

RESOLUTION NO. 2021- 056

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE AMERICAN BEACH WATER AND SEWER DISTRICT, RELATING TO THE STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION; 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 the borrower to adopt a resolution to authorize its loan application, 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 the Well Phase-Out Project, FDEP Project No. WW45051 (the "Project") as eligible for available funding; and

WHEREAS, the American Beach Water and Sewer District intends to enter into a loan agreement with the Department of Environmental Protection under the State Revolving Fund for project financing; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AMERICAN BEACH WATER AND SEWER DISTRICT AS FOLLOWS:

SECTION I. This Resolution is adopted pursuant to the provisions of the Nassau County Board of County Commissioners Ordinance No. 2020-26 relating to the establishment of the American Beach Water and Sewer District, dated as of August 24, 2020, as it may be amended, and Section 125.01 and 189.02, Florida Statutes.

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

SECTION III. The American Beach Water and Sewer District is authorized by Section 125.01 and 189.02, Florida Statutes, and Nassau County Ordinance No, 2020-26 to apply for a loan to finance the design phase of the Project.

SECTION IV. Whereas Nassau County has identified currently available revenues to repay the local required share of this loan. In the alternative, the revenues pledged for the repayment of any remaining loan balances are the anticipated net special assessment revenues (the "Pledged Funds") collected by American Beach Water and Sewer District.

SECTION V. The Board Chairman is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application, see Exhibit A.

SECTION VI. At such time as the agreement is required the Board Chairman is hereby designated as the authorized representative to execute the loan agreement substantially in the form attached as Exhibit B hereto, which will become a binding obligation of the American Beach Water and Sewer District in accordance with its terms when signed by both parties. The Board Chair is authorized to represent the American Beach Water and Sewer District in carrying out the District's responsibilities under the loan agreement. The Board Chair is authorized to designate responsibility to the District's project developer, Florida Governmental Utility Authority, to carry out technical, financial, and administrative activities associated with the loan agreement.

SECTION VII. The legal authority for borrowing moneys to design this Project is Section 125.01 and 189.02, Florida Statutes, and Nassau County Ordinance No, 2020-26.

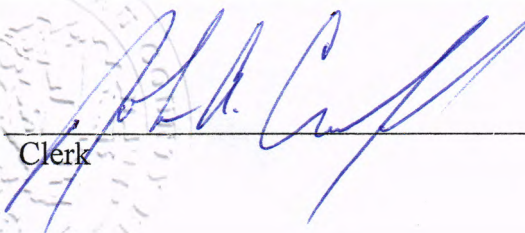
SECTION VIII. All resolutions or part of resolutions regarding the American Beach Water and Sewer District in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION IX. 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.

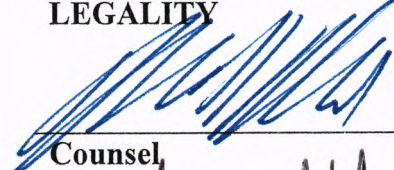
SECTION X. This Resolution shall become effective immediately upon its passage and adoption by the American Beach Water and Sewer District Board of Directors.

PASSED and ADOPTED this 26th Day of April, 2021.

ATTEST


Clerk

APPROVED AS TO FORM AND LEGALITY


Counsel

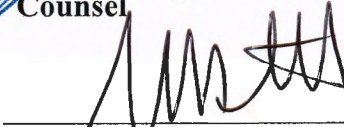

Chair/Vice Chair

Exhibit A
Loan Application

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

**STATE REVOLVING LOAN PROGRAM
FOR
DRINKING WATER FACILITIES

LOAN APPLICATION**



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

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LOAN APPLICATION

- (1) **SUBMITTAL.** Submit the application and attachments to the Department of Environmental Protection, MS 3505, State Revolving Fund Program, Marjorie Stoneman Douglas Building, 3900 Commonwealth Boulevard, Tallahassee, Florida 32399-3000. The application (and supporting documentation) may be submitted electronically to the Department's Project Manager.
- (2) **COMPLETING THE APPLICATION.**
- (a) This application consists of five parts: (I) ADMINISTRATIVE INFORMATION; (II) PROJECT INFORMATION; (III) FINANCIAL INFORMATION; (IV) AUTHORIZATION AND ASSURANCES; and (V) SUPPLEMENTARY INFORMATION.
- (b) All information provided on this application must be printed. Monetary amounts may be rounded.
- (c) Forms and attachments to be submitted are denoted with italic print.
- (3) **ASSISTANCE.** Completing this application may require information that can be obtained from the Drinking Water State Revolving Fund Program staff. Please email SRF_Reporting@dep.state.fl.us for assistance in completing this application.

PART I - ADMINISTRATIVE INFORMATION

- (1) **PROJECT SPONSOR** The American Beach Water and Sewer District
 Federal Employer Identification Number 59-1863042 (Nassau County)
 DUNS Number 829978514 (Nassau County)
- (2) **AUTHORIZED REPRESENTATIVE** (person authorized to sign or attest loan documents).
 Name Thomas R. Ford Title Chairman, Nassau County, Florida
 Telephone 904-530-6010 FAX 904-321-5784 Email tford@nassaucountyfl.com
 Mailing Address 96135 Nassau Place, Suite 1, Yulee, FL 32097
- (3) **PRIMARY CONTACT** (person to answer questions regarding this application).
 Name Rob Dickson Title Capital Program Manager, FGUA
 Telephone 407-629-6900 FAX 407-629-6968 Email rdickson@govmserv.com
 Employer Government Services Group
 Mailing Address 280 Wekiva Springs Road, 2070, Longwood, FL 32779
- (4) **ADDITIONAL CONTACTS.** If more than one additional person is to receive copies of Department correspondence, attach the information (*Attachment #*_____).
 Name Mickey Joseph Title Assistant Finance Director
 Telephone 407-629-6900 FAX 407-629-6968 Email mjoseph@govmserv.com
 Employer Government Services Group
 Mailing Address 280 Wekiva Springs Road, 2070, Longwood, FL 32779
- (5) **PROJECT NUMBER** (listed on the Department's priority list). DW45051
- (6) **INTERIM FINANCING.** A local government project sponsor that has interim financing may be subject to certain conditions regarding such financing.

Is the project currently being funded with interim financing?

Yes

No

PART II – PROJECT INFORMATION

If you are applying for a planning or design loan for a project that will involve construction, complete only Subpart A below. If you are applying for a loan to construct a project that is already planned and designed, complete only Subpart B below.

A. PLANNING OR DESIGN PROJECT

Information should be provided for each separate facility to be planned and designed as appropriate. For design/build projects (not eligible for design loans) or those where multiple facilities, segments, or phases are involved, please attach information for activities, schedule, and cost for each. (*Attachment #1*)

- (1) **ACTIVITIES.** Attach a brief description of the scope of planning and design activities to be financed by this loan. Include a list of any engineering services to be performed. (*Attachment #1*) Are these activities the same as those scheduled on the *Request for Inclusion Form*? Yes No. If “No”, please explain. (*Attachment #_____*)
- (2) **SCHEDULE.**
 - (a) Provide proposed completion dates for the items. (Please call Department staff to discuss time frames needed to complete required tasks.)

Planning documentation	11/18/20
Engineering design	6/1/21
Certification of site availability	6/15/21
Permitting	6/15/21
 - (b) Do you anticipate that an interlocal agreement with another party will be necessary to implement the project? If “Yes”, please explain. (*Attachment #2*) Yes No
 - (c) Is this a design/build project? Yes No
 - (3) **COST.** Is the cost information submitted for the planning or design loan priority list current? If “No”, please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #_____*) Note that the disburseable amount will be limited to the priority list amount. Yes No

PLANNING OR DESIGN APPLICANTS PROCEED TO PART III.

B. CONSTRUCTION PROJECT

- (1) **ACTIVITIES.**
 - (a) Attach a brief description of construction activities to be financed by this loan. Include a list of the contracts (by title) corresponding to the plans and specifications accepted by the Department (*Attachment #1*).

Are these contracts the same as those scheduled on the *Request for Inclusion Form*? Yes No

If “No”, please explain. (*Attachment #_____*)
 - (b) Have any of the contracts been bid? Yes No

If “Yes”, indicate which contracts have been bid. (*Attachment #_____*)

 - (c) Was planning or design for this project financed in another SRF loan? Yes No

If “Yes”, give the SRF loan number. _____

 - (d) Does this project involve an interlocal agreement with other local governments or other entities? Yes No

If “Yes”, attach a copy of the Department letter accepting the interlocal agreement. (*Attachment #_____*)

Is the interlocal agreement, as accepted by the Department, fully executed and enforceable? Yes No

If "No", please explain (*Attachment #* _____).

- (2) SCHEDULE. (month and year)
 - (a) Anticipated notice to proceed for first construction contract. _____
 - (b) Anticipated completion of all construction contracts. _____
- (3) COST. Is the cost information submitted for the priority list current? Yes No

If "No", please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #* _____) Note that the disbursable amount will be limited to the priority list amount.

PART III - FINANCIAL INFORMATION

Estimates of the capitalized interest, interest rate, pledged revenue coverage, limitations on annual loan amounts for large projects, applicability and amount of repayment reserves, amount of the loan service fee and any other information may be obtained by contacting staff in the State Revolving Fund Management Section.

- (1) PRINCIPAL. The requested amount of the loan which does not include capitalized interest is \$231,500

Note that the disbursable amount will be limited to the priority list amount and must be consistent with the project information provided under **PART II** of this application. Also note that the capitalized interest is an inexact estimate, and it is subject to adjustment by the Department to reflect actual disbursement timing. The principal amount of the loan does not include the loan service fee.

- (2) TERMS AND REPAYMENT.
 - (a) Loans for planning and design shall be amortized over 10 years. Construction loans to local government project sponsors are amortized over the lesser of useful life of the project or 20 years unless the project is to serve a small community qualifying as financially disadvantaged. Construction loans to financially disadvantaged small communities may be amortized over the lesser of useful life of the project or 30 years. Construction loans to non-governmental project sponsors are amortized over the lesser of the useful life of the project or 20 years. Interest charges and principal are paid semiannually.

What is the useful life of the project? 40 (years)
 Over how many years would you like to amortize the loan? 20 (years)

- (b) List all revenues that are to be pledged for repayment of this loan. Revenues from Water and Sewer Service Fees.
- (c) Pledged revenue receipts or collections by the project sponsor must exceed the amount of the repayments due to the Department unless there are other collateral provisions. The excess revenue, or coverage, generally is 15% of each repayment.

What coverage is proposed for the loan? 15% (coverage percentage)
- (d) Is any other financial assistance being applied to this project? Yes No

If "Yes", please list. (*Attachment #* _____)

- (3) ANNUAL FUNDING LIMIT. Large project funding (generally, loans in excess of \$10 million) may be provided in increments pursuant to the initial loan agreement and subsequent amendments.
- (4) INFORMATION ON LIENS.
 - (a) Describe, if applicable, all debt obligations having a prior or parity lien on the revenues pledged to repay this loan. (*Attachment #* N/A)
 - (b) Using the Part V, *Schedule of Prior and Parity Liens*, provide debt service information, if applicable, on each prior and parity obligation.

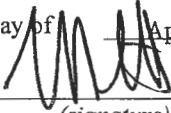
- (c) For the listed obligations, provide a copy of the ordinance(s), resolution(s), official statement(s), or pages thereof, setting forth the definitions, use of proceeds, debt service schedule, pledged revenues, rate covenants, provisions for issuing additional debt, provisions for bond insurance, and debt rating. (*Attachment #N/A*).
- (d) Describe any other notes and loans payable from the revenues pledged to repay this loan. (*Attachment #N/A*).
- (5) ACTUAL AND PROJECTED REVENUES.
 - (a) Complete the Part V, *Schedule of Actual Revenues and Debt Coverage* for the past two fiscal years.
 - (b) Complete the Part V, *Schedule of Projected Revenues and Debt Coverage*, demonstrating the availability of pledged revenues for loan repayment.
- (6) AVAILABILITY OF PLEDGED REVENUES. All sources must be supported by a written legal opinion. (*Attachment #3*) The opinion must address the following:
 - (a) Availability of the revenues to repay the loan.
 - (b) Right to increase rates at which revenues shall be collected to repay the loan.
 - (c) Subordination of the pledge if pledged revenues are subject to a prior or parity lien.
- (7) LOAN SERVICE FEE. A loan service fee is assessed on each loan. The fee is not part of the loan. The fee along with interest thereon will be deducted from the first available repayments after the final amendment to the loan agreement.

PART IV – AUTHORIZATION AND ASSURANCES

- (1) AUTHORIZATION. Provide an authorizing resolution of the Applicant's governing body or other evidence of authorization (*Attachment #4*) for the following:
 - (a) Pledging revenues to repay the loan.
 - (b) Designation of the Authorized Representative(s) to file this application, provide assurances, execute the loan agreement, and represent the Applicant in carrying out responsibilities (including that of requesting loan disbursements) under the loan agreement.
- (2) ASSURANCES. The Applicant agrees to comply with the laws, rules, regulations, policies and conditions relating to the loan for this project. Applicants should seek further information from the Drinking Water State Revolving Fund Program staff as to the applicability of the requirements if the necessity for the assurances is of concern. Specifically, the Applicant certifies that it has complied, as appropriate, and will comply with the following requirements, as appropriate, in undertaking the Project:
 - (a) Assurances for capitalization grant projects.
 - 1. Complete all facilities for which funding has been provided.
 - 2. The Applicant is advised, pursuant to 40 CFR 35 Section 35.3575, that a number of Federal law, executive orders, and government-wide policies can apply to your project or activity that is receiving Federal financial assistance. The Applicant agrees to read those provisions regarding the application of Federal cross-cutting authorities (cross-cutters) to determine their applicability to your specific project or activity.
 - (b) Assurances for other projects. Please note that Florida Statutes are available at <http://www.leg.state.fl.us>. They are also available at the following physical address: Florida Department of State Division of Library and Information Services R.A. Gray Building 500 South Bronough Street Tallahassee, Florida 32399-0250.
 - 1. Chapter 161, Part I, F.S., "Beach and Shore Preservation Act" and Part III, "Coastal Zone Protection Act of 1985" which regulate coastal zone construction and all activities likely to affect the condition of the beaches or shore.
 - 2. Chapter 163, Part II, F.S., the "Local Government Comprehensive Planning and Land Development Regulation Act" which requires units of local government to establish and implement comprehensive planning programs to control future development.
 - 3. Chapter 186, F.S., State and Regional Planning, which requires conformance of projects with Regional Plans and the State Comprehensive Plan.
 - 4. Chapter 253, F.S., "Emergency Archaeological Property Acquisition Act of 1988" which requires protection of archaeological properties of major statewide significance discovered during construction activities.

5. Chapter 258, Part III, F.S., which requires protection of components or potential components of the national wild and scenic rivers system.
6. Chapter 267, F.S., the "Florida Historical Resources Act" which requires identification, protection, and preservation of historic properties, archaeological and anthropological sites.
7. Chapter 287, Part I, F.S., which prohibits parties convicted of public entity crimes or discrimination from participating in State-assisted projects and which requires consideration of the utilization of Minority Business Enterprises in State-assisted projects.
8. Chapter 372, F.S., the Florida Endangered and Threatened Species Act which prohibits the killing or wounding of an endangered, threatened, or special concern species or intentionally destroying their eggs or nest.
9. Chapter 373, Part IV, F.S., Florida Water Resources Act of 1972, which requires that activities on surface waters or wetlands avoid adversely affecting: public health, safety, welfare, or property; conservation of fish and wildlife, including endangered or threatened species or their habitats; navigation or the flow of water; the fishing or recreational values or marine productivity; and significant historical and archaeological resources.
10. Chapter 380, Part I, F.S., Florida Environmental Land and Water Management Act of 1972 as it pertains to regulation of developments and implementation of land and water management policies.
11. Chapter 381, F.S., Public Health, as it pertains to regulation of onsite wastewater systems.
12. Chapter 403, Part I, F.S., Florida Air and Water Pollution Control which requires protection of all waters of the state.
13. Chapter 582, F.S., Soil and Water Conservation Act which requires conformance with Water Management District's regulations governing the use of land and water resources.
14. Governor's Executive Order 95-359, which requires State Clearinghouse review of project planning documentation and intergovernmental coordination.

I, the undersigned Authorized Representative of the Applicant, hereby certify that all information contained herein and in the attached is true, correct, and complete to the best of my knowledge and belief. I further certify that I have been duly authorized to file the application and to provide these assurances.

Signed this 26th Day of April, 2021
 Authorized Representative  Thomas R. Ford, Chairman
 (signature) (name typed or printed)

Attachments

PART V - SUPPLEMENTARY INFORMATION

**SCHEDULE OF PRIOR AND PARITY LIENS
(EXCLUDING SRF LOANS)**

List annual debt service beginning two years before the anticipated loan agreement date and continuing at least three additional fiscal years. Use additional pages as necessary.

Identify Each Obligation	N/A	
Coverage	N/A	
Insured?	N/A	

Fiscal Year	Annual Debt Service (Principal + Interest)			Total Debt Service	Total Debt Service w/coverage
	#1	#2	#3		

PART V - SUPPLEMENTARY INFORMATION**SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE**

(Provide information for the two fiscal years preceding the anticipated date of the SRF loan agreement.)

	FY 2019	FY 2020
(a) Operating Revenues (Source)		
Water & Wastewater	0	0
Other Operating Revenues	0	0
(b) Interest Income	0	0
(c) Other Incomes or Revenues		
Misc. Income	0	0
Connection Fees (Impact Fees) and Developer Contributions	0	0
(d) Total Revenues	0	0
(e) Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	0	0
(f) Net Revenues (f = d - e)	0	0
(g) Debt Service (including any required coverage) Excluding SRF Loans	0	0
(i) Debt Service (including coverage) for Outstanding SRF Loans	0	0
Net Revenues After Debt Service	0	0

Source: Board of County Commissioners of Nassau County Ordinance No. 2020-26

Notes

The American Beach Water and Sewer District was created on August 24, 2020, and did not have any operating activity, including revenues or expenses, for Fiscal Years 2019 and 2020.

PART V - SUPPLEMENTARY INFORMATION**SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE**

Begin with the fiscal year preceding first anticipated semiannual loan payment and continuing for at least three additional years. Attach a separate page for previous State Revolving Fund loans. (Attachment #N/A)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
(a) Operating Revenues					
Water and Wastewater Revenues	-	-	-	-	-
Other Operating Revenues - Special Assessments	-	121,691	121,691	121,691	121,691
(b) Interest Income	-	-	-	-	-
(c) Other Incomes or Revenues					
Misc. Income	-	-	-	-	-
Connection Fees (Impact Fees)	-	-	-	-	-
(d) Total Revenues	-	121,691	121,691	121,691	121,691
(e) Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	-	20,134	20,134	20,134	20,134
(f) Net Revenues (f = d - e)	-	101,557	101,557	101,557	101,557
(g) Existing Debt Service on Non-SRF Projects (including coverage)	-	-	-	-	-
(h) Existing SRF Loan Debt Service (including coverage)	-	-	-	-	-
(i) Total Existing Debt Service (i = g + h)	-	-	-	-	-
(j) Projected Debt Service on Non-SRF Future Projects (including coverage)	-	-	-	-	-
(k) Projected SRF Loan Debt Service (including coverage)	-	101,557	101,557	101,557	101,557
(l) Total Debt Service (Existing and Projected) (l = i + j + k)	-	101,557	101,557	101,557	101,557
(m) Net Revenues After Debt Service (m = f - l)	-	-	-	-	-

Please see Attachment (#5) for an explanation of projections.

Nassau County has identified currently available revenues to repay the local required share of this loan. In the alternative, the revenues pledged for the repayment of any remaining loan balances are the anticipated net special assessment revenues (the "Pledged Funds") collected by American Beach Water and Sewer District

PART V – SUPPLEMENTARY INFORMATION

LIST OF ATTACHMENTS

LIST OF ATTACHMENTS. This application requires the submittal of *Attachments* to provide supplemental information. The application is not complete without the completed *List of Attachments*. Please list all attachments that you are including with this application form.

Attachment	Number
Description of Planning Activities	1
Interlocal Agreement between Nassau County and FGUA	2
Legal Opinion	3
Board of Directors Resolution	4
Explanation of Projections	5

Exhibit B
Sample Loan Agreement

**STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

AND

AMERICAN BEACH WATER AND SEWER DISTRICT

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

WW450500

DRAFT

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 DESIGN LOAN AGREEMENT

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CLEAN WATER STATE REVOLVING FUND DESIGN LOAN AGREEMENT

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DRAFT

**CLEAN WATER STATE REVOLVING FUND
DESIGN LOAN AGREEMENT
WW450500**

THIS AGREEMENT is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the AMERICAN BEACH WATER AND SEWER DISTRICT, (District) existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the District shall be referred to as “Parties” or individually as “Party”.

RECITALS

Pursuant to Section 403.1835, *Florida Statutes*, the Department is authorized to make loans to finance the planning, design and construction of wastewater pollution control facilities; and

The District applied for the financing of Design Activities and the Department has determined that all requirements for a loan and Principal Forgiveness have been met.

AGREEMENT

In consideration of the Department loaning money to the District, 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 agreement.
- (2) “Authorized Representative” shall mean the official of the District authorized by ordinance or resolution to sign documents associated with the Loan.
- (3) “Capitalized Interest” shall mean the 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.
- (4) “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.
- (5) “Design Activities” shall mean the design of work defined in the approved planning document that will result in plans and specifications, ready for permitting and bidding, for an eligible construction project.

(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) “Financial Assistance” shall mean Principal Forgiveness funds or Loan funds.

(9) “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.

(10) “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.

(11) “Gross Revenues” shall mean all income or earnings received by the District 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.

(12) “Interlocal Agreement” shall mean the agreement between American Beach Water and Sewer District and Nassau County entered into on December 12, 2020 for the purpose of constructing the collection system that will serve the American Beach portion of Nassau County.

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

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

(15) “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 District for the purpose of accumulating Monthly Loan Deposits and making Semiannual Loan Payments.

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

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

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

(19) "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.

(20) "Parity Debt" shall mean any debt obligations issued that are on an equal commercial lien position with this Loan.

(21) "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 Nassau County and the American Beach Utility System after payment of the Operation and Maintenance Expense and the satisfaction of all yearly payment obligations on account of the Senior Revenue Debt and any senior or parity obligations issued pursuant to Section 7.02 of this Agreement.

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

(23) "Project" shall mean the Design Activities for the construction of a collection system that will serve the American Beach portion of Nassau County.

(24) "Semiannual Loan Payment" shall mean the payment due from the District to the Department at six-month intervals.

(25) "Senior Revenue Debt" shall mean the following debt obligations:

(a) Nassau County, Florida, Water and Sewer System Revenue Refunding Bonds, Series 2013, issued in the amount of \$15,650,000, pursuant to Resolution No. 2013-20; and

(b) Additional bonds issued on a parity with the bonds identified above pursuant to Section 4(f) of Resolution No. 2013-20; and

(c) Any refunding bonds issued to refund the obligations identified above provided such bonds shall not increase annual debt service during the repayment period of this Loan.

(26) "Sewer System" shall mean all facilities owned by the District for collection, transmission, treatment and reuse of wastewater and its residuals.

(27) "Utility System" shall mean all devices and facilities of the Water System and Sewer System owned by the District.

(28) "Water System" shall mean all facilities owned by the District 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 District warrants, represents and covenants that:

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

(2) The District 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 District's knowledge, threatened, which seeks to restrain or enjoin the District from entering into or complying with this Agreement.

(4) The District shall undertake the Project on its own responsibility, to the extent permitted by law.

(5) To the extent permitted by law, the District shall release and hold harmless the State, its officers, members, and employees from any claim arising in connection with the District's actions or omissions in its Design Activities financed by this Loan.

(6) All District 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 District to the Department was current and correct as of the date such information was delivered. The District 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 District shall take such action to comply with this agreement.

(7) The District shall maintain records using generally accepted accounting principles established by the Governmental Accounting Standards Board. As part of its bookkeeping system, the District 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.

(8) In the event the anticipated Pledged Revenues are shown by the District's annual budget to be insufficient to make the Semiannual Loan Payments for such Fiscal Year when due, the District 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 District shall collect such funds for application as provided herein. The District 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 District to levy or appropriate ad valorem tax revenues; or preventing the District from pledging to the payment of any bonds or other obligations all or any part of such other legally available non-ad valorem funds.

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

(10) The District agrees to complete the Design Activities in accordance with the schedule set forth in Section 10.07. Delays incident to strikes, riots, acts of God, and other events beyond the reasonable control of the District are excepted. However, there shall be no resulting diminution or delay in the Semiannual Loan Payment or the Monthly Loan Deposit.

(11) The District covenants that this Agreement is entered into for the purpose of completing Design Activities in order to construct facilities which will, in all events, serve a public purpose.

2.02. LEGAL AUTHORIZATION.

Upon signing this Agreement, the District'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 District and shall constitute a valid and legal obligation of the District 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 District agrees to the following audit and monitoring requirements.

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

State Resources Awarded to the District 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	\$518,500	140131

(2) Audits.

(a) In the event that the District expends a total amount of state financial assistance equal to or in excess of \$750,000 in any fiscal year of such District, the District 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 District 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 District 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 District 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 District shall inform the Department of findings and recommendations pertaining to the State Revolving Fund in audits conducted by the District in which the \$750,000 threshold has not been met. In the event that the District 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 District's resources obtained from other than State entities).

(d) The District 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 District 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 District 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
3900 Commonwealth Boulevard, MS 40
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 District directly to the Department at either of the following address:

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) Districts, 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 delivered to the District in correspondence accompanying the reporting package.

(4) Record Retention.

The District 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 District 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 District 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 District is appropriate, the District agrees to comply with any additional instructions provided by the Department to the District regarding such audit. The District 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 District 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 District shall establish a Loan Debt Service Account with a Depository and begin making Monthly Loan Deposits no later than the date set forth in Section 10.07 of this Agreement.

Beginning six months prior to each Semiannual Loan Payment, the District 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 District fails to make a required Monthly Loan Deposit, the District's chief financial officer shall notify the Department of such failure. In addition, the District 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 District, nor shall it be construed to

give the Department the power to require the District 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 District'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.

After the Department's environmental review has been completed, the District shall promptly notify the Department in writing, of any Project change that would require a modification to the environmental information document.

4.02. CLOSE-OUT.

The Department shall conduct a final inspection of the Design Activities 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. After the Department establishes the final costs to be financed by the Loan, the itemized costs will be adjusted 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.

4.03. DISBURSEMENTS.

This Agreement allows for funds to be advanced to the District for allowable invoiced costs, under the provisions of 216.181, Florida Statutes. Disbursements shall be made 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. Disbursements shall be made directly to the District for reimbursement of the incurred design 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. Proof of payment will be required with the following disbursement request.

(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.

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

Requests by the District for disbursements of the design funds shall be made using the Department's disbursement request form. The Department reserves the right to retain 25% of the funds until the information necessary for the Department to prepare the Environmental Information Document as described in Rule 62-503.751, Florida Administrative Code, has been provided.

4.04. ADVANCE PAYMENT.

The Department may provide an advance to the District, in accordance with Section 216.181(16)(b), Florida Statutes. Such advance will require written request from the District, the Advance Payment Justification form and approval from the State's Chief Financial Officer. The District 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 District shall be notified, in writing, by the Department regarding the additional requirements. Prior to releasing any advanced funds, the District shall be required to provide a written acknowledgement to the Department of the Authority's acceptance of the terms imposed by the State's Chief Financial Officer for release of the funds.

If advance payment is authorized, the District 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 District 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. In addition, the District shall satisfy the coverage requirements of all Senior Revenue Debt and Parity Debt obligations.

5.02. NO FREE SERVICE.

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

5.03. MANDATORY CONNECTIONS.

The District 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 District 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 District 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 District 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 District shall use its best efforts to collect all rates, fees and other charges due to it. The District 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 District

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 15 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 8.11 below, and such failure shall continue for a period of 30 days after written notice thereof to the District by the Department.

(3) Any warranty, representation or other statement by, or on behalf of, the District 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 District 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 District, 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 District, 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 District, 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 District, for the purpose of effecting a composition between the District 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 District under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the District, 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 District 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 District 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 District to fulfill this Agreement.

(2) By action or suit in equity, require the District 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 District 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 District, 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 District under this Agreement shall be junior, inferior, and subordinated in all respects in right of payment and security to the Senior Revenue Debt defined in Section 7.01 of this Agreement and 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 District 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 District 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 District 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 District 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 District has received a disbursement and until five years after the Final Amendment date.

8.03. ACCESS TO PROJECT SITE.

The District shall provide access to offices and other sites where Design Activities or Project work (if financed by this Loan) is ongoing, or has been performed, to authorized representatives of the Department at any reasonable time. The District shall cause its engineers and contractors to provide copies of relevant records and statements for inspection.

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the District. The District 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, 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). A Final Amendment establishing the final costs financed by this Loan and the actual Loan Service Fee shall be completed after the Department's final inspection of relevant documents and records.

8.06. ABANDONMENT, TERMINATION OR VOLUNTARY CANCELLATION.

Failure of the District 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 District, suspend or terminate this Agreement.

(1) Failure of the District 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 District, 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 4.02) and provide written notification of Final Unilateral Amendment to the District.

In the event that following the execution of this Agreement, the District decides not to proceed with this Loan, this Agreement can be cancelled by the District, 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. PUBLIC RECORDS ACCESS.

(1) The District 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 District 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 District to either provide to the Department upon request, or to allow inspection and copying of all public records made or received by the District 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 DISTRICT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE

DISTRICT'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**

8.10. SCRUTINIZED COMPANIES.

(1) The District 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 District or its subcontractors are found to have submitted a false certification; or if the District, 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 District 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 District, its affiliates, or its subcontractors are found to have submitted a false certification; or if the District, 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 District 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.

8.11. SUSPENSION.

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

(1) The District abandons or discontinues the Project before its completion,

(2) The commencement, prosecution, or timely completion of the Project by the District is rendered improbable or the Department has reasonable grounds to be insecure in District's ability to perform, or

(3) The implementation of the Project is determined to be illegal, or one or more officials of the District 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 District 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.

District 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 District 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 District, 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 - RESERVED

ARTICLE X - DETAILS OF FINANCING

10.01. PRINCIPAL AMOUNT OF LOAN.

The total amount awarded is \$518,500. Of that, the estimated amount of Principal Forgiveness is \$414,800. The estimated principal amount of the Loan to be repaid is \$103,700, which consists of \$103,700 to be disbursed to the District and \$0 of Capitalized Interest.

Capitalized Interest is not disbursed to the District, 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 establishment of the schedule of actual disbursements.

10.02. LOAN SERVICE FEE.

The Loan Service Fee is estimated as \$10,370 for the Loan amount authorized to date. The fee represents two percent of the Loan amount excluding Capitalized Interest; that is, two percent of \$518,500. 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 District 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 District and returned to the Department before April 1, 2021, 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 amount 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 \$2,852 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.

Unless repayment is deferred by an amendment to this Agreement, Semiannual Loan Payments shall be received by the Department beginning on March 15, 2022 and semiannually

thereafter on September 15 and March 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 \$114,070, which consists of the Loan principal and the estimated Loan Service Fee.

10.06. PROJECT COSTS.

The District and the Department acknowledge that actual Project costs have not been determined as of the effective date of this Agreement. An adjustment may be made due to a reduction in the scope of work proposed for Loan funding as a result of the facilities design process. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. The final costs shall be established in the final amendment. Changes in costs may also occur as a result of the District's audit or the Department's audit.

The District agrees to the following estimates of the Project costs:

CATEGORY	PROJECT COSTS (\$)
Design Activities cost	518,500
Less Principal Forgiveness	(414,800)
SUBTOTAL (Loan Amount)	103,700
Capitalized Interest	0
TOTAL (Loan Principal Amount)	103,700

10.07. SCHEDULE.

All Design Activities shall be completed no later than the date set forth below.

(1) Invoices submitted for work performed on or after November 18, 2020 may be eligible for reimbursement.

(2) Completion of all Design Activities for all Project facilities proposed for loan funding no later than September 15, 2021.

(3) Unless deferred by amendment, establish the Loan Debt Service Account and begin Monthly Loan Deposits no later than September 15, 2021.

(4) The first Semiannual Loan Payment in the amount of \$2,852 shall be due March 15, 2022.

10.08. SPECIAL CONDITIONS.

Prior to this Agreement being executed, the District shall submit:

(1) A signed contract between the engineering consulting firm and the District with specific details of the design work to be completed.

(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 WW450500 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 District 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
AMERICAN BEACH WATER AND SEWER DISTRICT

Board Chair

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

SEAL _____
District Clerk

District Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Secretary or Designee

Date