipality, or special district.

(16) “Monthly Loan Deposit” shall mean the monthly deposit to be made by the Local Government to the Loan Debt Service Account.

(17) “Operation and Maintenance Expense” shall mean the costs of operating and maintaining the Utility System determined pursuant to generally accepted accounting principles, exclusive of interest on any debt payable from Gross Revenues, depreciation, and any other items not requiring the expenditure of cash.

(18) “Pledged Revenues” shall mean the specific revenues pledged as security for repayment of the Loan and shall be the Gross Revenues derived yearly from the operation of the Utility System after payment of the Operation and Maintenance Expense and the satisfaction of all yearly payment obligations on account of any senior or parity obligations issued pursuant to Section 7.02 of this Agreement.

(19) “Principal Forgiveness” shall mean the amount of money awarded pursuant to this Agreement and subsequent amendments that is not to be repaid.

(20) “Project” shall mean the works financed by this Loan and shall consist of furnishing all labor, materials, and equipment to construct the Collection and Transmission and the Wastewater Treatment Facility in accordance with the plans and specifications accepted by the Department.

The Project is in agreement with the planning documentation accepted by the Department effective November 10, 2020 and a project revision memorandum effective on April 13, 2022. A Florida Categorical Exclusion Notification was published on October 15, 2021 and no adverse comments were received for the Collection and Transmission Project. A Florida Finding of No Significant Impact was published on April 15, 2022 and no adverse comments were received.

(21) “Semiannual Loan Payment” shall mean the payment due from the Local Government to the Department at six-month intervals.

(22) “Sewer System” shall mean all facilities owned by the Local Government for collection, transmission, treatment and reuse of wastewater and its residuals.

(23) “Utility System” shall mean all devices and facilities of the Water System and Sewer System owned by the Local Government.

(24) “Water System” shall mean all facilities owned by the Local Government for supplying and distributing water for residential, commercial, industrial, and governmental use.

1.02. CORRELATIVE WORDS.

Words of the masculine gender shall be understood to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the singular shall include the plural and the word “person” shall include corporations and associations, including public entities, as well as natural persons.

ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS

2.01. WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Local Government warrants, represents and covenants that:

(1) The Local Government has full power and authority to enter into this Agreement and to comply with the provisions hereof.

(2) The Local Government currently is not the subject of bankruptcy, insolvency, or reorganization proceedings and is not in default of, or otherwise subject to, any agreement or any law, administrative regulation, judgment, decree, note, resolution, charter or ordinance which would currently restrain or enjoin it from entering into, or complying with, this Agreement.

(3) There is no material action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or, to the best of the Local Government's knowledge, threatened, which seeks to restrain or enjoin the Local Government from entering into or complying with this Agreement.

(4) All permits, real property interests, and approvals required as of the date of this Agreement have been obtained for construction and use of the Project. The Local Government knows of no reason why any future required permits or approvals are not obtainable.

(5) The Local Government shall undertake the Project on its own responsibility, to the extent permitted by law.

(6) To the extent permitted by law, the Local Government shall release and hold harmless the State, its officers, members, and employees from any claim arising in connection with the Local Government's actions or omissions in its planning, engineering, administrative, and construction activities financed by this Loan or its operation of the Project.

(7) All Local Government representations to the Department, pursuant to the Loan Application and Agreement, were true and accurate as of the date such representations were made. The financial information delivered by the Local Government to the Department was current and correct as of the date such information was delivered. The Local Government shall comply with Chapter 62-503, Florida Administrative Code, and all applicable State and Federal laws, rules, and regulations which are identified in the Loan Application or Agreement. To the extent that any assurance, representation, or covenant requires a future action, the Local Government shall take such action to comply with this agreement.

(8) The Local Government shall maintain records using generally accepted accounting principles established by the Governmental Accounting Standards Board. As part of its bookkeeping system, the Local Government shall keep accounts of the Utility System separate from all other accounts and it shall keep accurate records of all revenues, expenses, and expenditures relating to the Utility System, and of the Pledged Revenues, Loan disbursement receipts, and Loan Debt Service Account.

(9) In the event the anticipated Pledged Revenues are shown by the Local Government's annual budget to be insufficient to make the Semiannual Loan Payments for such Fiscal Year when due, the Local Government shall include in such budget other legally available non-ad valorem funds which will be sufficient, together with the Pledged Revenues, to make the Semiannual Loan Payments. Such other legally available non-ad valorem funds shall be budgeted in the regular annual governmental budget and designated for the purpose provided by this Subsection, and the Local Government shall collect such funds for application as provided herein. The Local Government shall notify the Department immediately in writing of any such budgeting of other legally available non-ad valorem funds. Nothing in this covenant shall be construed as creating a pledge, lien, or charge upon any such other legally available non-ad valorem funds; requiring the Local Government to levy or appropriate ad valorem tax revenues; or preventing the Local Government from pledging to the payment of any bonds or other obligations all or any part of such other legally available non-ad valorem funds.

(10) Pursuant to Section 216.347 of the Florida Statutes, the Local Government shall not use the Loan proceeds for the purpose of lobbying the Florida Legislature, the Judicial Branch, or a State agency.

(11) The Local Government agrees to construct the Project in accordance with the Project schedule. Delays incident to strikes, riots, acts of God, and other events beyond the reasonable control of the Local Government are excepted. If for any reason construction is not completed as scheduled, there shall be no resulting diminution or delay in the Semiannual Loan Payment or the Monthly Loan Deposit.

(12) The Local Government covenants that this Agreement is entered into for the purpose of constructing, refunding, or refinancing the Project which will in all events serve a public purpose. The Local Government covenants that it will, under all conditions, complete and operate the Project to fulfill the public need.

(13) The Local Government shall update the revenue generation system annually to assure that sufficient revenues are generated for debt service; operation and maintenance; replacement of equipment, accessories, and appurtenances necessary to maintain the system design capacity and performance during its design life; and to make the system financially self-sufficient.

2.02. LEGAL AUTHORIZATION.

Upon signing this Agreement, the Local Government's legal counsel hereby expresses the opinion, subject to laws affecting the rights of creditors generally, that:

(1) This Agreement has been duly authorized by the Local Government and shall constitute a valid and legal obligation of the Local Government enforceable in accordance with its terms upon execution by both parties; and

(2) This Agreement identifies the revenues pledged for repayment of the Loan, and the pledge is valid and enforceable.

2.03. AUDIT AND MONITORING REQUIREMENTS.

The Local Government agrees to the following audit and monitoring requirements.

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

State Resources Awarded to the Local Government Pursuant to this Agreement Consist of the Following Resources Subject to Section 215.97, F.S.:					
State Program Number	Funding Source	CSFA Number	CSFA Title or Fund Source Description	Funding Amount	State Appropriation Category
Original Agreement	Wastewater Treatment and Stormwater Management TF	37.077	Wastewater Treatment Facility Construction	\$5,896,645	140131

(2) Audits.

(a) In the event that the Local Government expends a total amount of state financial assistance equal to or in excess of \$750,000 in any fiscal year of such Local Government, the Local Government must have a State single audit for such fiscal year in accordance with Section 215.97, Florida Statutes; applicable rules of the Department of Financial Services; and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General. In determining the state financial assistance expended in its fiscal year, the Local Government shall consider all sources of state financial assistance, including state financial assistance received from the Department, other state agencies, and other nonstate entities. State financial assistance does not include Federal direct or pass-through awards and resources received by a nonstate entity for Federal program matching requirements.

(b) In connection with the audit requirements addressed in the preceding paragraph (a); the Local Government shall ensure that the audit complies with the requirements of Section 215.97(7), Florida Statutes. This includes submission of a financial reporting package as defined by Section 215.97(2), Florida Statutes, and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General.

(c) If the Local Government expends less than \$750,000 in state financial assistance in its fiscal year, an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, is not required. The Local Government shall inform the Department of findings and recommendations pertaining to the State Revolving Fund in audits conducted by the Local Government in which the \$750,000 threshold has not been met. In the event that the Local Government expends less than \$750,000 in state financial assistance in its fiscal year, and elects to have an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, the cost of the audit must be paid from the non-state entity's resources (i.e., the cost of such an audit must be paid from the Local Government's resources obtained from other than State entities).

(d) The Local Government is hereby advised that the Florida Single Audit Act Requirements may further apply to lower tier transactions that may be a result of this Agreement. For information regarding the Florida Catalog of State Financial Assistance (CSFA), a Local Government should access the Florida Single Audit Act website located at <https://apps.fldfs.com/fsaa> for assistance.

(3) Report Submission.

(a) Copies of financial reporting packages shall be submitted by or on behalf of the Local Government directly to each of the following:

(i) The Department at one of the following addresses:

By Mail:

Audit Director

Florida Department of Environmental Protection
Office of the Inspector General, MS 40
3900 Commonwealth Boulevard,
Tallahassee, Florida 32399-3123

or

Electronically:

FDEPSingleAudit@dep.state.fl.us

(ii) The Auditor General's Office at the following address:

State of Florida Auditor General
Room 401, Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

(iii) Copies of reports or management letters shall be submitted by or on behalf of the Local Government directly to the Department at either of the following addresses:

By Mail:

Audit Director

Florida Department of Environmental Protection
Office of the Inspector General
3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3123

or

Electronically:
FDEPSingleAudit@dep.state.fl.us

(b) Any reports, management letters, or other information required to be submitted to the Department pursuant to this Agreement shall be submitted timely in accordance with Florida Statutes, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

(c) Local Governments, when submitting financial reporting packages to the Department for audits done in accordance with Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was received by the Local Government from their auditors in correspondence accompanying the reporting package.

(4) Record Retention.

The Local Government shall retain sufficient records demonstrating its compliance with the terms of this Agreement for a period of five years from the date of the Final Amendment, and shall allow the Department, or its designee, Chief Financial Officer, or Auditor General access to such records upon request. The Local Government shall ensure that working papers are made available to the Department, or its designee, Chief Financial Officer, or Auditor General upon request for a period of five years from the date of the Final Amendment, unless extended in writing by the Department.

(5) Monitoring.

In addition to reviews of audits conducted in accordance with Section 215.97, F.S., as revised monitoring procedures may include, but not be limited to, on-site visits by Department staff and/or other procedures. By entering into this Agreement, the Local Government agrees to comply and cooperate with any monitoring procedures/processes deemed appropriate by the Department. In the event the Department determines that a limited scope audit of the Local Government is appropriate, the Local Government agrees to comply with any additional instructions provided by the Department to the Local Government regarding such audit. The Local Government understands its duty, pursuant to Section 20.055(5), F.S., to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing. The Local Government will comply with this duty and ensure that any subcontracts issued under this Agreement will impose this requirement, in writing, on its subcontractors.

ARTICLE III - LOAN REPAYMENT ACCOUNT

3.01. LOAN DEBT SERVICE ACCOUNT.

The Local Government shall establish a Loan Debt Service Account with a Depository and begin making Monthly Loan Deposits no later than the date set forth for such action in Section 10.07 of this Agreement.

Beginning six months prior to each Semiannual Loan Payment, the Local Government shall make six Monthly Loan Deposits. The first five deposits each shall be at least equal to one-sixth of the Semiannual Loan Payment. The sixth Monthly Loan Deposit shall be at least equal to the amount required to make the total on deposit in the Loan Debt Service Account equal to the Semiannual Loan Payment amount, taking into consideration investment earnings credited to the account pursuant to Section 3.02.

Any month in which the Local Government fails to make a required Monthly Loan Deposit, the Local Government's chief financial officer shall notify the Department of such failure. In addition, the Local Government agrees to budget, by amendment if necessary, payment to the Department from other legally available non-ad valorem funds all sums becoming due before the same become delinquent. This requirement shall not be construed to give superiority to the Department's claim on any revenues over prior claims of general creditors of the Local Government, nor shall it be construed to give the Department the power to require the Local Government to levy and collect any revenues other than Pledged Revenues.

3.02. INVESTMENT OF LOAN DEBT SERVICE ACCOUNT MONEYS.

Moneys on deposit in the Loan Debt Service Account shall be invested pursuant to the laws of the State of Florida. Such moneys may be pooled for investment purposes. The maturity or redemption date of investments shall be not later than the date upon which such moneys may be needed to make Semiannual Loan Payments. The investment earnings shall be credited to the Loan Debt Service Account and applied toward the Monthly Loan Deposit requirements.

3.03. LOAN DEBT SERVICE ACCOUNT WITHDRAWALS.

The withdrawal of moneys from the Loan Debt Service Account shall be for the sole purpose of making the Semiannual Loan Payment or for discharging the Local Government's obligations pursuant to Section 8.01.

3.04. ASSETS HELD IN TRUST.

The assets in all accounts created under this Loan Agreement shall be held in trust for the purposes provided herein and used only for the purposes and in the manner prescribed in this Agreement; and, pending such use, said assets shall be subject to a lien and charge in favor of the Department.

ARTICLE IV - PROJECT INFORMATION

4.01. PROJECT CHANGES.

Project changes prior to bid opening shall be made by addendum to plans and specifications. Changes after bid opening shall be made by change order. The Local Government shall submit all addenda and all change orders to the Department for an eligibility determination. After execution of all construction, equipment and materials contracts, the Project contingency may be reduced.

4.02. TITLE TO PROJECT SITE.

The Local Government shall have an interest in real property sufficient for the construction and location of the Project free and clear of liens and encumbrances which would impair the usefulness of such sites for the intended use.

4.03. PERMITS AND APPROVALS.

The Local Government shall have obtained, prior to the Department's authorization to award construction contracts, all permits and approvals required for construction of the Project or portion of the Project funded under this Agreement.

4.04. ENGINEERING SERVICES.

A professional engineer, registered in the State of Florida, shall be employed by, or under contract with, the Local Government to oversee construction.

4.05. PROHIBITION AGAINST ENCUMBRANCES.

The Local Government is prohibited from selling, leasing, or disposing of any part of the Utility System which would materially reduce operational integrity or Gross Revenues so long as this Agreement, including any amendment thereto, is in effect unless the written consent of the Department is first secured. The Local Government may be required to reimburse the Department for the Principal Forgiveness funded cost of any such part, taking into consideration any increase or decrease in value.

4.06. COMPLETION MONEYS.

In addition to the proceeds of this Loan, the Local Government covenants that it has obtained, or will obtain, sufficient moneys from other sources to complete construction and place the Project in operation on, or prior to, the date specified in Article X. Failure of the Department to approve additional financing shall not constitute a waiver of the Local Government's covenants to complete and place the Project in operation.

4.07. CLOSE-OUT.

The Department shall conduct a final inspection of the Project and Project records. Following the inspection, deadlines for submitting additional disbursement requests, if any, shall be established, along with deadlines for uncompleted Loan or Principal Forgiveness requirements, if any. Deadlines shall be incorporated into the Loan Agreement by amendment. The Loan principal shall be reduced by any excess over the amount required to pay all approved costs. As a result of such adjustment, the Semiannual Loan Payment shall be reduced accordingly, as addressed in Section 10.05.

4.08. LOAN DISBURSEMENTS.

This Agreement allows for funds to be advanced to the Local Government for allowable invoiced costs, under the provisions of 216.181, Florida Statutes. Disbursements shall be made

directly to the Local Government only by the State Chief Financial Officer and only when the requests for such disbursements are accompanied by a Department certification that such withdrawals are proper expenditures. In addition to the invoices for costs incurred, proof of payment will be required with the following disbursement request.

Disbursements shall be made directly to the Local Government for reimbursement of the incurred construction costs and related services. Disbursements for materials, labor, or services shall be made upon receipt of the following:

(1) A completed disbursement request form signed by the Authorized Representative. Such requests must be accompanied by sufficiently itemized summaries of the materials, labor, or services to identify the nature of the work performed; the cost or charges for such work; and the person providing the service or performing the work.

(2) A certification signed by the Authorized Representative as to the current estimated costs of the Project; that the materials, labor, or services represented by the invoice have been satisfactorily purchased, performed, or received and applied to the project; that all funds received to date have been applied toward completing the Project; and that under the terms and provisions of the contracts, the Local Government is required to make such payments.

(3) A certification by the engineer responsible for overseeing construction stating that equipment, materials, labor and services represented by the construction invoices have been satisfactorily purchased, or received, and applied to the Project in accordance with construction contract documents; stating that payment is in accordance with construction contract provisions; stating that construction, up to the point of the requisition, is in compliance with the contract documents; and identifying all additions or deletions to the Project which have altered the Project's performance standards, scope, or purpose since the issue of the Department construction permit.

(4) Such other certificates or documents by engineers, attorneys, accountants, contractors, or suppliers as may reasonably be required by the Department.

4.09. ADVANCE PAYMENT.

The Department may provide an advance to the Local Government, in accordance with Section 216.181(16)(b), Florida Statutes. Such advance will require written request from the Local Government, the Advance Payment Justification Form and approval from the State's Chief Financial Officer. The Local Government must temporarily invest the advanced funds, and return any interest income to the Department, within thirty (30) days of each calendar quarter. Interest earned must be returned to the Department within the timeframe identified above or invoices must be received within the same timeframe that shows the offset of the interest earned.

Unused funds, and interest accrued on any unused portion of advanced funds that have not been remitted to the Department, shall be returned to the Department within sixty (60) days of Agreement completion.

The parties hereto acknowledge that the State's Chief Financial Officer may identify additional requirements, which must be met in order for advance payment to be authorized. If

the State's Chief Financial Officer imposes additional requirements, the Local Government shall be notified, in writing, by the Department regarding the additional requirements. Prior to releasing any advanced funds, the Local Government shall be required to provide a written acknowledgement to the Department of the Local Government's acceptance of the terms imposed by the State's Chief Financial Officer for release of the funds.

If advance payment is authorized, the Local Government shall be responsible for submitting the information requested in the Interest Earned Memorandum to the Department quarterly.

ARTICLE V - RATES AND USE OF THE UTILITY SYSTEM

5.01. RATE COVERAGE.

The Local Government shall maintain rates and charges for the services furnished by the Utility System which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year.

5.02. NO FREE SERVICE.

The Local Government shall not permit connections to, or furnish any services afforded by, the Utility System without making a charge therefore based on the Local Government's uniform schedule of rates, fees, and charges.

5.03. MANDATORY CONNECTIONS.

The Local Government shall adopt, as necessary, and enforce requirements, consistent with applicable laws, for the owner, tenant or occupant of each building located on a lot or parcel of land which is served, or may reasonably be served, by the Sewer System to connect such building to the Sewer System.

5.04. NO COMPETING SERVICE.

The Local Government shall not allow any person to provide any services which would compete with the Utility System so as to adversely affect Gross Revenues.

5.05. MAINTENANCE OF THE UTILITY SYSTEM.

The Local Government shall operate and maintain the Utility System in a proper, sound and economical manner and shall make all necessary repairs, renewals and replacements.

5.06. ADDITIONS AND MODIFICATIONS.

The Local Government may make any additions, modifications or improvements to the Utility System which it deems desirable and which do not materially reduce the operational integrity of any part of the Utility System. All such renewals, replacements, additions, modifications and improvements shall become part of the Utility System.

5.07. COLLECTION OF REVENUES.

The Local Government shall use its best efforts to collect all rates, fees and other charges due to it. The Local Government shall establish liens on premises served by the Utility System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Local Government shall, to the full extent permitted by law, cause to discontinue the services of the Utility System and use its best efforts to shut off water service furnished to persons who are delinquent beyond customary grace periods in the payment of Utility System rates, fees and other charges.

ARTICLE VI - DEFAULTS AND REMEDIES

6.01. EVENTS OF DEFAULT.

Upon the occurrence of any of the following events (the Events of Default) all obligations on the part of Department to make any further disbursements hereunder shall, if Department elects, terminate. The Department may, at its option, exercise any of its remedies set forth in this Agreement, but Department may make any disbursements or parts of disbursements after the happening of any Event of Default without thereby waiving the right to exercise such remedies and without becoming liable to make any further disbursement:

(1) Failure to make any Monthly Loan Deposit or to make any installment of the Semiannual Loan Payment when it is due and such failure shall continue for a period of 30 days.

(2) Except as provided in Subsection 6.01(1), failure to comply with the provisions of this Agreement, failure in the performance or observance of any of the covenants or actions required by this Agreement or the Suspension of this Agreement by the Department pursuant to Section 8.14 below, and such failure shall continue for a period of 30 days after written notice thereof to the Local Government by the Department.

(3) Any warranty, representation or other statement by, or on behalf of, the Local Government contained in this Agreement or in any information furnished in compliance with, or in reference to, this Agreement, which is false or misleading, or if Local Government shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in this Agreement, the Note, or any other document given in connection with the Loan (provided, that with respect to non-monetary defaults, Department shall give written notice to Local Government, which shall have 30 days to cure any such default), or is unable or unwilling to meet its obligations thereunder.

(4) An order or decree entered, with the acquiescence of the Local Government, appointing a receiver of any part of the Utility System or Gross Revenues thereof; or if such order or decree, having been entered without the consent or acquiescence of the Local Government, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

(5) Any proceeding instituted, with the acquiescence of the Local Government, for the purpose of effecting a composition between the Local Government and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or

hereafter enacted, if the claims of such creditors are payable from Gross Revenues of the Utility System.

(6) Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the Local Government under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Local Government, is not dismissed within 60 days after filing.

(7) Any charge is brought alleging violations of any criminal law in the implementation of the Project or the administration of the proceeds from this Loan against one or more officials of the Local Government by a State or Federal law enforcement authority, which charges are not withdrawn or dismissed within 60 days following the filing thereof.

(8) Failure of the Local Government to give immediate written notice of its knowledge of a potential default or an event of default, hereunder, to the Department and such failure shall continue for a period of 30 days.

6.02. REMEDIES.

All rights, remedies, and powers conferred in this Agreement and the transaction documents are cumulative and are not exclusive of any other rights or remedies, and they shall be in addition to every other right, power, and remedy that Department may have, whether specifically granted in this Agreement or any other transaction document, or existing at law, in equity, or by statute. Any and all such rights and remedies may be exercised from time to time and as often and in such order as Department may deem expedient. Upon any of the Events of Default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by, *inter alia*, any of the following remedies:

(1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Utility System, and to require the Local Government to fulfill this Agreement.

(2) By action or suit in equity, require the Local Government to account for all moneys received from the Department or from the ownership of the Utility System and to account for the receipt, use, application, or disposition of the Pledged Revenues.

(3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department.

(4) By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Utility System, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement.

(5) By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus a penalty from any unobligated funds due to the Local Government under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. The Department may impose a penalty in an amount not to exceed an interest rate of 18 percent per annum on the amount due in addition to charging the cost to handle and process the debt. Penalty interest shall

accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

(8) By accelerating the repayment schedule or increasing the Financing Rate on the unpaid principal of the Loan to as much as 1.667 times the Financing Rate.

6.03. DELAY AND WAIVER.

No course of dealing between Department and Local Government, or any failure or delay on the part of Department in exercising any rights or remedies hereunder, shall operate as a waiver of any rights or remedies of Department, and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder. No delay or omission by the Department to exercise any right or power accruing upon Events of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver or any default under this Agreement shall extend to or affect any subsequent Events of Default, whether of the same or different provision of this Agreement, or shall impair consequent rights or remedies.

ARTICLE VII - THE PLEDGED REVENUES

7.01. SUPERIORITY OF THE PLEDGE TO THE DEPARTMENT.

From and after the effective date of this Agreement, the Department shall have a lien on the Pledged Revenues, which along with any other Department State Revolving Fund liens on the Pledged Revenues, of equal priority, will be prior and superior to any other lien, pledge or assignment with the following exception. All obligations of the Local Government under this Agreement shall be junior, inferior, and subordinate in all respects in right of payment and security to any additional senior obligations issued with the Department's consent pursuant to Section 7.02. The Department may release its lien on such Pledged Revenues in favor of the Department if the Department makes a determination in its sole discretion, based upon facts deemed sufficient by the Department, that the remaining Pledged Revenues will, in each Fiscal Year, equal or exceed 1.15 times the debt service coming due in each Fiscal Year under the terms of this Agreement.

7.02. ADDITIONAL DEBT OBLIGATIONS.

The Local Government may issue additional debt obligations on a parity with, or senior to, the lien of the Department on the Pledged Revenues provided the Department's written consent is obtained. Such consent may be granted if the Local Government demonstrates at the time of such issuance that the Pledged Revenues, which may take into account reasonable projections of growth of the Utility System and revenue increases, plus revenues to be pledged to the additional proposed debt obligations will, during the period of time Semiannual Loan

Payments are to be made under this Agreement, equal or exceed 1.15 times the annual combined debt service requirements of this Agreement and the obligations proposed to be issued by the Local Government and will satisfy the coverage requirements of all other debt obligations secured by the Pledged Revenues.

ARTICLE VIII - GENERAL PROVISIONS

8.01. DISCHARGE OF OBLIGATIONS.

All payments required to be made under this Agreement shall be cumulative and any deficiencies in any Fiscal Year shall be added to the payments due in the succeeding year and all years thereafter until fully paid. Payments shall continue to be secured by this Agreement until all of the payments required shall be fully paid to the Department. If at any time the Local Government shall have paid, or shall have made provision for the timely payment of, the entire principal amount of the Loan, and as applicable, Loan Service Fee, interest, and Grant Allocation Assessment charges, the pledge of, and lien on, the Pledged Revenues to the Department shall be no longer in effect. Deposit of sufficient cash, securities, or investments, authorized by law, from time to time, may be made to effect defeasance of this Loan. However, the deposit shall be made in irrevocable trust with a banking institution or trust company for the sole benefit of the Department. There shall be no penalty imposed by the Department for early retirement of this Loan.

8.02. PROJECT RECORDS AND STATEMENTS.

Books, records, reports, engineering documents, contract documents, and papers shall be available to the authorized representatives of the Department for inspection at any reasonable time after the Local Government has received a disbursement and until five years after the Final Amendment date.

8.03. ACCESS TO PROJECT SITE.

The Local Government shall provide access to Project sites and administrative offices to authorized representatives of the Department at any reasonable time. The Local Government shall cause its engineers and contractors to cooperate during Project inspections, including making available working copies of plans and specifications and supplementary materials.

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the Local Government. The Local Government shall not assign rights created by this Agreement without the written consent of the Department.

8.05. AMENDMENT OF AGREEMENT.

This Agreement may be amended in writing, except that no amendment shall be permitted which is inconsistent with statutes, rules, regulations, executive orders, or written agreements between the Department and the U.S. Environmental Protection Agency (EPA). This Agreement may be amended after all construction contracts are executed to re-establish the

Project cost, Loan amount, Project schedule, and Semiannual Loan Payment amount. A Final Amendment establishing the final Project costs and the Loan Service Fee based on actual Project costs shall be completed after the Department's final inspection of the Project records.

8.06. ABANDONMENT, TERMINATION OR VOLUNTARY CANCELLATION.

Failure of the Local Government to actively prosecute or avail itself of this Loan (including e.g. described in para 1 and 2 below) shall constitute its abrogation and abandonment of the rights hereunder, and the Department may then, upon written notification to the Local Government, suspend or terminate this Agreement.

(1) Failure of the Local Government to draw Loan proceeds within eighteen months after the effective date of this Agreement, or by the date set in Section 10.07 to establish the Loan Debt Service Account, whichever date occurs first.

(2) Failure of the Local Government, after the initial Loan draw, to draw any funds under the Loan Agreement for twenty-four months, without approved justification or demonstrable progress on the Project.

Upon a determination of abandonment by the Department, the Loan will be suspended, and the Department will implement administrative close out procedures (in lieu of those in Section 4.07) and provide written notification of Final Unilateral Amendment to the Local Government.

In the event that following the execution of this Agreement, the Local Government decides not to proceed with this Loan, this Agreement can be cancelled by the Local Government, without penalty, if no funds have been disbursed.

8.07. SEVERABILITY CLAUSE.

If any provision of this Agreement shall be held invalid or unenforceable, the remaining provisions shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

8.08. USE AS MATCHING FUNDS.

The EPA has provided a class deviation from the provisions of 40 CFR 35.3125(b)(1) to allow these second tier funds to be used as local matching requirements for most EPA grant funded treatment works projects, including special Appropriations Act projects.

8.09. DAVIS-BACON ACT REQUIREMENT.

(1) The Local Government shall periodically interview 10% of the work force entitled to Davis-Bacon prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. Local Governments shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. As provided in 29 CFR 5.6(a)(5) all interviews must be conducted in confidence. The Local Government must use

Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) The Local Government shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The Local Government shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date of the contract or subcontract. Local Governments must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. In addition, during the examinations the Local Government shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(3) The Local Government shall periodically review contractors' and subcontractors' use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor (DOL) or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of laborers, trainees, and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in items (1) and (2) above.

(4) Local Governments must immediately report potential violations of the Davis-Bacon prevailing wage requirements to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm> and to the EPA Region 4 Water Division/Grants and Infrastructure Section by calling 404-562-9345. Additional information on Davis-Bacon guidance is located on the EPA website at: <https://www.epa.gov/grants/guidance-implementation-davis-bacon-epa-funded-construction-grants>.

8.10. AMERICAN IRON AND STEEL REQUIREMENT.

The Local Government's subcontracts must contain requirements that all of the iron and steel products used in the Project are in compliance with the American Iron and Steel requirement as described in Section 608 of the Federal Water Pollution Control Act unless the Local Government has obtained a waiver pertaining to the Project or the Department has advised the Local Government that the requirement is not applicable to the Project.

ASSET MANAGEMENT PLAN.

The Florida Administrative Code (F.A.C.) requires recipients of construction grants for Small Community Wastewater Facilities to develop and implement an Asset Management Plan. Grants under chapter 62-505.300(1)(d), F.A.C.:

Are available at the construction phase of a Project only if the Local Government adopts and implements, prior to the final disbursement of the associated State

Revolving Fund construction loan, an Asset Management Plan that meets all requirements of subsection 62-503.700(7), F.A.C.

The Asset Management Plan shall include, at a minimum, the following elements: i) an inventory of all the assets within the Local Government's system; ii) an evaluation of the current age, condition, and anticipated useful life of each asset; iii) the current value of the assets; iv) the cost to operate and maintain all assets; v) a capital improvement plan based on a survey of industry standards, life expectancy, life cycle analysis, and remaining useful life; vi) an analysis of funding needs; vii) an analysis of population growth and wastewater or stormwater flow projections, as applicable, for the sponsor's planning area, and a model, if applicable, for impact fees; commercial, industrial and residential rate structures; industrial pretreatment fees and parameters; viii) the establishment of an adequate funding rate structure; ix) a threshold rate set to ensure the proper operation of the utility (if the sponsor transfers any of the utility proceeds to other funds, the rates must be set higher than the threshold rate to facilitate the transfer and proper operation of the utility); and x) a plan to preserve the assets, as well as the renewal, replacement, and repair of the assets as necessary (such plan should incorporate a risk-benefit analysis to determine the optimum renewal or replacement time).

In order to retain the rate reduction included in this Loan, the implementation of the plan must be verified at least three months prior to the date of the first loan repayment scheduled in Article X.

8.12. PUBLIC RECORDS ACCESS.

(1) The Local Government shall comply with Florida Public Records law under Chapter 119, F.S. Records made or received in conjunction with this Agreement are public records under Florida law, as defined in Section 119.011(12), F.S. The Local Government shall keep and maintain public records required by the Department to perform the services under this Agreement.

(2) This Agreement may be unilaterally canceled by the Department for refusal by the Local Government to either provide to the Department upon request, or to allow inspection and copying of all public records made or received by the Local Government in conjunction with this Agreement and subject to disclosure under Chapter 119, F.S., and Section 24(a), Article I, Florida Constitution.

(3) IF THE LOCAL GOVERNMENT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE LOCAL GOVERNMENT'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE DEPARTMENT'S CUSTODIAN OF PUBLIC RECORDS AT (850)245-2118, by email at public.services@dep.state.fl.us, or at the mailing address below:

Department of Environmental Protection

**ATTN: Office of Ombudsman and Public Services
Public Records Request
3900 Commonwealth Blvd, MS 49
Tallahassee, FL 32399**

8.13. SCRUTINIZED COMPANIES.

(1) The Local Government certifies that it and its subcontractors are not on the Scrutinized Companies that Boycott Israel List. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Local Government or its subcontractors are found to have submitted a false certification; or if the Local Government, or its subcontractors are placed on the Scrutinized Companies that Boycott Israel List or is engaged in the boycott of Israel during the term of the Agreement.

(2) If this Agreement is for more than one million dollars, the Local Government certifies that it and its subcontractors are also not on the Scrutinized Companies with Activities in Sudan, Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria as identified in Section 287.135, F.S. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Local Government, its affiliates, or its subcontractors are found to have submitted a false certification; or if the Local Government, its affiliates, or its subcontractors are placed on the Scrutinized Companies that Boycott the Scrutinized Companies with Activities in Sudan List, or Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria during the term of the Agreement.

(3) The Local Government agrees to observe the above requirements for applicable subcontracts entered into for the performance of work under this Agreement.

(4) As provided in Subsection 287.135(8), F.S., if federal law ceases to authorize these contracting prohibitions then they shall become inoperative.

8.14. SUSPENSION.

The Department may suspend any or all of its obligations to Loan or provide financial accommodation to the Local Government under this Agreement in the following events, as determined by the Department:

- (1) The Local Government abandons or discontinues the Project before its completion,
- (2) The commencement, prosecution, or timely completion of the Project by the Local Government is rendered improbable or the Department has reasonable grounds to be insecure in Local Government's ability to perform, or
- (3) The implementation of the Project is determined to be illegal, or one or more officials of the Local Government in responsible charge of, or influence over, the Project is

charged with violating any criminal law in the implementation of the Project or the administration of the proceeds from this Loan.

The Department shall notify the Local Government of any suspension by the Department of its obligations under this Agreement, which suspension shall continue until such time as the event or condition causing such suspension has ceased or been corrected, or the Department has re-instated the Agreement.

Local Government shall have no more than 30 days following notice of suspension hereunder to remove or correct the condition causing suspension. Failure to do so shall constitute a default under this Agreement.

Following suspension of disbursements under this Agreement, the Department may require reasonable assurance of future performance from Local Government prior to re-instating the Loan. Such reasonable assurance may include, but not be limited to, a payment mechanism using two party checks, escrow or obtaining a Performance Bond for the work remaining.

Following suspension, upon failure to cure, correct or provide reasonable assurance of future performance by Local Government, the Department may exercise any remedy available to it by this Agreement or otherwise and shall have no obligation to fund any remaining Loan balance under this Agreement.

ARTICLE IX - CONSTRUCTION CONTRACTS AND INSURANCE

9.01. AUTHORIZATION TO AWARD CONSTRUCTION CONTRACTS.

The following documentation is required to receive the Department's authorization to award construction contracts:

- (1) Proof of advertising.
- (2) Award recommendation, bid proposal, and bid tabulation (certified by the responsible engineer).
- (3) Certification of compliance with the conditions of the Department's approval of competitively or non-competitively negotiated procurement, if applicable.
- (4) Certification Regarding Disbarment, Suspension, Ineligibility and Voluntary Exclusion.
- (5) Certification that the Local Government and contractors are in compliance with labor standards, including prevailing wage rates established for its locality by the DOL under the Davis-Bacon Act for Project construction.
- (6) Certification that all procurement is in compliance with Section 8.10 which states that all iron and steel products used in the Project must be produced in the United States unless (a) a waiver is provided to the Local Government by the EPA or (b) compliance would be inconsistent with United States obligations under international agreements.

9.02. SUBMITTAL OF CONSTRUCTION CONTRACT DOCUMENTS.

After the Department's authorization to award construction contracts has been received, the Local Government shall submit:

- (1) Contractor insurance certifications.
- (2) Executed Contract(s).
- (3) Notices to proceed with construction.

9.03. INSURANCE REQUIRED.

The Local Government shall cause the Project, as each part thereof is certified by the engineer responsible for overseeing construction as completed, and the Utility System (hereafter referred to as "Revenue Producing Facilities") to be insured by an insurance company or companies licensed to do business in the State of Florida against such damage and destruction risks as are customary for the operation of utility systems of like size, type and location to the extent such insurance is obtainable from time to time against any one or more of such risks.

The proceeds of insurance policies received as a result of damage to, or destruction of, the Project or the other Revenue Producing Facilities, shall be used to restore or replace damaged portions of the facilities. If such proceeds are insufficient, the Local Government shall provide additional funds to restore or replace the damaged portions of the facilities. Repair, construction or replacement shall be promptly completed.

ARTICLE X - DETAILS OF FINANCING

10.01. PRINCIPAL AMOUNT OF LOAN.

The total amount awarded is \$5,896,645. Of that, the estimated amount of Principal Forgiveness is \$4,452,835. The estimated principal amount of the Loan to be repaid is \$1,443,810, which consists of \$1,443,810 to be disbursed to the Local Government and \$0 of Capitalized Interest.

Capitalized Interest is not disbursed to the Local Government, but is amortized via periodic Loan repayments to the Department as if it were actually disbursed. Capitalized Interest is computed at the Financing Rate, or rates, set for the Loan. It accrues and is compounded annually from the time when disbursements are made until six months before the first Semiannual Loan Payment is due. Capitalized Interest is estimated prior to establishing the schedule of actual disbursements.

10.02. LOAN SERVICE FEE.

The Loan Service Fee is estimated as \$117,933 for the Loan amount authorized to date. The fee represents two percent of the Loan amount excluding Capitalized Interest amount; that is, two percent of \$5,896,645. The Loan Service Fee is estimated at the time of execution of the loan agreement and shall be revised with any increase or decrease amendment. The Loan

Service Fee is based on actual Project costs and assessed in the final loan amendment. The Local Government shall pay the Loan Service Fee from the first available repayment(s) following the Final Amendment.

10.03. FINANCING RATE.

The Financing Rate on the unpaid principal of the Loan amount specified in Section 10.01 is 0 percent per annum. The Financing Rate equals the sum of the interest rate and the Grant Allocation Assessment Rate. The interest rate is 0 percent per annum and the Grant Allocation Assessment rate is 0 percent per annum. However, if this Agreement is not executed by the Local Government and returned to the Department before July 1, 2022 the Financing Rate may be adjusted. A new Financing Rate shall be established for any funds provided by amendment to this Agreement.

10.04. LOAN TERM.

The Loan term shall be 20 years.

10.05. REPAYMENT SCHEDULE.

Repayments shall be made semiannually (twice per year). The Semiannual Loan Payment shall be computed based upon the principal amount of the Loan less the Principal Forgiveness plus the estimated Loan Service Fee and the principle of level debt service. The Semiannual Loan Payment amount may be adjusted, by amendment of this Agreement, based upon revised information. After the final disbursement of Loan proceeds, the Semiannual Loan Payment shall be based upon the actual Project costs, the actual Loan Service Fee and Loan Service Fee capitalized interest, if any, and actual dates and amounts of disbursements, taking into consideration any previous payments. Actual Project costs shall be established after the Department's inspection of the completed Project and associated records. The Department will deduct the Loan Service Fee and any associated interest from the first available repayments following the Final Amendment.

Each Semiannual Loan Payment shall be in the amount of \$39,044 until the payment amount is adjusted by amendment. The interest and Grant Allocation Assessment portions of each Semiannual Loan Payment shall be computed, using their respective rates, on the unpaid balance of the principal amount of the Loan, which includes Capitalized Interest. Interest (at the Financing Rate) also shall be computed on the estimated Loan Service Fee. The interest and Grant Allocation Assessment on the unpaid balance shall be computed as of the due date of each Semiannual Loan Payment.

Semiannual Loan Payments shall be received by the Department beginning on August 15, 2024 and semiannually thereafter on February 15 and August 15 of each year until all amounts due hereunder have been fully paid. Funds transfer shall be made by electronic means.

The Semiannual Loan Payment amount is based on the total amount owed of \$1,561,743, which consists of the Loan principal and the estimated Loan Service Fee.

10.06. PROJECT COSTS.

The Local Government and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of construction bidding or mutually agreed upon Project changes. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Local Government receives other governmental financial assistance for this Project, the costs funded by such other governmental assistance will not be financed by this Loan. The Department shall establish the final Project costs after its final inspection of the Project records. Changes in Project costs may also occur as the result of an audit.

The Local Government agrees to the following estimates of Project costs:

CATEGORY	PROJECT COSTS (\$)
Construction and Demolition	5,121,783
Contingencies	430,479
Technical Services After Bid Opening	344,383
SUBTOTAL (Disbursable Amount)	5,896,645
Less Principal Forgiveness	(4,452,835)
SUBTOTAL (Loan Amount)	1,443,810
Capitalized Interest	0
TOTAL (Loan Principal Amount)	1,443,810

10.07. SCHEDULE.

The Local Government agrees by execution hereof:

(1) This Agreement shall be effective on November 18, 2020. Invoices submitted for work conducted on or after this date shall be eligible for reimbursement.

(2) Completion of Project construction is scheduled for February 15, 2024.

(3) The Loan Debt Service Account shall be established and Monthly Loan Deposits shall begin no later than February 15, 2024.

(4) The first Semiannual Loan Payment in the amount of \$39,044 shall be due August 15, 2024.

10.08. SPECIAL CONDITIONS.

The Town will need advance payment approval or submit invoices dated on or after the effective date and specified in 10.07(1), along with proof of payment, for reimbursement of allowable invoiced costs.

Prior to execution of this Agreement, the following items must be submitted:

(1) A certified copy of the Resolution which authorizes the application, establishes the Pledged Revenues, and designates an Authorized Representative for signing the application and executing the Loan Agreement; and

(2) A Legal Opinion addressing the availability of Pledged Revenues, the right to increase rates, and subordination of the pledge.

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ARTICLE XI - EXECUTION OF AGREEMENT

This Loan Agreement WW531642 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Department.

for
TOWN OF LAKE HAMILTON

Mayor

Attest:

I attest to the opinion expressed in Section
2.02, entitled Legal Authorization.

Town Clerk

Town Attorney

SEAL

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Secretary or Designee

Date

CHRISTMAN LAW, P.L.

a professional limited liability company

613 31st Street
Niceville, Florida 32578
(863)224-8900
hrchristman@icloud.com

May 6, 2022

Ms. Angela Knecht
Program Administrator
State Revolving Fund Management
3900 Commonwealth Blvd., Mail Station 3505
Tallahassee, Florida 32399-3000

Re: WW531642 – Town of Lake Hamilton, Florida
Wastewater Treatment Facility

Dear Ms. Knecht;

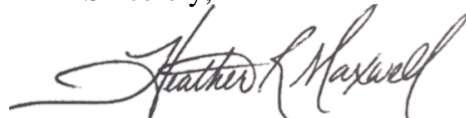
I am the duly appointed Town Attorney for the Town of Lake Hamilton, Florida. The Town proposes to borrow \$1,443,810 from the State Revolving Fund for construction of the Town wastewater treatment facilities (Total funding: \$5,896,645; Principal forgiveness: \$4,452,835; Loan amount: \$1,443,810). The loan will be secured by the net revenues of the Town's water and sewer system, other town reserve funds, and the pledged revenues are legally available to pledge. The Town of Lake Hamilton has the legal authority to increase rates to ensure repayment of the loan.

The pledge on revenues is potentially subject to a prior lien with the following issues:

- Town of Lake Hamilton, Florida SRF Loan for project WW531640;
- Town of Lake Hamilton, Florida Water System Revenue Bonds, Series 2012;
- Town of Lake Hamilton, Florida Water System Revenue Bonds, Series 2020.

Please feel free to contact me should you have any questions.

Sincerely,



Heather R. Maxwell
Lake Hamilton, Town Attorney

RESOLUTION R-2022-07

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LAKE HAMILTON, FLORIDA, POLK COUNTY, FLORIDA, RELATING TO THE STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION; AUTHORIZING THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; PROVIDING ASSURANCES; PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE.

WHEREAS, Florida Statutes provide for loans to local government agencies to finance the construction of wastewater treatment facilities; and

WHEREAS, Florida Administrative Code rules require authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and

WHEREAS, the State Revolving Fund loan priority list designates Project No. WW53164 as eligible for available funding; and

WHEREAS, the Town of Lake Hamilton, Florida, intends to enter into a loan agreement with the Department of Environmental Protection under the State Revolving Fund for project financing.

NOW THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF LAKE HAMILTON, FLORIDA, AS FOLLOWS:

SECTION 1.

The foregoing findings are incorporated herein by reference and made a part hereof..

SECTION 2.

The Town of Lake Hamilton, Florida, is authorized to apply for a loan to finance the Project.

SECTION 3.

The revenues pledged for the repayment of the loan are net water and sewer system revenues and other Town reserve funds (as needed) after payment of debt service on the Town's SRF Loan WW531640.

SECTION 4.

The Town Administrator is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.

SECTION 5.

The Mayor is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The Mayor is authorized to represent the Town in carrying out the Town's responsibilities under the loan agreement. The Mayor is authorized to delegate responsibility to appropriate Town staff to carry out technical, financial, and administrative activities associated with the loan agreement.

SECTION 6.

The legal authority for borrowing moneys to construct this Project is 166.111, Florida Statutes.

SECTION 7. CONFLICTS.

All resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION 8. SEVERABILITY.

If any section or portion of a section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force, or effect of any other section or part of this Resolution.

SECTION 9. EFFECTIVE DATE.

This Resolution shall become effective immediately upon its passage and adoption.

INTRODUCED and PASSED at the regular meeting of the Town Council of Lake Hamilton, Florida, held this 10th day of May 2022.

TOWN OF LAKE HAMILTON, FLORIDA

MICHAEL KEHOE, MAYOR

ATTEST:

BRITTNEY SANDOVALSOTO, TOWN CLERK

Approved as to form:

HEATHER R MAXWELL, ESQ., TOWN ATTORNEY

Record of Vote	Yes	No
O'Neill		
Roberson		
Tomlinson		
Wagner		
Kehoe		

May 5, 2022

Project Number: LAKHA21001

Ms. Sara Irvine, Town Administrator
Town of Lake Hamilton
Post Office Box 126
Lake Hamilton, Florida 33851

RE: WATER USE PERMIT (WUP) MODIFICATION SERVICES – CLARIFICATION OF DESIRED WATER SUPPLY SOURCES

Dear Ms. Irvine:

In accordance with our recent discussions, we wish for the Town to clarify the raw water supply source(s) it wishes to utilize thru the end of its Water Use Permit (WUP) renewal term (8/19/26), which will provide strategic guidance to aid WUP application, groundwater modeling, and environmental impact evaluation efforts. Please recall the recently adopted Central Florida Water Initiative (CFWI) Rule allows long-term water demands to be supplied from Upper Floridan Aquifer (UFA) wells thru 12/31/25. This means new Town water demands between 1/1/26 and 8/19/26 must be provided by alternative water supply sources such as, but not limited to: a new Town Lower Floridan Aquifer (LFA) well, Polk Water Cooperative supply, or other.

As shown in Table 1 from the Town's 3/17/22 RAI submittal to SWFWMD, the Town is projecting a new water demand of approximately 131,000 gpd between 1/1/26 and 8/19/26. Recall that upon review of Pennoni's 5/25/21 Preliminary Water Supply Alternatives Study, on 6/8/21 the Town Council directed staff to pursue both UFA and LFA well supply sources as part of the Town's upcoming Water Use Permitting efforts. With recent clarity pertaining to the new CFWI Rule, significant residential development activity, the Town's new WWTF, and advancement of the Polk Water Cooperative, Pennoni wishes to confirm the Town still wishes to pursue a LFA aquifer well supply to help meet water demands after 1/1/26.

Please call if you have any questions. We sincerely appreciate the opportunity to assist the Town of Lake Hamilton with this important Project.

Sincerely
Pennoni



Steven L. Elias, P.E.
Municipal Division Manager



Roger L. Homann, P.E.
Division Manager – Water and Wastewater

Table 1
Town 2026 Water Demand Projections

Development Name	Parcel ID #	Est Plat approval	Acres	Est # homes (4.3/ac)	Home Buildout Projections					Water Demand Projections					Ult. H2O Demand (gpd)
					1 year (12/31/22)	2 year (12/31/23)	3 year (12/31/24)	4 year (12/31/25)	5 year (8/19/26)	1 year (12/31/22)	2 year (12/31/23)	3 year (12/31/24)	4 year (12/31/25)	5 year (8/19/26)	
The Grand	1	10/1/2022	47.46	187	0	95	92	0	0	-	34,258	32,973	-	-	67,320
Scenic Terrace S	10,11,12,13,15	10/1/2022	196.6	744	0	569	175	0	0	-	204,725	63,123	-	-	267,840
Rubush 20a	14	10/1/2022	20	90	0	34	55	0	0	-	12,355	19,974	-	-	32,400
Hamilton Bluff	20,21,22,23,24,25	10/1/2022	259.7	1247	0	160	607	480	0	-	57,600	218,340	172,800	-	448,796
Weilberg West	30,31,32	10/1/2022	66.31	295		0	144	152	0	-	-	51,660	54,553	-	106,181
Feltrim Lakes	5	1/1/2023	19.6	124	0	0	50	74		-	-	17,856	26,784	-	44,640
Rubush 27	3	3/1/2023	35.42	159	0	0	0	32	64	-	-	-	11,476	22,952	34,560
Llama	33	4/1/2023	18.97		0	0	0	0	0	-	-	-	-	-	-
Dave Schmidt	34	4/1/2023	38	171	0	0	68	103		-	-	24,624	36,936	-	61,560
Blake-Wilder			55.47	250			50	100	100	-	-	18,000	36,000	35,945	89,861
Other - Background				200	0	0	0	0	200	-	-	-	-	72,000	
				3,467	-	858	1,240	940	364	-	308,938	446,551	338,549	130,897	1,224,934
2021 Demand															302,480
Total Demand															1,527,414

May 5, 2022

Project Number: LAKHA21001

Ms. Sara Irvine, Town Administrator
Town of Lake Hamilton
Post Office Box 126
Lake Hamilton, Florida 33851

**RE: ADDENDUM NO. 4 TO SUPPLEMENTAL AGREEMENT 21-001 – WATER USE PERMIT (WUP)
MODIFICATION SERVICES**

Dear Ms. Irvine:

In accordance with our recent communications, we are submitting this Addendum No. 4 to the WUP Modification Services Supplemental Agreement 21-001. Our scope of additional services for this Addendum is to perform additional groundwater modeling and prepare/submit Water Use Permit application and related documents for the Town's WUP renewal application.

Upon review and approval, please sign and return one (1) executed copy of this Addendum to our office.

Please call if you have any questions. We sincerely appreciate the opportunity to assist the Town of Lake Hamilton with this important Project.

Sincerely
Pennoni



Steven L. Elias, P.E.
Municipal Division Manager



Roger L. Homann, P.E.
Project Manager

ADDENDUM NO. 4 TO SUPPLEMENTAL AGREEMENT

TOWN OF LAKE HAMILTON

SUPPLEMENTAL AGREEMENT TO MASTER AGREEMENT – WATER USE PERMIT (WUP) MODIFICATION SERVICES

1.0 GENERAL: This is Addendum No. 4 to Services Supplemental Agreement 21-001 between the Town of Lake Hamilton (Town, Client, or Owner) and Pennoni Associates Inc. (Engineer or Pennoni) for WUP Modification Services. Except as provided for herein, the terms and conditions of the original Agreement between the Town and Pennoni shall apply.

2.0 BACKGROUND INFORMATION: Pennoni was previously tasked to perform initial tasks related to preparing a WUP renewal application, which expired on 8/19/21. Initial groundwater modeling and partial WUP application documents have been prepared and submitted to SWFWMD on both 8/18/21 and 3/17/22. Since the Town initiated WUP renewal efforts in the summer of 2021, the Town decided to construct a new Phase 1 Wastewater Treatment Facility and associated Rapid Infiltration Basins (RIB)s that will recharge the local aquifer system, which now must be modeled to maximize groundwater withdrawal approval quantities.

Based on SWFWMD feedback from the Town's 3/17/22 submittal and an associated Request for Additional Information (RAI), the District has provided guidance and has requested the Town to develop additional data, water conservation plan, Upper Floridan Aquifer (UFA) groundwater modeling, environmental impact documentation, and other data to support its requested 2026 demands (approximately 1.5 MGD per the Town's 3/17/22 RAI submittal). In addition, the Town will likely need to perform Lower Floridan Aquifer (LFA) modeling to help evaluate the feasibility of supplying potable water from an alternative water supply source after 1/1/26 as required by the recently adopted Central Florida Water Initiative (CFWI) Rule. This is also consistent with the 6/8/21 Town Council directive to pursue both Upper Floridan Aquifer (UFA) and Lower Floridan Aquifer (LFA) well(s) for future water supply sources.

The Town now desires for Pennoni to compile best available data to continue with efforts to prepare, submit, and process an application to renew the Town's WUP. The Town chose to reduce Pennoni's proposed initial budget on 7/6/21 by \$30,000; however, additional funding is now necessary to continue preparing and processing the Town's WUP application.

3.0 ADDITIONAL SERVICES: Pennoni shall provide the following additional services (as applicable and feasible within the approved NTE budget):

3.1 Final WUP Application:

3.1.1 Demand Projections – Coordinate with Town and SWFWMD staff to refine anticipated demand projection data consistent with the latest residential development projections, including per capita adjustments consistent with the Town's forthcoming

water conservation plan and other required adjustments in a format that is desired by SWFWMD, which will be the basis of the WUP application and groundwater modeling;

- 3.1.2** Data Compilation – Continue to compile and adjust data to support the Town’s WUP application including, but not limited to, land planning, historical Town water supply/demand/water loss, existing AG well permit/pumping, proposed land development project(s), Polk Regional Water Cooperative supply, and other data;
- 3.1.3** Groundwater Modeling – Coordinate and perform full-scale refinement modeling iterations at various demand scenarios (average day, maximum day, maximum month, etc.) at the various proposed well withdrawal locations with varying withdrawal quantities and varying quantities between the UFA and LFA wells to evaluate potential scenarios to help minimize proposed impacts to local environmental features (stressed lakes and wetlands). This effort will include, but not be limited to, proposed AG well offset locations (to be secured by the Town), hydrologic conditions, and Rapid Infiltration Basin (RIB) effluent disposal from the Town’s new Phase 1 wastewater treatment facility.
- 3.1.4** Environmental Impact Evaluation – Evaluate available environmental data (lake levels, previously defined/apparent wetlands, etc.) for potential impacts from the proposed aquifer withdrawals and prepare a summary of said impacts;
- 3.1.5** Water Conservation Planning – Coordinate with SWFWMD and Town staff to compile water conservation strategy for the WUP planning period.
- 3.1.6** Environmental Monitoring Plan (EMP) – Based on SWFWMD guidance and data developed during the WUP application efforts, prepare a proposed EMP (if required);
- 3.1.7** Meetings – prepare for and attend various meetings (staff, public, or other meetings as requested by the Town) to coordinate and discuss WUP application submittal requirements;
- 3.1.8** WUP Application – Compile and submit WUP application RAI(s) to SWFWMD;
- 3.1.9** Other services that are requested/required by SWFWMD and/or the Town to help support the Town’s WUP application and/or approval.

- 4.0 COMPENSATION:** Pennoni will perform the additional services described herein (as applicable and feasible) for a not-to-exceed fee of \$40,000 in accordance with our Master Agreement and our 2021 schedule of hourly rates and reimbursable costs.

NOTE: Due to the timing and nature of the Town’s WUP and unpredictability of the requirements that may be required by SWFWMD, Pennoni cannot guarantee that all the services defined herein will be required and/or can be completed within the proposed NTE fee. Pennoni will keep the Town

appraised on the status of completed services in relation to the approved Project budget to assist with anticipated overall budget requirements to successfully obtain a Town WUP approval.

5.0 TOWN RESPONSIBILITIES: The Town will perform the following services to assist with this Project:

5.1 Pay all permit application fees;

5.2 Plan and secure all funding required to implement necessary actions to support this Project (design and constructing wells, negotiate and secure developer contributions, pursue outside funding assistance, etc.);

5.3 Obtain development commitment documentation required by SWFWMD;

5.4 Negotiate with land owners and/or developers to secure AG well transfer, co-permittee, or other documentation as necessary to help convey water use re-allocation to the Town (as feasible);

5.5 Coordinate with others to advocate for the Town's proposed supply sources, quantities, and WUP application approval; and

5.6 All other services as required to support Pennoni's WUP application efforts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate on the

_____ of _____ 2022.
(Day) (Month)

TOWN OF LAKE HAMILTON

Sara Irvine
Town Administrator

(Date)

Pennoni



Steven Elias, PE
Municipal Division Manager

5/5/2022
(Date)



May 3, 2022

Sara Irvine
 Town Administrator
 Town of Lake Hamilton, Florida
 100 Smith Ave., P.O. Box 126
 Lake Hamilton, FL 33851

Re: Florida Municipal Loan Council Financing Programs

Dear Ms. Irvine:

We understand that the Town of Lake Hamilton (the "Town") is interested in working with the Florida Municipal Loan Council ("FMLC") and utilizing one of its financing programs.

The purpose of this letter is to document the Town's intent to move forward with using the FMLC's financing programs to assist with financing the Town's Wastewater Treatment Facility (collectively, the "Project") as well as to outline the services provided by the FMLC.

The FMLC offers two financing programs:

- Competitive Capital Access Program (Bank Loan RFP Program)
- Fixed-Rate Bond Program (Bond Issue Program)

The services provided by the FMLC under both programs are described in Exhibit A. The Florida League of Cities serves as Administrator for the FMLC.

The FMLC's compensation will be based on the Compensation Schedule attached below as Exhibit B. All compensation is due upon closing. No fees are due if the financing does not close.

The FMLC does not serve as a financial advisor or as a municipal advisor in connection with the issuance of financing. Please note nothing in this letter is an expressed nor an implied commitment by the FMLC to provide financing.

We look forward to working with the Town on this financing.

Sincerely,

FLORIDA LEAGUE OF CITIES, as Administrator for the FMLC
 Paul Shamoun, Director of Financial Services

A handwritten signature in black ink, appearing to read 'Paul Shamoun', is written over a horizontal line.

Accepted:

Town of Lake Hamilton

Signature: _____

Printed Name: _____

Title: _____



Exhibit A**Description of Services****Competitive Capital Access Program (Bank Loan RFP Program):**

Services through closing –

- Team of professionals (Bond Counsel, Financial Advisor)
- Coordination of RFP process and professionals
- Pre-reviewed form set of bond documents
- Assist in the closing of the financing

FMLC Fixed-Rate Bond Program:

Services through closing –

- Team of bond professionals (Bond Counsel, Financial Advisor, Underwriter, Disclosure Counsel, Trustee)
- Coordination of professionals and issuance process
- Access to bond insurance*
- Access to an existing surety bond to fund reserve requirements*
- Assist in the closing of the financing

*Subject to a credit review by bond insurer

Ongoing Administrative Services –

- Florida League of Cities serves as Administrator over the life of the loan
- Arbitrage Rebate Calculations
- Continuing Disclosure Services
- Monthly Account Statements and Reconciliation
- Investment of Bond Proceeds
- Audit Confirmations
- Oversight by FMLC Board of Directors

Exhibit BCompensation Schedule**Competitive Capital Access Program (Bank Loan RFP Program):**

An upfront fee to be collected through the cost of issuance for each borrower at the rate of 10/100 of 1% (.001) with a minimum fee of \$5,000 and a maximum fee of \$15,000 per loan.

FMLC Fixed-Rate Bond Program:

For administrative services rendered through closing, an upfront fee to be collected through the costs of issuance for each borrower at the rate of 5/100 of 1% (.0005) with a minimum fee of \$10,000 per bond issue.

For ongoing administrative services, the fee shall be computed annually for each borrower at the rate of 10/100 of 1% (.001) of the principal balance outstanding, with a minimum annual fee of \$1,500 and a maximum annual fee of \$10,000.

PUBLIC RESOURCES ADVISORY GROUP

May 3, 2022

Sara Irvine
Town Administrator
Town of Lake Hamilton, Florida
100 Smith Ave., P.O. Box 126
Lake Hamilton, FL 33851

Re: Municipal Advisory Services

Dear Ms. Irvine:

The purpose of this engagement letter (the "Agreement") is to document the relationship between Public Resources Advisory Group, Inc. ("PRAG") and the Town of Lake Hamilton, FL (the "Town"). The Town desires to utilize the services of PRAG as an independent registered municipal advisor to assist with financing the Town's Wastewater Treatment Facility (collectively, the "Project"). We understand that in addition to the financing of the Project, the Town may also desire to engage PRAG to assist the Town in its negotiation of a developer's agreement for water and wastewater utility service in connection with the Hamilton Bluff development and/or subsequent developments. It is also our understanding that the Town intends to use the FMLC's financing programs. PRAG does serve as an independent registered municipal advisor to the Florida League of Cities ("FLC") and the FMLC. At this time we are not aware of any divergence of interest between the Town and the FLC or FMLC.

Scope of Services

PRAG's services to the Town will include the following:

- a. Assist the Town in negotiations of the developer's agreement for water and wastewater utility service in connection with the Hamilton Bluff development and/or subsequent developments.
- b. Evaluate the viability of financing the Project with a fixed rate bank loan and/or publicly offered bond transaction.
- c. Develop a timetable and task list assigned to the working group;
- d. Assist in the development of a request for bank proposals, if a bank loan transaction;
- e. Summarize any bank proposals indicating key terms of each, if a bank loan transaction;
- f. Assemble a package for rating agencies and/or bond insurance firms and participate in communications and/or presentations with rating agencies and/or bond insurance firms, if a bond transaction;
- g. Assist the Town in negotiating final terms and pricing of the debt;
- h. Assist in the development and preparation of financing documents; and,
- i. Perform functions to facilitate the closing of the financing.

Compensation

PRAG's work associated with negotiations with developers described in (a) in the Scope of Services will be based on PRAG's Hourly Rates outlined in the Compensation Schedule attached hereto as Attachment I, billed monthly. At this time, it is expected that the financing will be either in the form of a fixed rate bank loan or a publicly offered bond transaction. PRAG's compensation related to the financing described in (b) through (i) in the Scope of Services will be based on the PRAG Transaction Fees for Single Borrower Transactions through the Florida Municipal Loan Council as outlined in the same Compensation Schedule attached hereto as Attachment I billed at closing of the financing. Expenses shall include, but are not limited to, reasonable and necessary travel-related expenses (reimbursed pursuant to Section 112.061, Florida Statutes). In no event will expenses exceed \$500 without the approval of the Town.

Term

We understand that our engagement will end upon settlement of the transaction anticipated by this Agreement or the decision by the Town not to proceed with the financing.

**Contacts**

The PRAG contacts that will work with the Town on this engagement include:

Mickey Johnston, Managing Director, 727-822-3339, mjohnston@pragadvisors.com

Wendell Gaertner, Senior Managing Director, 727-822-3339, wgaertner@pragadvisors.com

Other Matters

PRAG is not providing any legal or accounting advice or counsel under this engagement. Without limiting the foregoing, PRAG is not providing any interpretation of any laws or regulations that may be applicable to the Town or that are otherwise related to the work hereunder.

Required Disclosures

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal events or disciplinary history material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. MSRB Rule 10 requires municipal advisors to provide certain written information to their clients. Accordingly, PRAG has provided Attachment II attached hereto which includes the required disclosures.

We look forward to working with you on this project.

Sincerely,

PUBLIC RESOURCES ADVISORY GROUP

A handwritten signature in blue ink that reads "Wendell G. Gaertner".

Wendell G. Gaertner
Senior Managing Director

Accepted by:

Town of Lake Hamilton, Florida
Sara Irvine, Town Administrator

Date: _____

ATTACHMENT I

COMPENSATION SCHEDULE

PRAG Transaction Fees for Single Borrower Transactions through the Florida Municipal Loan Council			
<u>Public Offering/Private Placement</u>		<u>Bank Loan</u>	
<u>Par Range</u>	<u>Fee</u>	<u>Par Range</u>	<u>Fee</u>
First \$50 million	\$1.00 per \$1,000	Up to \$30 million	\$0.60 per \$1,000
Above \$50 million	\$0.75 per \$1,000	Above \$30 million	\$0.25 per \$1,000
Minimum	\$20,000	Minimum	\$12,500
Maximum	\$75,000	Maximum	\$20,000

Category	Hourly Rate	Billing Policy
Chairman/President/Director	\$375	No clerical or secretarial time is to be billed
Senior Managing Director	\$275	
Managing Director	\$200	
Vice President	\$175	
Assistant Vice President	\$150	
Other	\$150	

ATTACHMENT II
REQUIRED DISCLOSURES

Required Disclosure Pursuant to MSRB Rule G-42

The Town of Lake Hamilton (the “Town”) is participating as a Borrower in the Florida Municipal Loan Council Financing Program (the “FMLC Program” or the “Program”) and has retained Public Resources Advisory Group (“PRAG”) as an independent registered municipal advisor to assist with the financing pursuant to the letter agreement dated May 3, 2022 and attached hereto. These activities qualify as municipal advisory activities pursuant to Section 15B of the Securities Exchange Act of 1934. As a registered municipal advisor, PRAG is required to have written documentation of its agreement with you and must provide certain information to you. This letter will serve as the written documentation required under MSRB Rule G-42 of certain specific terms, disclosures and other items of information relating to our municipal advisory relationship as of the date this letter is signed by PRAG.

1. Scope of Services

(a) Services to be provided: The scope of services with respect to PRAG’s engagement with the Town (the “Scope of Services”) are as described in the attached Agreement.

2. Term. We understand that our engagement will end upon settlement of the transaction anticipated by this Agreement. In addition, we understand that our engagement may be terminated with or without cause by either party. In case of any termination, we believe that the terminating party should endeavor to provide reasonable notice of such termination to the other party so as to permit an orderly transition.

3. Municipal Advisor’s Regulatory Duties When Servicing the Town. MSRB Rule G-42 requires that PRAG make a reasonable inquiry as to the facts that are relevant to the Town’s determination whether to proceed with a course of action or that form the basis for the advice provided by PRAG to the Town with respect to municipal financial products or the issuance of municipal securities, including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues, based on all the facts and circumstances. The rule also requires that PRAG undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. PRAG is also required under the rule to use reasonable diligence to know the essential facts about the Town and the authority of each person acting on the Town’s behalf.

Accordingly, PRAG will seek the Town’s assistance and cooperation, and the assistance and cooperation of the Town’s agents, with the carrying of these regulatory duties, including providing PRAG with accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, if the Town provides direction to PRAG to review a recommendation made by a third party, PRAG requests that the Town provide any information it has received from such third party relating to its recommendation.

4. Compensation. The form and basis of compensation for PRAG’s services as municipal advisor are as provided in this Agreement.

5. Disclosures of Conflicts of Interest. MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. Accordingly, PRAG makes the following disclosures with respect to material conflicts of interest in connection with the Scope of Services under this Agreement, together with explanations of how PRAG addresses or intends to manage or mitigate each conflict.

With respect to all of the conflicts disclosed below, PRAG mitigates such conflicts through its adherence to its fiduciary duty to the Town, which includes a duty of loyalty to the Town in performing all municipal advisory activities for the Town. This duty of loyalty obligates PRAG to deal honestly and with the utmost good faith with the Town and to act in the Town’s best interests without regard to PRAG’s financial or other interests.

(a) Compensation-Based Conflicts: The fees due under this Agreement will be contingent upon the successful closing of a transaction and is based on the size of a transaction. While this form of compensation is customary in the municipal securities market, this may present a potential conflict of interest because it could create an incentive for PRAG to recommend unnecessary financings or financings that are disadvantageous to the Town or to advise the Town to increase the size of the issue.

(b) Other Municipal Advisor Relationships: PRAG serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of the Town. For example, PRAG serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Town under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, PRAG could potentially face a conflict of interest arising from these competing client interests. PRAG currently serves as an independent registered municipal advisor to the Florida League of Cities (“FLC”) and the FMLC. At this time we are not aware of any divergence of interest between the Town and the FLC or FMLC and, as such, we have no conflicts in connection with providing services to the Town.

6. Disclosures of Information Regarding Legal Events and Disciplinary History. MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal events or disciplinary history material to its client’s evaluation of the municipal advisor or

the integrity of the municipal advisor's management or advisory personnel. Accordingly, PRAG sets out below required disclosures and related information in connection with such disclosures.

There are no legal events or disciplinary history that are material to the Town's evaluation of PRAG or the integrity of PRAG's management or advisory personnel disclosed, or that should be disclosed, on any Form MA and Form MA-I filed with the SEC. The Town may electronically access PRAG's most recent Form MA and each of our most recent Form MA-I filed with the SEC at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

PRAG has not made any material, legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

7. Future Supplemental Disclosures. As required by MSRB Rule G-42, this letter may be supplemented or amended, from time to time as necessary, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of PRAG. PRAG will provide the Town with any such supplement or amendment as it becomes available throughout the term of the Agreement.

Required Disclosure Pursuant to MSRB Rule G-10

Public Resources Advisory Group, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB").

As a Municipal Advisor, we are required to provide the following written information to our municipal entity and obligated person clients in accordance with MSRB Rule G-10:

The MSRB website at www.msrb.org, includes the Municipal Advisory client brochure that describes the protections that may be provided by the MSRB Rules and how to file a complaint with an appropriate regulatory authority.