

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2025

NEW ISSUE - FULL BOOK-ENTRY

RATINGS:

Moody's "Aa1" (stable outlook)  
S&P "AA+" (stable outlook)  
See "RATINGS" herein.

*In the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX MATTERS," interest on the Series 2025 Bonds is (a) excludable from gross income of the owners thereof for federal income tax purposes except as otherwise described herein under the caption "TAX MATTERS," and (b) not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2025 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. See "TAX MATTERS" herein for a general discussion of Bond Counsel's opinion and other tax considerations.*



**\$158,985,000\***  
**TAMPA BAY WATER**  
**A Regional Water Supply Authority**  
**Utility System Refunding Revenue Bonds, Series 2025**

**Dated:** Date of Delivery

**Due:** October 1, as shown on the inside cover

Tampa Bay Water, A Regional Water Supply Authority ("Tampa Bay Water"), is issuing its \$158,985,000\* Utility System Refunding Revenue Bonds, Series 2025 (the "Series 2025 Bonds"). The Series 2025 Bonds will be issued in fully registered form, in denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2025 Bonds will be payable on October 1, 2025, and semiannually thereafter on each April 1 and October 1 until maturity. When initially issued, the Series 2025 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2025 Bonds. Purchasers will not receive certificates representing their beneficial interest in the Series 2025 Bonds purchased. Accordingly, principal of and interest on the Series 2025 Bonds will be paid by U.S. Bank Trust Company, National Association, as paying agent (the "Paying Agent"), directly to DTC, as the registered owner thereof. Principal of the Series 2025 Bonds will be payable upon presentation when due at the designated corporate trust office of the Paying Agent. DTC will in turn be responsible for remitting all payments to its DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Series 2025 Bonds. See APPENDIX G – "Book-Entry Only System" herein.

**THE SERIES 2025 BONDS ARE NOT SUBJECT TO REDEMPTION PRIOR TO MATURITY. SEE "THE SERIES 2025 BONDS – No Redemption" herein.**

The Series 2025 Bonds are being issued, together with other legally available funds, to (1) refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2015A and (2) pay certain costs of issuance of the Series 2025 Bonds. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The Series 2025 Bonds are secured by a pledge of and lien upon (1) the Net Revenues (as defined herein) to be derived from the operation of Tampa Bay Water's utility system (as further described herein, the "System") and (2) until applied in accordance with the provisions of the Bond Resolution (as defined herein), all moneys, including investments thereof in the funds and accounts established by the Bond Resolution, except (A) the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating Expenses (as defined herein) of the System in accordance with the terms of the Bond Resolution, and (C) moneys on deposit in a subaccount of the Reserve Account established by the Bond Resolution to the extent such moneys shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions of the Bond Resolution (collectively, the "Pledged Funds"). The Series 2025 Bonds will be issued on a parity with Tampa Bay Water's Utility System Refunding Revenue Bonds, Series 2015A, currently outstanding in the aggregate principal amount of \$180,835,000, to the extent not refunded with proceeds from the Series 2025 Bonds; Taxable Utility System Refunding Revenue Bonds, Series 2015B, currently outstanding in the aggregate principal amount of \$7,760,000; Utility System Refunding Revenue Bonds, Series 2016A, currently outstanding in the aggregate principal amount of \$96,630,000; Taxable Utility System Refunding Revenue Bonds, Series 2016B, currently outstanding in the aggregate principal amount of \$1,950,000; Utility System Refunding Revenue Bonds, Series 2016C, currently outstanding in the aggregate principal amount of \$55,345,000; Utility System Refunding Revenue Master Bond (Bank of America, N.A.) – Tranche 1, currently outstanding in the aggregate principal amount of \$6,086,000; Utility System Revenue Bonds, Series 2022 (Sustainability Bonds), currently outstanding in the aggregate principal amount of \$122,075,000; Utility System Refunding Revenue Master Bond (Bank of America, N.A.) – Tranche 3, currently outstanding in the aggregate principal amount of \$74,823,000; Utility System Revenue Bonds, Series 2024A, currently outstanding in the aggregate principal amount of \$395,430,000; Utility System Refunding Revenue Bonds, Series 2024B, currently outstanding in the aggregate principal amount of \$94,405,000; Taxable Utility System Refunding Revenue Bonds, Series 2024C, currently outstanding in the aggregate principal amount of \$56,050,000.

**The Series 2025 Bonds shall not be or constitute general obligations or indebtedness of Tampa Bay Water as "Bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of Tampa Bay Water, payable solely from and secured by a lien upon and pledge of the Pledged Funds, in the manner and to the extent provided in the Bond Resolution. No Holder of any Series 2025 Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2025 Bond, or be entitled to payment of such Series 2025 Bond from any moneys of Tampa Bay Water except from the Pledged Funds in the manner and to the extent provided in the Bond Resolution. The Series 2025 Bonds do not constitute a lien upon the System or any property of Tampa Bay Water, but constitute a lien only on the Pledged Funds, in the manner and to the extent provided in the Bond Resolution.**

*The Series 2025 Bonds are offered for delivery when, as and if issued by Tampa Bay Water and received by the Underwriters, subject to the approval of legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain other legal matters are being passed upon by GrayRobinson, P.A., Tampa, Florida, Disclosure Counsel. Bryant Miller Olive P.A., Tampa, Florida, is serving as Underwriters' Counsel. Certain legal matters will be passed upon for Tampa Bay Water by Persson, Cohen, Mooney, Fernandez & Jackson, P.A., its General Counsel. PFM Financial Advisors LLC, Orlando, Florida, is serving as Financial Advisor to Tampa Bay Water. It is expected that the Series 2025 Bonds in definitive form will be available for delivery in New York, New York on or about \_\_\_\_\_, 2025.*

**This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.**

**Wells Fargo Corporate & Investment Banking**

**BofA Securities**

**Raymond James**

**J.P. Morgan**

**RBC Capital Markets**

This Official Statement is dated \_\_\_\_\_, 2025.

\* Preliminary, subject to change.

This Preliminary Official Statement and any information contained herein are subject to completion and amendment. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**\$158,985,000\***  
**TAMPA BAY WATER**  
**A Regional Water Supply Authority**  
**Utility System Refunding Revenue Bonds, Series 2025**

\$158,985,000\* Serial Series 2025 Bonds

<b>Maturity (October 1)*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP Number<sup>(1)</sup></b>
2026	\$12,445,000				
2027	13,060,000				
2028	23,180,000				
2029	3,145,000				
2030	29,040,000				
2031	30,495,000				
2032	8,610,000				
2033	9,040,000				
2034	9,505,000				
2035	9,985,000				
2036	10,480,000				

\* Preliminary, subject to change.

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are included herein solely for the convenience of the purchasers of the Series 2025 Bonds. Neither Tampa Bay Water nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

## **BOARD OF DIRECTORS**

Harry Cohen, Chairman/Hillsborough County Commissioner  
Lisset Hanewicz, Vice Chair/Council Member, City of St. Petersburg  
Chopper Davis/Mayor, City of New Port Richey  
Dave Eggers/Pinellas County Commissioner  
Jack Mariano/Pasco County Commissioner  
Charlie Miranda/Council Member, City of Tampa  
Ron Oakley/Pasco County Commissioner  
Kathleen Peters/Pinellas County Commissioner  
Joshua Wostal/Hillsborough County Commissioner

## **TAMPA BAY WATER MANAGEMENT**

Charles H. Carden, General Manager  
Paul Stanek, Chief Operating Officer  
Christina Sackett, Chief Financial Officer  
Michelle Stom, Chief of Staff / Chief Strategy Officer  
Warren Hogg, Chief Science Officer  
Casey Lalomia, Information Technology Director  
Maribel Medina, Planning & Projects Director  
Shane Johnson, Continuous Improvement Director

## **GENERAL COUNSEL TO TAMPA BAY WATER**

Kelly M. Fernandez, Esq.  
Persson, Cohen, Mooney, Fernandez & Jackson, P.A.  
Lakewood Ranch, Florida

## **BOND COUNSEL**

Nabors, Giblin & Nickerson, P.A.  
Tampa, Florida

## **DISCLOSURE COUNSEL**

GrayRobinson, P.A.  
Tampa, Florida

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
Orlando, Florida

NO DEALER, BROKER, ACCOUNT EXECUTIVE, FINANCIAL CONSULTANT OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, IN CONNECTION WITH THE OFFERING OF THE SERIES 2025 BONDS DESCRIBED HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY TAMPA BAY WATER OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL THE SERIES 2025 BONDS OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SERIES 2025 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS A PART OF THEIR RESPONSIBILITIES TO INVESTORS UNDER FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. ANY STATEMENTS IN THIS OFFICIAL STATEMENT INVOLVING ESTIMATES, ASSUMPTIONS AND MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND ARE NOT REPRESENTATIONS OF FACT, AND TAMPA BAY WATER EXPRESSLY MAKES NO REPRESENTATION THAT SUCH ESTIMATES, ASSUMPTIONS OR OPINIONS WILL BE REALIZED OR FULFILLED. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF TAMPA BAY WATER SINCE THE DATE HEREOF.

THE SERIES 2025 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2025 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2025 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2025 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM) AND [WWW.EMMA.MSRB.ORG](http://WWW.EMMA.MSRB.ORG). THIS OFFICIAL STATEMENT MAY BE RELIED ON ONLY IF IT IS IN ITS ORIGINAL BOND FORMAT, OR IF IT IS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS FINAL OFFICIAL STATEMENT FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, SEC RULE 15C2-12.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY TAMPA BAY WATER FOR PURPOSES OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN FINANCIAL INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15C2-12(B)(1).

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## **OFFICIAL STATEMENT**

**\$158,985,000\***  
**TAMPA BAY WATER**  
**A Regional Water Supply Authority**  
**Utility System Refunding Revenue Bonds, Series 2025**

### **INTRODUCTION**

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices, is to present information in connection with the sale of the \$158,985,000\* Utility System Refunding Revenue Bonds, Series 2025 (the "Series 2025 Bonds"), to be issued by Tampa Bay Water, A Regional Water Supply Authority ("Tampa Bay Water").

The Series 2025 Bonds are being issued pursuant to and under the authority of the Constitution and laws of the State of Florida, particularly Sections 373.1962, 373.1963 and 163.01, Florida Statutes, an Amended and Restated Interlocal Agreement among Hillsborough County, Florida ("Hillsborough"), Pasco County, Florida ("Pasco"), Pinellas County, Florida ("Pinellas"), the City of New Port Richey, Florida ("New Port Richey"), the City of St. Petersburg, Florida ("St. Petersburg") and the City of Tampa, Florida ("Tampa"), dated as of May 1, 1998 (the "Interlocal Agreement") and other applicable provisions of law (collectively, the "Act"), and a resolution of Tampa Bay Water duly adopted by the Board of Directors of Tampa Bay Water (the "Board") on August 31, 1998, as amended and supplemented (the "Master Bond Resolution"), particularly as supplemented by Resolution No. 2025-010, adopted by the Board on May 19, 2025 (the "2025 Supplemental Bond Resolution" and together with the Master Bond Resolution, the "Bond Resolution").

Hillsborough, Pasco, Pinellas, New Port Richey, St. Petersburg and Tampa collectively shall be referred to herein from time to time as the "Member Governments." Tampa Bay Water is the successor authority to West Coast Regional Water Supply Authority (the "Predecessor Authority").

The Series 2025 Bonds are being issued, together with other legally available funds, to (1) refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2015A and (2) pay certain costs of issuance of the Series 2025 Bonds. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The Series 2025 Bonds are secured by a pledge of and lien upon (1) the Net Revenues (as defined herein) to be derived from the operation of Tampa Bay Water's utility system (as further described herein, the "System") and (2) until applied in accordance with the provisions of the Bond Resolution, all moneys, including investments thereof in the funds and accounts established by the Bond Resolution, except (A) the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating Expenses (as defined herein) of the System in accordance with the terms of the Bond Resolution, and (C) moneys on deposit in a subaccount of the Reserve Account established by the Bond Resolution to the extent such moneys shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions of the Bond Resolution (collectively, the "Pledged Funds"). The Series 2025 Bonds will be issued on a parity with Tampa Bay Water's Utility System Refunding Revenue Bonds, Series 2015A, currently outstanding in the aggregate principal amount of \$180,835,000, to the extent not refunded with proceeds from the Series 2025 Bonds (the "Series 2015A Bonds"); Taxable

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\* Preliminary, subject to change.

Utility System Refunding Revenue Bonds, Series 2015B, currently outstanding in the aggregate principal amount of \$7,760,000 (the "Series 2015B Bonds"); Utility System Refunding Revenue Bonds, Series 2016A, currently outstanding in the aggregate principal amount of \$96,630,000 (the "Series 2016A Bonds"); Taxable Utility System Refunding Revenue Bonds, Series 2016B, currently outstanding in the aggregate principal amount of \$1,950,000 (the "Series 2016B Bonds"); Utility System Refunding Revenue Bonds, Series 2016C, currently outstanding in the aggregate principal amount of \$55,345,000 (the "Series 2016C Bonds"); Utility System Refunding Revenue Master Bond (Bank of America, N.A.) – Tranche 1, currently outstanding in the aggregate principal amount of \$6,086,000 (the "Tranche 1 Bond"); Utility System Revenue Bonds, Series 2022 (Sustainability Bonds), currently outstanding in the aggregate principal amount of \$122,075,000 (the "Series 2022 Bonds"); Utility System Refunding Revenue Master Bond (Bank of America, N.A.) – Tranche 3, currently outstanding in the aggregate principal amount of \$74,823,000 (the "Tranche 3 Bond"); Utility System Revenue Bonds, Series 2024A, currently outstanding in the aggregate principal amount of \$395,430,000 (the "Series 2024A Bonds"); Utility System Refunding Revenue Bonds, Series 2024B, currently outstanding in the aggregate principal amount of \$94,405,000 (the "Series 2024B Bonds"); Taxable Utility System Refunding Revenue Bonds, Series 2024C, currently outstanding in the aggregate principal amount of \$56,050,000 (the "Series 2024C Bonds" and together with the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2016C Bonds, the Tranche 1 Bond, the Series 2022 Bonds, the Tranche 3 Bond, the Series 2024A Bonds, the Series 2024B Bonds, and the Series 2024C Bonds, the "Outstanding Bonds").

Unless the context requires otherwise, capitalized terms used in this Official Statement that are not defined in the text hereof or under the caption "CERTAIN DEFINITIONS" shall have the meanings ascribed thereto in the definitional sections included in APPENDIX A-1 – "Composite Bond Resolution," APPENDIX B – "Interlocal Agreement" and APPENDIX C – "Master Water Supply Contract," all of which are attached hereto. The descriptions of the Series 2025 Bonds, the Bond Resolution, the Interlocal Agreement, the Master Water Supply Contract and the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from Tampa Bay Water at 2575 Enterprise Road, Clearwater, Florida 33763, telephone, 727-796-2355.

## **TAMPA BAY WATER**

### **General**

Tampa Bay Water was created in 1998 as the regional water supply authority for the Tampa Bay area and is responsible for supplying all of the Member Governments with water according to the terms of the Interlocal Agreement and the Master Water Supply Contract. Tampa Bay Water was created after a two-year process that resulted in contracts and legislation that changed the name, structure and operations of the Predecessor Authority. The Predecessor Authority was established on October 25, 1974, as a result of state enabling legislation (74-114, Laws of Florida) and a five party agreement among Hillsborough, Pinellas and Pasco Counties and the Cities of St. Petersburg and Tampa. The City of New Port Richey joined the Predecessor Authority in 1982 as a nonvoting member.

Specifically, the Interlocal Agreement and the Master Supply Contract superseded existing contracts and, in the 1998 legislative session, the Florida Legislature passed legislation (Chapter 98-402, Laws of Florida) in support of the terms and provisions of the Interlocal Agreement and the Master Water Supply Contract. The 1998 legislation amended Section 120.52, Florida Statutes, providing that a member government is not considered a party in administrative proceedings when that member government is represented by a regional water supply authority. The legislation also amended Section 373.715, Florida

Statutes, revising criteria for governance of an authority and its member governments under interlocal agreements, declaring legislative intent to supersede other laws; repealed Section 373.715(5), Florida Statutes, dealing with consumptive use permit review; amended Section 682.02, Florida Statutes, providing for the arbitration of certain controversies concerning water use; and amended Section 768.28, Florida Statutes, allowing an authority to indemnify its member governments. See "SUMMARY OF PRINCIPAL AGREEMENTS" herein.

## **Board of Directors**

The Board of Tampa Bay Water is composed of two directors each for Hillsborough, Pasco and Pinellas Counties and one director each from the Cities of New Port Richey, St. Petersburg and Tampa. Each member of the Board is an elected official. In the case of Hillsborough, Pasco and Pinellas Counties, the members of the Board are appointed by their respective Board of County Commissioners and serve at the pleasure of their respective Boards. In the case of St. Petersburg and Tampa, their representatives are currently chosen by their respective Mayors. In the case of New Port Richey, its representative is currently the Mayor. Officers of the Board are elected annually by the Board of Directors.

## **Personnel**

**Charles H. Carden, General Manager:** Mr. Carden joined Tampa Bay Water in 1993 and was appointed General Manager in 2021 and is responsible for providing the leadership to develop and expand the organization in a multitude of activities in the areas of business strategies, finance, administration, information technology, planning and projects, science, water production and ensuring that Board policies and programs are implemented in accordance with the Board's direction. Since joining Tampa Bay Water, Mr. Carden has held several positions including Chief Operating Officer, Senior Infrastructure Manager, Construction Manager, Contracts Manager, and Finance Manager. Prior to joining Tampa Bay Water, Mr. Carden worked for Pasco County, a Member Government, in the Office of Management and Budget and Pasco County Utilities Department. Mr. Carden holds a Bachelor of Science degree in Business Management from the University of Tampa. Mr. Carden is very involved in several professional organizations including the American Public Works Association, Design Build Institute of America, Construction Management Association of America and the Florida Section of the American Water Works Association. He served as the Chair of the Florida Section American Water Works Association in 2010.

**Kelly M. Fernandez, Esq. (Persson, Cohen, Mooney, Fernandez & Jackson, P.A.), General Counsel:** Ms. Fernandez has served as contracted General Counsel to Tampa Bay Water since March 2024 and advises Tampa Bay Water's Board of Directors and staff on all of Tampa Bay Water's legal matters. She is Board Certified in City, County, and Local Government Law. Ms. Fernandez practices primarily in the areas of local government and land use law and has experience litigating cases in state and administrative courts. In addition to advising Tampa Bay Water, she also advises private clients on land use, code enforcement, and other local government matters. She also serves as the City Attorney for the City of Venice, the West Coast Inland Navigation District, and the Nokomis Volunteer Fire Department. In 2013, she was selected by Manatee County as a hearing officer for land use matters. She also represents the City of Sarasota's Nuisance Abatement Board and serves as special counsel to other cities and counties. Prior to joining Persson Cohen Mooney Fernandez & Jackson, P.A. in 2009, Ms. Fernandez was a Senior Assistant General Counsel at the Florida Department of Community Affairs (now the Florida Department of Commerce) where she advised the Division of Community Planning and Florida Communities Trust program. She also helped advise the Division of Emergency Management during States of Emergency.

**Paul Stanek, Chief Operating Officer:** Mr. Stanek has more than 34 years of experience in public utilities and public health. Mr. Stanek joined Tampa Bay Water in August 2022 and oversees the Water Production Division that operates, supports, monitors and maintains Tampa Bay Water facilities to

continuously provide high-quality drinking water to Tampa Bay Water's members. Prior to Tampa Bay Water, Mr. Stanek served as the public works director for the City of Dunedin's executive management team. In this position, Mr. Stanek managed the water supply system, which included a reverse osmosis plant, distribution and raw water pipelines. Mr. Stanek also managed a wide variety of city operations with the wastewater utility, the engineering division, the solid waste utility, the stormwater utility, city-wide fleet services, public streets, public facilities and utility billing. In addition, Mr. Stanek has formed strong relationships with the Southwest Florida Water Management District ("SWFWMD"), the Florida Department of Environmental Protection, the Florida Department of Health and the Florida Department of Transportation. Prior to joining the City of Dunedin in 2007, Mr. Stanek worked for the Florida Department of Health for 17 years in a variety of positions including environmental director. Mr. Stanek holds a Class B drinking water license and a bachelor's degree in biology from the University of South Florida.

**Warren Hogg, Chief Science Officer:** Warren Hogg manages Tampa Bay Water's Science Division that oversees and supports environmental and water quality data collection and analysis, permit compliance, systems modeling to support agency decision-making, and coordinates water conservation activities and implements water saving rebate programs to reduce water demands across the region. Mr. Hogg has been employed with Tampa Bay Water for 36 years. He has been progressively responsible for project management, planning, and permitting activities, including Tampa Bay Water's Consolidated Water Use Permit. While serving as Tampa Bay Water's water use permitting manager, Mr. Hogg's responsibilities included management and planning for the following areas: water use permitting; wetland permitting; resource evaluations; production and monitor well construction and testing; wetland mitigation and restoration; and environmental assessment and wellfield monitoring programs. Mr. Hogg holds a master's degree in geology from the University of South Florida and a bachelor's degree in geology from the University of West Georgia.

**Christina Sackett, Chief Financial Officer:** Mrs. Sackett joined Tampa Bay Water in 2007 and was appointed Chief Finance Officer in 2012 managing the Finance and Administration Division that oversees Tampa Bay Water's finances, cash management, payroll, debt management, financial reporting, procurement, inventory, risk management and records. Since joining Tampa Bay Water, Mrs. Sackett has held several positions including Financial Compliance Analyst, Finance Manager and Senior Finance Manager. Before joining Tampa Bay Water, Mrs. Sackett worked as a Controller for LIST Group, All Seasons Travel & Resorts and HID Development. Mrs. Sackett holds a Bachelor of Business Administration degree in Accounting from Florida Atlantic University and holds a Master of Business Administration degree from the University of South Florida, St. Petersburg. Mrs. Sackett is a member of the Florida Government Finance Officers Association.

**Michelle Stom, MPA, APR, Chief of Staff / Chief Strategy Officer:** Michelle Stom, MPA, APR, is responsible for the Business Strategies Division that oversees Tampa Bay Water's strategic and business planning; ensures employee and facility safety and security; trains and develops agency staff; directs change management throughout Tampa Bay Water; and builds and maintains relationships with stakeholders. She also leads special initiatives as directed by the General Manager. Ms. Stom has been with Tampa Bay Water since 2001, when she joined Tampa Bay Water as the public communications coordinator, later being promoted to Chief Communications Officer overseeing Tampa Bay Water's communications and legislative affairs programs. She serves on Tampa Bay Water's executive team and directs the activities of public communications, planning, outreach, government affairs, continuous improvement, change management and human resources. Ms. Stom holds a bachelor's degree in journalism and a master's degree in public administration from Pennsylvania State University; and has earned her Accreditation in Public Relations from the Public Relations Society of America. Prior to joining Tampa Bay Water, Ms. Stom worked as a Deputy Press Secretary with the Pennsylvania Department of Education where she was involved in creating education legislation; planning and executing events for the Secretary of Education and the Governor; and handling media relations on various education-related topics.

**Casey LaLomia, Information Technology Director:** Mr. LaLomia joined Tampa Bay Water in January 2022 as the Information Technology ("IT") Director managing Tampa Bay Water's IT Division that oversees the efficient management and security of Tampa Bay Water's data and digital technologies. In this capacity, Mr. LaLomia is accountable for the performance of Tampa Bay Water's applications, technology infrastructure, control systems, and the cyber security program. Mr. LaLomia has had a career of progressive responsibility as an IT professional in the utility industry with previous experience as a senior IT manager, smart grid solution architect, technical lead, and software developer. Before joining Tampa Bay Water, Mr. LaLomia was the chief technology officer for a technology startup focused on controlled environment agriculture, where he was accountable for the development and implementation of technology strategy and manufacturing capabilities. Prior to being named Chief Technology Officer, Mr. LaLomia was the director of IT applications for a multi-state electrical utility. In that capacity he was accountable for the performance of an enterprise application portfolio essential to the company's billing stream and customer operations. This role included program management of strategic initiatives supported by the portfolio. Mr. LaLomia has had a career of progressive responsibility as an IT professional in the utility industry with previous experience as a senior IT manager, smart grid solution architect, technical lead, and software developer. Mr. LaLomia holds a bachelor's degree in management information systems from the University of South Florida.

**Maribel Medina, P.E., PMP, Planning & Projects Director:** Ms. Medina serves as Tampa Bay Water's Planning & Projects Director to provide leadership and direction for Tampa Bay Water's Planning and Projects Division that oversees the planning and delivery of projects to ensure reliability of Tampa Bay Water's existing and future water supply infrastructure. Prior to this position, Ms. Medina served as Tampa Bay Water's Planning and Projects Department manager and interim senior manager of Engineering, where she liaised with the executive team on strategic matters, such as capital program management and high-profile projects. Ms. Medina began her career with Tampa Bay Water in 2008 as a project manager/senior engineer, responsible for coordinating the annual update of 80-plus projects in Tampa Bay Water's Capital Improvements Program, in addition to managing multiple capital and non-capital projects for Tampa Bay Water and overseeing engineering consultants. She also developed Tampa Bay Water's energy program policy. Prior to Tampa Bay Water, Medina was a permitting engineer with the Florida Department of Environmental Protection, a project manager with an environmental services firm, and a patent examiner with the U.S. Patent and Trademark Office. Medina graduated magna cum laude with a Bachelor of Science degree in chemical engineering from the University of Puerto Rico, in Mayaguez, Puerto Rico, in addition to taking graduate level science and engineering courses from Virginia Tech. She is a licensed professional engineer, a certified project management professional, and is an active member of the Project Management Institute, American Water Works Association, and the Florida Engineering Society.

**Shane Johnson, Continuous Improvement Director:** Mr. Johnson brings over 26 years of expertise in continuous and process improvement across various roles. He started at Tampa Bay Water in June 2024 and champions innovation and efficiency through developing, testing and coordinating the implementation of technologies, processes and performance measurements agencywide. Before joining Tampa Bay Water, Mr. Johnson was the Worldwide Safety Assurance Engineering Process Manager at The Walt Disney Company, where he led an Attraction Safety Readiness Team focused on enhancing knowledge retention and safety processes. He also managed a regulatory maintenance planner team and spearheaded the Process Alignment of the Maintenance Committee. Prior to his tenure at Disney, Mr. Johnson served for more than 21 years in the U.S. Navy's Submarine Force. He holds a master's degree in management from Excelsior University.

Tampa Bay Water has 163 approved full-time positions in its Fiscal Year 2025 budget. Tampa Bay Water's professional staff includes licensed professional engineers and scientists in various specialties, as well as other professionals.

## THE SERIES 2025 BONDS

### General Provisions

The Series 2025 Bonds shall be issued only in fully registered form without coupons in principal denominations of \$5,000 each or any integral multiple thereof. The Series 2025 Bonds shall be dated the date of delivery and shall bear interest at the rates per annum and mature on the dates set forth on the inside cover page hereof. Interest on the Series 2025 Bonds is payable semiannually on each October 1 and April 1, commencing October 1, 2025 (each an "Interest Date"), by check or draft of U.S. Bank Trust Company, National Association, as Paying Agent (the "Paying Agent" and "Registrar") to the Holder in whose name such Series 2025 Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the request and expense of such Holder, by bank wire transfer for the account of such Holder. Principal of the Series 2025 Bonds will be payable upon presentation, when due, of the Series 2025 Bonds at the designated corporate trust office of the Paying Agent. All payments of principal of the Series 2025 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Upon initial issuance, the Series 2025 Bonds will be registered in the name of and held by Cede & Co. as nominee for The Depository Trust Company ("DTC"), an automated depository for securities and a clearinghouse for securities transactions. So long as DTC or Cede & Co. is the registered owner of the Series 2025 Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2025 Bonds held by Cede & Co. will be wired directly to DTC or Cede & Co., which is to remit such payments to the Participants (as defined herein) of DTC, which in turn are to remit such payments to the Beneficial Owners (as defined herein) of the Series 2025 Bonds. See the discussion under the caption "Book-Entry Only System" included as APPENDIX G.

### Transfers and Exchanges of Series 2025 Bonds

*So long as the Series 2025 Bonds are registered in the name of Cede & Co., as the nominee of DTC, the transfer and exchange of any Series 2025 Bonds shall be governed by rules established between DTC and its Participants. See APPENDIX G – "Book-Entry Only System" herein. Upon the discontinuance of the book-entry only registration system for the Series 2025 Bonds, the following provisions shall apply for Beneficial Owners of the Series 2025 Bonds.*

The Series 2025 Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Series 2025 Bonds of the same Series and maturity of any other authorized denominations.

The Series 2025 Bonds issued under the Bond Resolution shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in the Bond Resolution and in the Series 2025 Bonds. So long as any of the Series 2025 Bonds shall remain Outstanding, Tampa Bay Water shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Series 2025 Bonds.

Each Series 2025 Bond shall be transferable only upon the books of Tampa Bay Water, at the office of the Registrar, under such reasonable regulations as Tampa Bay Water may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly

authorized attorney. Upon the transfer of any such Series 2025 Bond, Tampa Bay Water shall issue, and cause to be authenticated, in the name of the transferee a new Series 2025 Bond or Series 2025 Bonds of the same aggregate principal amount, Series and maturity as the surrendered Series 2025 Bond. Tampa Bay Water, the Registrar and any Paying Agent or fiduciary of Tampa Bay Water may deem and treat the Person in whose name any Outstanding Series 2025 Bond shall be registered upon the books of Tampa Bay Water as the absolute owner of such Series 2025 Bond, whether such Series 2025 Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Series 2025 Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Bond to the extent of the sum or sums so paid and neither Tampa Bay Water nor the Registrar nor any Paying Agent or other fiduciary of Tampa Bay Water shall be affected by any notice to the contrary.

In all cases in which the privilege of exchanging Series 2025 Bonds or transferring Series 2025 Bonds is exercised, Tampa Bay Water shall execute and deliver Series 2025 Bonds and the Registrar shall authenticate such Series 2025 Bonds in accordance with the provisions of the Bond Resolution. Execution of Series 2025 Bonds by the Chairman and Secretary for purposes of exchanging, replacing or transferring Series 2025 Bonds may occur at the time of the original delivery of the Series 2025 Bonds. All Series 2025 Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by Tampa Bay Water to be canceled by the Registrar. For every such exchange or transfer of Series 2025 Bonds, Tampa Bay Water or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. Tampa Bay Water and the Registrar shall not be obligated to make any such exchange or transfer of Series 2025 Bonds during the 15 days next preceding an Interest Date on the Series 2025 Bonds (other than Capital Appreciation Bonds and Variable Rate Bonds), or, in the case of any proposed redemption of Series 2025 Bonds, then, for the Series 2025 Bonds subject to redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

### **No Redemption**

The 2025 Bonds are not subject to redemption prior to their maturities.

## **CERTAIN DEFINITIONS**

Capitalized terms used herein shall have the following meanings. All other capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution, the Interlocal Agreement, and/or the Master Water Supply Contract. See the definitional sections included in APPENDIX A-1 – "Composite Bond Resolution," APPENDIX B – "Interlocal Agreement," APPENDIX C – "Master Water Supply Contract."

### **Bond Resolution**

The following definitions are some of the primary definitions included in the definitional sections included in APPENDIX A-1 – "Composite Bond Resolution."

**"Annual Debt Service"** shall mean the aggregate amount of Debt Service on the Bonds for each applicable Fiscal Year.

**"Bonds"** shall mean the Outstanding Bonds and the Series 2025 Bonds, together with any Additional Bonds issued pursuant to the Bond Resolution and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to the Bond Resolution.

**"Capital Improvement Charges"** shall mean the costs identified by Tampa Bay Water for planning, designing, acquiring and constructing capital improvements to the System pursuant to the Master Water Supply Contract; provided such costs are not payable from proceeds of the Bonds or other debt of Tampa Bay Water (other than costs which are to be reimbursed from such proceeds) or from moneys received in relation to the Renewal and Replacement Charges.

**"Debt Service"** shall mean, at any time, the aggregate amount in the then applicable period of time of (1) interest required to be paid on the Outstanding Bonds during such period of time, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such period of time, and (3) the Sinking Fund Installments herein designated with respect to such period of time. For purposes of this definition, (A) all amounts payable on a Capital Appreciation Bond shall be considered a principal payment in the year it becomes due, (B) subject to the provisions of the Bond Resolution, with respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, interest on such Bonds during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time, (C) if any Series of Bonds has 25% or more of the aggregate principal amount of such Series coming due in any one year, Debt Service may be determined on such Series during such period of time as if the principal of and interest on such Series were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of 25 years from the date of calculation, and (D) the amount on deposit in the Reserve Account (or any subaccount thereof) on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds which are secured by such Reserve Account (or subaccount thereof) and in each preceding year until such amount is exhausted. For purposes of the Bond Resolution, clause (C) above shall be applicable only in a Fiscal Year in which principal on a Series of Bonds described in such clause (C) comes due. Any principal and interest payments coming due on October 1 may be deemed to come due on the preceding September 30 for purposes of this definition.

**"Fiscal Year"** shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

**"Fund Balance"** shall mean an amount of money equal to the unencumbered moneys on deposit in the Utility Reserve Fund as of September 30 of the immediately preceding Fiscal Year. Moneys shall be considered unencumbered to the extent such moneys may be used for purposes relating to the System.

**"Government Grant"** when used with respect to the System, shall mean any sum of money heretofore or hereafter received by Tampa Bay Water from the United States of America or any agency thereof or from the State of Florida or any agency or political subdivision thereof as or on account of a grant or contribution, not repayable by Tampa Bay Water, for or with respect to the construction, acquisition or other development of an addition, extension or improvement to any part of the System or any costs of any such construction, acquisition or development. Government Grant shall not include any grants or contributions received by Tampa Bay Water for purposes of (1) funding Operating Expenses or (2) paying debt service on obligations of Tampa Bay Water that are payable in whole or in part from moneys received by Tampa Bay Water from the Southwest Florida Water Management District pursuant to the Northern Tampa Bay New Water Supply and Ground Water Withdrawal Reduction Agreement or any funding agreements related thereto. Any grants or contributions described in the preceding sentence shall be considered "Gross Revenues."

**"Gross Revenues"** shall mean all income and moneys received by Tampa Bay Water from the rates, fees, rentals, charges and other income to be made and collected by Tampa Bay Water for the use of the products, services and facilities to be provided by the System, or otherwise received by Tampa Bay Water or accruing to Tampa Bay Water in the management and operation of the System, calculated in accordance with generally accepted accounting principles applicable to public utility systems similar to the

System, including, without limiting the generality of the foregoing, (1) moneys deposited from the Rate Stabilization Account into the Revenue Account in accordance with the terms of the Bond Resolution, provided any moneys transferred from the Rate Stabilization Account into the Revenue Account within 90 days following the end of a Fiscal Year may be designated by Tampa Bay Water as Gross Revenues of such prior Fiscal Year, (2) proceeds from use and occupancy insurance on the System, and (3) Investment Earnings. "Gross Revenues" shall include all moneys received by Tampa Bay Water pursuant to the terms of the Master Water Supply Contract. "Gross Revenues" shall not include (A) Government Grants, to the extent prohibited or restricted as to its use by the terms of the Government Grants, (B) proceeds of Bonds or other Tampa Bay Water debt, (C) moneys deposited to the Rate Stabilization Account from the Utility Reserve Fund, including any moneys transferred from the Utility Reserve Fund to the Rate Stabilization Account within 90 days following the end of a Fiscal Year which Tampa Bay Water determines not to be Gross Revenues of such prior Fiscal Year, and (D) any moneys received by Tampa Bay Water as part of a True-Up. Gross Revenues may include other revenues related to the System which are not enumerated in the definition of "Gross Revenues" if and to the extent the same shall be approved for inclusion by the Insurers of the Bonds (provided all Bonds are insured as to payment of principal and interest at the time of such inclusion).

**"Maximum Annual Debt Service"** shall mean the largest aggregate amount of the Annual Debt Service becoming due in any Fiscal Year in which Bonds are Outstanding.

**"Net Revenues"** shall mean Gross Revenues less Operating Expenses.

**"Operating Expenses"** shall mean any and all costs incurred by Tampa Bay Water in operating, maintaining and administering the System, including, but not limited to, the general administrative and legal costs of Tampa Bay Water related to operation, maintenance, management, security and development of the System; costs associated with tools, equipment, vehicles, supplies, materials, services and support for the operation, maintenance, management, security and development of the System; any costs of litigation or a legal judgment against Tampa Bay Water; costs relating to water conservation and public education activities; costs of purchasing any water; development expenses relating to expansion of the System; all costs incurred in planning or applying for, obtaining, maintaining and defending Environmental Permits which shall not be paid from the Capital Improvement Charges; accounting, legal and engineering expenses; ordinary and current rentals of equipment or other property; refunds of moneys lawfully due to others; pension, retirement, health and hospitalization funds; payments in lieu of taxes and facility impact fees; and fees for management of the System or any portion thereof; but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of service or of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any provision for interest, depreciation, amortization or similar charges.

**"Pledged Funds"** shall mean, (1) the Net Revenues and (2) until applied in accordance with the provisions of the Bond Resolution, all moneys, including investments thereof, in the funds and accounts established under the Bond Resolution, except (A) as for the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating Expenses of the System in accordance with the terms of the Bond Resolution, and (C) moneys on deposit in a subaccount of the Reserve Account to the extent moneys on deposit therein shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions of the Bond Resolution.

**"Renewal and Replacement Charges"** shall mean those certain charges collected by Tampa Bay Water pursuant to the Master Water Supply Contract to be deposited to the Renewal and Replacement Fund.

**"Renewal and Replacement Fund Requirement"** shall mean, on the date of calculation, an amount of money equal to (1) five percent of the Gross Revenues for the preceding Fiscal Year, or (2) such greater or lesser amount as may be certified to Tampa Bay Water by the Consulting System Engineer as an amount appropriate for the purposes of the Bond Resolution.

**"Reserve Account Requirement"** shall mean, as of any date of calculation for the Reserve Account, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds, (2) 125% of the average Annual Debt Service for all Outstanding Bonds, or (3) the maximum amount allowed to be funded from proceeds of tax-exempt obligations and invested at an unrestricted yield pursuant to the Code; provided, however, Tampa Bay Water may establish by Supplemental Resolution a different Reserve Account Requirement for a subaccount of the Reserve Account which secures a Series of Bonds pursuant to the Bond Resolution. In computing the Reserve Account Requirement in respect of a Series of Bonds that constitutes Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be (A) if such Variable Rate Bonds have been Outstanding for at least 24 months prior to the date of calculation, the highest average interest rate borne by such Variable Rate Bonds for any 30-day period, and (B) if such Variable Rate Bonds have not been Outstanding for at least 24 months prior to the date of calculation, the Bond Buyer Revenue Bond Index most recently published prior to the time of calculation. The time of calculation for Variable Rate Bonds shall be each March 1.

**"True-Up"** shall mean the annual reconciliation of moneys paid by Member Governments as provided in the Master Water Supply Contract. True-Up shall also include any reconciliation of moneys paid by other Persons which purchase water from Tampa Bay Water pursuant to a water supply contract.

### **Interlocal Agreement**

The following definitions are some of the primary definitions included in the definitional sections included in APPENDIX B – "Interlocal Agreement."

**"Actual Direct Cost"** means (1) with respect to the acquisition of Water Supply Facilities, the total capital cost of acquiring and constructing such Water Supply Facilities, excluding any indirect cost; and (2) with respect to Water treatment, the total capital and operating cost of providing such treatment, excluding any indirect cost.

**"Points of Connection"** means the points identified pursuant to the Master Water Supply Contract, as revised by Tampa Bay Water and the Member Governments from time to time, at which the Member Governments' water utility systems connect to Tampa Bay Water's system.

**"Production Failure"** means (1) the occurrence of a Shortfall, provided however, that a Shortfall that results from a mechanical, equipment or other facility failure shall not constitute a "Production Failure," or (2) following December 31, 2002, the actual delivery by Tampa Bay Water to the Member Governments during any twelve-month period of a quantity of Quality Water that exceeds 94 percent of the aggregate permitted capacity of Tampa Bay Water's production facilities on an average annual basis, provided however, that if Tampa Bay Water has received a Primary Environmental Permit for additional production facilities and Tampa Bay Water has entered into a contract for final design and has bid construction of the facilities, the additional production quantity specified in the Primary Environmental Permit shall be added to the actual production capacity for purposes of determining if a "Production Failure" has occurred.

**"Shortfall"** means a situation in which Tampa Bay Water fails to deliver the quantity of Quality Water required by a Member Government.

**"Shortfall Amount"** means, in the event of a Shortfall, the amount computed by deducting the quantity of Quality Water actually delivered by Tampa Bay Water to a Member Government from the total quantity of Quality Water required by a Member Government.

**"Transferred Assets"** means the Water Supply Facilities (including real property, tangible personal property and intangible personal property) conveyed to Tampa Bay Water pursuant to the Interlocal Agreement.

**"Water Supply Facilities"** means Water production, treatment and/or transmission facilities and related real property. The term "Water Supply Facilities" does not include facilities for local distribution.

**"Wheel" or "Wheeling"** means the process of utilizing any unused transmission capacity in Tampa Bay Water's Water delivery system to transport Quality Water (1) purchased from a supplier other than Tampa Bay Water pursuant to the Interlocal Agreement (regarding Production Failure), or (2) produced from a Member Government's Water Supply Facility acquired or constructed pursuant to the Interlocal Agreement (regarding Production Failure), to a Member Government's Point of Connection during a Shortfall.

### **Master Water Supply Contract**

The following definitions are some of the primary definitions included in the definitional sections included in APPENDIX C – "Master Water Supply Contract."

**"Bond Coverage Costs"** shall mean the costs of providing the coverage requirements established by the Financing Documents.

**"Debt Service Charges"** shall mean the principal, redemption premium, if any, and interest coming due on the Obligations and any recurring costs and expenses relating to the Obligations, including, but not limited to, paying agent, registrar and escrow agent fees, credit enhancement fees and other charges, but only to the extent such costs and expenses are not otherwise reflected in Operation, Maintenance and Administrative Costs.

**"Financing Documents"** shall mean any resolution or resolutions of Tampa Bay Water, as well as any indenture of trust, trust agreement or similar document relating to the issuance or security of the Obligations.

**"Fixed Costs"** shall mean all costs and expenses incurred by Tampa Bay Water for the operation, maintenance, management, security, development and financing of the System other than Variable Costs.

**"Obligations"** shall mean the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2016C Bonds, the Tranche 1 Bond, the Series 2022 Bonds, the Tranche 3 Bond, the Series 2024A Bonds, the Series 2024B Bonds, and the Series 2024C Bonds, the Series 2025 Bonds and any other Series of Bonds or other evidence of indebtedness, including, but not limited to, notes, commercial paper, capital leases or any other obligations of Tampa Bay Water heretofore or hereafter issued or incurred.

**"Operating Reserve Funds"** shall mean those funds which are deemed by Tampa Bay Water as necessary to meet any cash flow and revenue collection shortfalls due to inaccuracies in the Annual Reports or Annual Estimates or due to the requirements of the Financing Documents. The amount of Operating Reserve Funds shall be established by Tampa Bay Water policy; provided such amount shall not exceed an

amount equal to two times the monthly average Variable Costs as provided in Tampa Bay Water's preliminary budget.

**"Operation, Maintenance and Administrative Costs"** shall mean any and all costs incurred by Tampa Bay Water in operating, maintaining and administering the System, including, but not limited to, the general administrative and legal costs of Tampa Bay Water related to operation, maintenance, management, security and development of the System; costs associated with tools, equipment, vehicles, supplies, materials, services and support for the operation, maintenance, management, security and development of the System; any costs of litigation or a legal judgment against Tampa Bay Water; costs relating to Water conservation and public education activities; costs of purchasing any Water; development expenses relating to expansion of the System; all costs incurred in planning or applying for, obtaining, maintaining and defending Environmental Permits which shall not be paid from the Capital Improvement Charge; accounting, legal and engineering expenses; ordinary and current rentals of equipment or other property; refunds of moneys lawfully due to others; pension, retirement, health and hospitalization funds; payments in lieu of taxes and facility impact fees; moneys to be deposited to a rate stabilization fund; and fees for management of the System or any portion thereof.

**"Quality Water"** shall mean Water which (1) meets State and federal drinking water regulations and standards as defined in Rule 62-550, Florida Administrative Code, as it may be amended or superseded from time to time, including regulations pertaining to surface water or groundwater under the direct influence of surface waters, but excluding regulations pertaining to disinfection and corrosivity, and (2) would not cause a particular Member Government utility to adopt new treatment techniques beyond modified chemical dosages and/or optimization of existing unit processes to meet a moderately altered source of Water. Except as otherwise provided in the Master Water Supply Contract, the provisions of this definition are not intended as permission for a Member Government to reject the type of Quality Water to be provided by Tampa Bay Water to such Member Government; provided, however, Tampa Bay Water shall pay for any additional treatment costs required to meet the standards for Quality Water as described in the Master Water Supply Contract. In addition, Quality Water shall meet the standards provided in Exhibit D attached to the Master Water Supply Contract. The term "Quality Water" also includes Water delivered to the Points of Connection identified in Section 3.03(D) of the Interlocal Agreement or to Points of Connection at which a Member Government agrees, at its sole option, to accept Water not meeting the standards for Quality Water pursuant to Section 3.03(E) of the Interlocal Agreement.

**"System"** shall mean Tampa Bay Water's water production, transmission and treatment facilities, as they currently exist and as they may be modified or expanded in the future from time to time, which are owned, leased, licensed, operated and/or used by Tampa Bay Water to provide water.

**"Variable Costs"** shall mean all costs and expenses of Tampa Bay Water for the operation, maintenance and management of the System that change in direct proportion to changes in the volume of Water produced by Tampa Bay Water, including, but not limited to, power, chemical and Water purchases.

**"Water"** shall mean Quality Water and any other water to be used by a Member Government in its public water supply system.

**"Water Service"** shall mean the provision of Water as required in the Interlocal Agreement to any and all of the Member Governments at the Points of Connection (described in Exhibit C attached to the Master Water Supply Contract) and provision of Water by the Member Governments to their customers.

## SECURITY AND SOURCES OF PAYMENT

### General

The Series 2025 Bonds are limited obligations of Tampa Bay Water payable solely from and secured by a lien upon and a pledge of the Pledged Funds, subject in each case to the application thereof for the purposes and on the conditions permitted by the Bond Resolution.

**The obligations and liabilities of the Member Governments pursuant to the Master Water Supply Contract are an operating expense of each Member Government's water utility system and are to be paid from their operation and maintenance account except to the extent available moneys have been otherwise budgeted by a Member Government and legally appropriated for such purpose.** See "SUMMARY OF PRINCIPAL AGREEMENTS" herein and APPENDIX C – "Master Water Supply Contract." As of the date hereof, audited financial statements of the Member Governments are available from the Florida Auditor General at its website: [www.flauditor.gov/pages/efile\\_reports.html](http://www.flauditor.gov/pages/efile_reports.html) and additional information with respect to certain of the Member Governments is available at the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system website: [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, Tampa Bay Water makes no representations regarding the accuracy or completeness of any such information.

**THE SERIES 2025 BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF TAMPA BAY WATER AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF TAMPA BAY WATER, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND A PLEDGE OF THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION. NO SERIES 2025 BONDHOLDER SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH SERIES 2025 BONDS, OR BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY MONEYS OF TAMPA BAY WATER EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER AND TO THE EXTENT PROVIDED IN THE BOND RESOLUTION.**

### Rate Covenant

Tampa Bay Water has covenanted in the Bond Resolution that it shall take all actions to collect Net Revenues, together with the Fund Balance, in each of its Fiscal Years, equal to at least 125% of the Annual Debt Service becoming due in such Fiscal Year, and such Net Revenues shall also be adequate at all times to pay in each Fiscal Year at least 100% of (1) the Annual Debt Service becoming due in such Fiscal Year, (2) any amounts required by the terms of the Bond Resolution to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy, (3) any amounts to be deposited in the Renewal and Replacement Fund in such Fiscal Year, and (4) any amounts to be repaid to the Capital Improvement Fund in such Fiscal Year.

### Reserve Account

The Bond Resolution requires the Reserve Account be funded in an amount equal to the Reserve Account Requirement for all Outstanding Bonds. The Reserve Account Requirement for the Bonds is defined in the Bond Resolution as an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds, (2) 125% of the average Annual Debt Service for all Outstanding Bonds, or (3) the maximum amount allowed to be funded from proceeds of tax-exempt obligations and invested at an unrestricted yield pursuant to the Code; provided, however, Tampa Bay Water may establish by

Supplemental Resolution a different Reserve Account Requirement for a subaccount of the Reserve Account which secures a particular Series of Bonds. The Reserve Account secures the Outstanding Bonds and will also secure the Series 2025 Bonds.

Prior to the issuance of the Series 2025 Bonds, the Reserve Account is fully funded with cash, investments and a Reserve Account Insurance Policy in the amount of the Reserve Account Requirement for all Outstanding Bonds (\$79,719,430.45). Upon the issuance of the Series 2025 Bonds, the Reserve Account Requirement for the Outstanding Bonds, including the Series 2025 Bonds, under the Bond Resolution (as described above), is expected to equal 125% of the average Annual Debt Service for all Outstanding Bonds, resulting in a Reserve Account Requirement for all of the Outstanding Bonds, including the Series 2025 Bonds, of approximately \$79,436,068.33\*. Upon the issuance of the Series 2025 Bonds, the Reserve Account is expected to be fully funded with cash and investments and a Reserve Account Insurance Policy issued by Assured Guaranty Inc. ("Assured") in the amount of \$31,308,385.30.

Assured's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of Assured in their sole discretion. In addition, the rating agencies may at any time change Assured's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by Assured.

### **Flow of Funds**

Tampa Bay Water has established under the Bond Resolution the following funds and accounts:

- (1) Construction Fund;
- (2) Revenue Fund (established therein, the Revenue Account and the Rate Stabilization Account);
- (3) Operation, Maintenance and Administration Fund;
- (4) Sinking Fund (established therein, the Interest Account, the Principal Account, the Term Bonds Redemption Account and the Reserve Account);
- (5) Renewal and Replacement Fund;
- (6) Capital Improvement Fund;
- (7) Utility Reserve Fund; and
- (8) Rebate Fund.

Tampa Bay Water shall deposit promptly, as received, all Gross Revenues (other than the Capital Improvement Charges and Renewal and Replacement Charges) into the Revenue Account. Tampa Bay Water shall deposit promptly, as received, all Renewal and Replacement Charges into the Renewal and Replacement Fund and all Capital Improvement Charges into the Capital Improvement Fund. All moneys received as the result of a True-Up shall be deposited promptly into the Utility Reserve Fund. All Government Grants shall be utilized in accordance with the terms of such Government Grant and applicable law.

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\* Preliminary, subject to change.

Operation, Maintenance and Administration Fund. Moneys in the Revenue Account shall first be used each month to deposit in the Operation, Maintenance and Administration Fund such sums as are necessary to pay Operating Expenses for the ensuing month; provided Tampa Bay Water may transfer moneys from the Revenue Account to the Operation, Maintenance and Administration Fund at any time to pay Operating Expenses to the extent there is a deficiency in the Operation, Maintenance and Administration Fund for such purpose. Amounts in the Operation, Maintenance and Administration Fund shall be paid out from time to time by Tampa Bay Water for Operating Expenses. Tampa Bay Water shall establish and fund an operating reserve within the Operation, Maintenance and Administration Fund in an amount which shall be equal to two times the monthly average Variable Costs as provided in Tampa Bay Water's preliminary budget. Moneys in the operating reserve shall be used to pay Operating Expenses to the extent other moneys in the Operation, Maintenance and Administration Fund are not available for such purpose.

All moneys at any time on deposit in the Revenue Account after the aforementioned transfers to the Operation, Maintenance and Administration Fund shall be disposed of by Tampa Bay Water on or before the 25th day of each month in the following manner and in the following order of priority:

Sinking Fund - Interest Account. Tampa Bay Water shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all Bonds Outstanding (except as to Capital Appreciation Bonds) accrued and unpaid and to accrue to the end of the then current calendar month. All Hedge Receipts shall be deposited directly to the Interest Account upon receipt. With respect to interest on Bonds which are subject to a Qualified Hedge Agreement, interest on such Bonds during the term of the Qualified Hedge Agreement shall be deemed to include the corresponding Hedge Payments. (Tampa Bay Water currently does not have any outstanding Qualified Hedge Agreements.) Moneys in the Interest Account shall be applied by Tampa Bay Water (a) for deposit with the Paying Agents to pay the interest on the Bonds on or prior to the date the same shall become due and (b) for Hedge Payments. Tampa Bay Water shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on the Outstanding Bonds on the next succeeding Interest Date. With respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, any Hedge Payments due to the Qualified Hedge Agreement Counterparty relating to such Bonds, shall be paid to the Qualified Hedge Agreement Counterparty on a parity basis with the aforesaid required payments into the Sinking Fund. In computing the interest on Variable Rate Bonds which shall accrue during a calendar month, the interest rate on such Variable Rate Bonds shall be assumed to be (A) if such Variable Rate Bonds have been Outstanding for at least 24 months prior to the commencement of such calendar month, the highest average interest rate borne by such Variable Rate Bonds for any 30-day period, and (B) if such Variable Rate Bonds have not been Outstanding for at least 24 months prior to the date of calculation, the Bond Buyer Revenue Bond Index most recently published prior to the commencement of such calendar month.

Sinking Fund - Principal Account. Commencing no later than the month which is one year prior to the first principal due date, Tampa Bay Water shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amounts on all Bonds Outstanding due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) in equal amounts from the next preceding principal payment due date, or, if there be no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by Tampa Bay Water for deposit with the Paying Agents to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. Serial Capital Appreciation Bonds shall be payable

from the Principal Account in the years in which such Bonds mature and monthly payments into the Principal Account on account of such Bonds shall commence in the month of the respective Bond Years in which such Bonds mature. Tampa Bay Water shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

Sinking Fund - Term Bonds Redemption Account. Commencing in the month which is one year prior to the first Sinking Fund Installment due date, there shall be deposited to the Term Bonds Redemption Account the sum which, together with the balance in such Account, shall equal the Sinking Fund Installments on all Bonds Outstanding due and unpaid and that portion of the Sinking Fund Installments of all Bonds Outstanding next due which would have accrued on such Bonds during the then current calendar month if such Sinking Fund Installments were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) in equal amounts from the next preceding Sinking Fund Installment due date, or, if there is no such preceding Sinking Fund Installment due date, from a date one year preceding the due date of such Sinking Fund Installment. Moneys in the Term Bonds Redemption Account shall be used to purchase or redeem Term Bonds in the manner provided below, and for no other purpose. Tampa Bay Water shall adjust the amount of the deposit to the Term Bonds Redemption Account on the month immediately preceding any Sinking Fund Installment Date so as to provide sufficient moneys in the Term Bonds Redemption Account to pay the Sinking Fund Installments becoming due on such date. Payments to the Term Bonds Redemption Account shall be on parity with payments to the Principal Account.

Amounts accumulated in the Term Bonds Redemption Account with respect to any Sinking Fund Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Sinking Fund Installment was established) may be applied by Tampa Bay Water, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms. Amounts in the Term Bonds Redemption Account which are used to redeem Term Bonds shall be credited against the next succeeding Amortization Installment which shall become due on such Term Bonds. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Term Bonds Redemption Account until such Sinking Fund Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, Tampa Bay Water shall proceed to call for redemption on such due date, by causing notice to be given as provided in the Bond Resolution, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Term Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. Tampa Bay Water shall pay out of the Term Bonds Redemption Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by Tampa Bay Water from the Operation, Maintenance and Administration Fund.

Sinking Fund - Reserve Account. There shall be deposited to the Reserve Account an amount which would enable Tampa Bay Water to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto. All deficiencies in the Reserve Account must be made up no later than 12 months from the date such deficiency first occurred, whether such shortfall was

caused by decreased market value or withdrawal (whether from cash or a Reserve Account Insurance Policy or Reserve Account Letter of Credit). On or prior to each principal payment date and Interest Date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Reserve Account shall be applied by Tampa Bay Water to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Term Bonds Redemption Account shall be insufficient for such purpose, but only to the extent the moneys transferred from the Utility Reserve Fund for such purposes pursuant to the subsection "Utility Reserve Fund" below shall be inadequate to fully provide for such insufficiency. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit in the Reserve Account Letter of Credit or a Reserve Account Insurance Policy, such surplus moneys, to the extent practicable, shall be deposited by Tampa Bay Water into the Utility Reserve Fund.

Notwithstanding the other provisions in the Bond Resolution, in lieu of or in substitution of the required deposits into the Reserve Account, Tampa Bay Water may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. Tampa Bay Water may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit in the Reserve Account upon compliance with the terms of the Bond Resolution. Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any Interest Date or redemption date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to the Bond Resolution and available for such purpose. The Issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be either (a) an insurer whose municipal bond insurance policies insuring the payment, when due, or the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by one of the Rating Agencies, or (b) a commercial bank, insurance company or other financial institution which has been assigned a rating by one of the Rating Agencies in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories). Any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall equally secure all Bonds except to the extent a Series of Bonds is secured by a subaccount in the Reserve Account which is pledged solely for the payment of such Series of Bonds as provided in the Bond Resolution.

In the event the Reserve Account contains both a Reserve Account Insurance Policy or Reserve Account Letter of Credit and cash and separate subaccounts have not been established in the Reserve Account, the cash shall be drawn down completely prior to any draw on the Reserve Account Insurance Policy or Reserve Account Letter of Credit. In the event more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit is on deposit in the Reserve Account, amounts required to be drawn thereon shall be done on a pro-rata basis. Tampa Bay Water agrees to pay all amounts owing in regard to any Reserve Account Insurance Policy or Reserve Account Letter of Credit from the Pledged Funds. Pledged Funds shall be applied in accordance with the Bond Resolution, first, to reimburse the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit for amounts advanced under such instruments, second, replenish any cash deficiencies in the Reserve Account, and, third, to pay the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit interest on amounts advanced under such instruments. The Bond Resolution shall not be discharged or defeased while any obligations are owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account. Tampa Bay Water agreed in the Bond Resolution not to optionally redeem Bonds unless all amounts owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account have been paid in full.

Renewal and Replacement Fund. There shall be deposited to the Renewal and Replacement Fund such sums as shall be sufficient to pay 1/12 of an amount equal to the Renewal and Replacement Fund Requirement until the amount accumulated in such Fund is equal to such Renewal and Replacement Fund Requirement. See "CERTAIN DEFINITIONS – Bond Resolution – Renewal and Replacement Fund Requirement." In the event that the Consulting System Engineer shall certify that the Renewal and Replacement Fund Requirement is excessive for the purposes of the Renewal and Replacement Fund such excess amount as may be on deposit therein may be transferred by Tampa Bay Water from the Renewal and Replacement Fund for deposit into the Utility Reserve Fund. Deposits to the Renewal and Replacement Fund described above shall first come from the Renewal and Replacement Charges, and thereafter from moneys in the Revenue Account. The moneys in the Renewal and Replacement Fund shall be applied by Tampa Bay Water for the purpose of paying the cost of extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the System; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Renewal and Replacement Fund shall be applied for the payment into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund for such purpose, together with moneys available in the Reserve Account for such purpose, shall be inadequate to fully provide for such insufficiency. Moneys in the Renewal and Replacement Fund may also be transferred to the Operation, Maintenance and Administration Fund to fund Operating Expenses to the extent other moneys available therefor shall be insufficient for such purpose.

Subordinated Indebtedness. Gross Revenues shall next be applied by Tampa Bay Water for the payment of any debt service and other required deposits on Subordinated Indebtedness incurred by Tampa Bay Water in connection with the System and in accordance with the proceedings authorizing such Subordinated Indebtedness. There currently is no outstanding Subordinated Indebtedness.

Utility Reserve Fund. The balance of any Gross Revenues remaining in said Revenue Account shall be deposited in the Utility Reserve Fund and applied to the payment, on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein shall be insufficient to pay the principal of and interest on the Bonds coming due. Moneys not required to meet such a deficiency shall be deposited, first, to the Capital Improvement Fund to make up any withdrawal from such Fund pursuant to the Bond Resolution, second, to the Reserve Account to make up any deficiency therein, and, third, to the Rebate Fund to the extent moneys are required to be on deposit therein. Thereafter, moneys in the Utility Reserve Fund may be applied for any lawful purpose relating to the System, including, but not limited to, purchase or redemption of Bonds, payment of Subordinated Indebtedness, deposit to the Rate Stabilization Account and improvements, renewals and replacements to the System; provided, however, that none of such moneys shall ever be used for the purposes provided in this subsection unless all payments required in the subsections above, including any deficiencies for prior payments, have been made in full to the date of such use. All moneys required to be paid by Tampa Bay Water to a Member Government as part of a True-Up shall be paid from the Utility Reserve Fund. Any moneys received by or paid by Tampa Bay Water in regard to a True-Up shall not be considered either a Gross Revenue or Operating Expense under the Bond Resolution.

Capital Improvement Fund. Tampa Bay Water shall deposit into the Capital Improvement Fund all Capital Improvement Charges as received and such Capital Improvement Charges shall be accumulated in the Capital Improvement Fund and applied by Tampa Bay Water in the following manner and order of priority:

(A) For the payments on or prior to each principal and interest payment date (in no event earlier than the 25th day of the month next preceding such payment date) into the Interest Account, the Principal Account and the Term Bonds Redemption Account, when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund, the Reserve Account, the Renewal and Replacement Fund and the Rate Stabilization Account for such purpose pursuant to the Bond Resolution shall be inadequate to fully provide for such insufficiency. Any moneys transferred to the aforementioned Accounts described above shall be repaid from Gross Revenues as described in the subsection "Utility Reserve Fund" on or prior to the date such amounts are needed for the purposes described in the Bond Resolution.

(B) To pay or reimburse the capital cost of acquiring and/or constructing such improvements or additions to the System for which the Capital Improvement Charges were imposed in accordance with requisitions for disbursement of moneys provided by Tampa Bay Water.

See "SUMMARY OF PRINCIPAL AGREEMENTS - Master Water Supply Contract - Setting Annual Rate." (It should be noted that Capital Improvement Charges are based upon the amounts identified therefor in Tampa Bay Water's annual budgeting process. Such charges are discretionary in that they have to be approved by the Member Governments in setting annual rates.)

Rate Stabilization Account. Tampa Bay Water may transfer into the Rate Stabilization Account such moneys which are on deposit in the Utility Reserve Fund as it deems appropriate. Tampa Bay Water may transfer such amounts of moneys from the Rate Stabilization Account to the Revenue Account as it deems appropriate; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Rate Stabilization Account shall be applied for payment into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund, the Reserve Account and the Renewal and Replacement Fund for such purposes pursuant to the Bond Resolution shall be inadequate to fully provide for such insufficiency.

### **Additional Bonds**

Tampa Bay Water may issue one or more Series of Additional Bonds for any one or more of the following purposes: (i) financing the Cost of a Project, or the completion thereof, or (ii) refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of Tampa Bay Water.

No such Additional Bonds shall be issued unless the following conditions are complied with:

(A) Except in the case of Additional Bonds issued for the purpose of refunding Outstanding Bonds, Tampa Bay Water shall certify that it is current in all deposits into the various funds, accounts and subaccounts established hereby and all payments theretofore required to have been deposited or made by it under the provisions of the Bond Resolution have been deposited or made and it has complied with the covenants and agreements of the Bond Resolution.

(B) The General Manager shall certify on behalf of Tampa Bay Water to the effect that (1) the Net Revenues for any 12 consecutive months selected by Tampa Bay Water of the 24 months immediately preceding the issuance of said Additional Bonds, together with the Fund Balance on the last day of such 12-month period, were equal to at least 125% of the Debt Service on the Outstanding Bonds during such 12-month period; and (2) the Net Revenues for such 12-month period were equal to at least 100% of (a) the Debt Service on the Outstanding Bonds for such 12-month period, (b) any amounts required by the terms of the Bond Resolution to be deposited in the Renewal and Replacement Fund during such 12-month period,

(c) any amounts required by the terms of the Bond Resolution to be deposited to the Reserve Account or with any issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit during such 12-month period, and (d) any amounts required by the terms of the subparagraph (A) of the "Capital Improvement Fund" subsection above to be repaid to the Capital Improvement Fund during such 12-month period.

(C) The General Manager shall certify on behalf of Tampa Bay Water to the effect that (1) the Net Revenues for any 12 consecutive months selected by Tampa Bay Water of the 24 months immediately preceding the issuance of said Additional Bonds, together with Fund Balance on the last day of such 12-month period, were equal to at least 125% of the Debt Service on the Outstanding Bonds during such 12-month period and Debt Service for such 12-month period on any Additional Bonds issued subsequent to the commencement of such 12-month period (assuming such Additional Bonds had been issued at the beginning of such 12-month period), and (2) the amount of Net Revenues for such 12-month period were equal to at least 100% of (a) the Debt Service on the Outstanding Bonds during such 12-month period and Debt Service for such 12-month period on any Additional Bonds issued subsequent to the commencement of such 12-month period (assuming such Additional Bonds had been issued at the beginning of such 12-month period), (b) any amounts required by the terms of the Bond Resolution to be deposited in the Renewal and Replacement Fund during such 12-month period, (c) any amounts required by the terms of the Bond Resolution to be deposited to the Reserve Account or with any issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit during such 12-month period, and (d) any amounts required to be repaid to the Capital Improvement Fund during such 12-month period. See "SECURITY AND SOURCES OF PAYMENT – Flow of Funds – Capital Improvement Fund." For purposes of this subsection (C), Net Revenues may be adjusted to take into account any additional sales of water and any increases or decreases in the rates, fees or other charges for the product, services or facilities of the System which occurred subsequent to the commencement of the 12-month period and which went into effect prior to the date of issuance of the Additional Bonds in question, all as set forth in a certificate of the General Manager. Such certificate shall assume such increase or decrease was in effect during the entire 12-month period.

(D) The Rate Consultant shall provide Tampa Bay Water with a report or, at the option of Tampa Bay Water, the General Manager shall certify on behalf of Tampa Bay Water to the effect that Tampa Bay Water shall be in compliance with the rate covenant described above under the subheading Rate Covenant for the Fiscal Year in which such Additional Bonds are issued and each of the next succeeding four Fiscal Years. The Rate Consultant or the General Manager, as the case may be, may make an allowance for estimated Net Revenues and Fund Balance for each of the aforementioned Fiscal Years arising from any increase or decrease in the rates, fees or other charges for the product, services or facilities of the System estimated to be fixed, prescribed and received and which, in the opinion of the General Manager, are economically feasible and reasonably considered necessary based upon projected operations for such period. The Rate Consultant or the General Manager, as the case may be, may also take into account any increases in income reasonably expected to be received during the aforementioned Fiscal Years and the issuance of any Additional Bonds during such time period.

(E) For purposes of subsections (B) and (C), the term "12-month period" shall mean any 12 consecutive months selected by Tampa Bay Water of the 24 months immediately preceding the issuance of the Additional Bonds.

(F) For the purpose of determining the Debt Service under this section, the interest rate on additional parity Variable Rate Bonds then proposed to be issued shall be deemed to be the Bond Buyer Revenue Bond Index most recently published prior to the sale of such Additional Bonds.

(G) For the purpose of determining the Debt Service under this section, the interest rate on Outstanding Variable Rate Bonds shall be deemed to be (1) if such Variable Rate Bonds have been Outstanding for at least 24 months prior to the date of sale of such Additional Bonds, the highest average interest rate borne by such Variable Rate Bonds for any such 30-day period, or (2) if such Variable Rate Bonds have not been Outstanding for at least 24 months prior to the date of sale of such Additional Bonds, the Bond Buyer Revenue Bond Index most recently published prior to the sale of such Additional Bonds.

(H) Additional Bonds shall be deemed to have been issued pursuant to the Bond Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of the Bond Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to the Bond Resolution. Except as provided in Sections 4.02 and 4.05 of the Bond Resolution (regarding security for the Bonds and disposition of gross revenues), all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other.

(I) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of subsections (B), (C) and (D) shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in Maximum Annual Debt Service. The conditions of subsections (B), (C) and (D) shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

#### **Other Covenants**

Tampa Bay Water has made several other covenants in the Bond Resolution including, but not limited to, matters relating to maintaining books and records, completing annual audits, enforcing collections under the Master Water Supply Contract, maintaining insurance on the System, mortgaging or selling components of the System and maintaining the System. For a more complete description of these and other covenants, see APPENDIX A-1 – "Composite Bond Resolution."

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## **THE REFUNDING PLAN**

A portion of the net proceeds from the Series 2025 Bonds, together with other legally available funds of Tampa Bay Water, will be used to refund approximately \$171,635,000 of the outstanding Series 2015A Bonds (the "Refunded Bonds"). See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein. The Refunded Bonds will be redeemed on October 1, 2025 (the "Refunded Bonds Redemption Date").

Tampa Bay Water and U.S. Bank Trust Company, National Association (the "Escrow Agent"), upon delivery of the Series 2025 Bonds, will enter into an Escrow Deposit Agreement (the "Escrow Agreement"), which provide for irrevocable escrow deposit trust fund (the "Escrow Fund") to be held by the Escrow Agent. Immediately upon the issuance and delivery of the Series 2025 Bonds, Tampa Bay Water will deposit a portion of the proceeds from the sale of the Series 2025 Bonds as well as other available funds of Tampa Bay Water into such Escrow Fund. Monies deposited in the Escrow Fund will be invested in Federal Securities (as defined in the Bond Resolution) maturing in amounts and bearing interest at rates sufficient, together with any cash held uninvested in the Escrow Fund to legally defease the Refunded Bonds. The maturing principal amount of and interest on the Federal Securities and any cash held uninvested in the Escrow Fund, will be in the amounts needed to pay the principal of and interest on the Refunded Bonds, when due, through and including the Refunded Bonds Redemption Date. The Escrow Fund and the amounts therein are pledged solely for the benefit of the holders of the Refunded Bonds and will not be available for payment of debt service on the Series 2025 Bonds.

Upon delivery of the Series 2025 Bonds, Robert Thomas CPA, LLC will verify (i) the sufficiency of the cash deposit to the Escrow Fund, (ii) the maturing principal amount of, and interest on, the Federal Securities, together with any uninvested amounts, to be held in the Escrow Fund in amounts necessary for payment of the redemption price and payment of the principal of and interest on the Refunded Bonds through and including the Refunded Bonds Redemption Date, (iii) the yields on the Series 2025 Bonds and the Federal Securities, and (iv) the mathematical computations supporting Bond Counsel's conclusions that the Series 2025 Bonds are not "arbitrage bonds" under Section 148 of the Code. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS" herein. Based upon and in reliance on such verification and other certificates and opinions, in the opinion of Bond Counsel the Refunded Bonds will be deemed to be no longer outstanding under the Bond Resolution.

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## ESTIMATED SOURCES AND USES OF PROCEEDS

<b><u>SOURCES</u></b>	<b>Series 2025 <u>Bonds</u></b>
Principal Amount	\$ _____
[Net] Original Issue Premium [Discount]	_____
Other Legally Available Funds	_____
Total Sources	\$ _____
<b><u>USES</u></b>	
Deposit to Escrow Fund	\$ _____
Costs of Issuance <sup>(1)</sup>	_____
Total Uses	\$ _____

<sup>(1)</sup> Includes the fees and out-of-pocket expenses for Bond Counsel, Disclosure Counsel, Financial Advisor, Underwriters' Discount, printing, ratings and other associated costs of issuance.

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## DEBT SERVICE REQUIREMENTS

Fiscal Year Ending September 30	Currently Outstanding Bonds <sup>(1)</sup>	Series 2025 Bonds			Aggregate Debt Service
		Principal	Interest	Debt Service	
2025	\$85,154,273				
2026	91,615,313				
2027	82,752,330				
2028	81,019,223				
2029	76,663,702				
2030	76,660,059				
2031	76,661,326				
2032	76,660,453				
2033	76,664,829				
2034	76,662,575				
2035	71,717,424				
2036	71,715,386				
2037	71,716,306				
2038	71,713,829				
2039	71,715,052				
2040	52,380,450				
2041	52,383,075				
2042	52,382,950				
2043	52,381,950				
2044	52,381,700				
2045	52,378,700				
2046	52,378,563				
2047	52,381,100				
2048	52,381,613				
2049	52,383,075				
2050	52,382,075				
2051	52,383,194				
2052	52,382,244				
2053	52,378,925				
2054	52,380,888				
2055	52,379,800				
<b>TOTAL<sup>(2)</sup></b>	<b>\$1,997,192,378</b>				

<sup>(1)</sup> Includes debt service for the Refunded Bonds. See "THE REFUNDING PLAN" herein for more information.

<sup>(2)</sup> Totals may not add due to rounding.

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## **TAMPA BAY WATER'S SYSTEM**

### **Background and History**

Tampa Bay Water currently provides water to all of the Member Governments which supply water to more than 2.6 million residents of the Tampa Bay area. During Fiscal Year 2024 (October 1, 2023 – September 30, 2024), Tampa Bay Water delivered an annual average of 199.1 million gallons per day ("MGD") of water to Member Governments; about -1.53%, or 3.1 MGD, lower than the previous Fiscal Year. The decreased water delivery is attributed to water restrictions in place for the region.

Prior to the acquisition of Member Governments' water supply facilities and the adoption of both the Interlocal Agreement and the Master Water Supply Contract (see "TAMPA BAY WATER – General"), the Predecessor Authority supplied the Member Governments with water under the Regional System Water Supply Contract through a "subscription" method of distribution. The "subscription" approach recovered cost by apportioning the cost of each facility in the system to specific Member Governments that were entitled to receive water from that facility. Water entitlements and rates for water varied widely under this method of water supply. The Predecessor Authority also supplied water to Pasco and New Port Richey under the Starkey Wellfield Water Supply Contract and the North Pasco Regional Wellfield Water Supply Contract, to Hillsborough under the Water Supply Contract for Hillsborough, and to Tampa under the Water Supply Contract for the Tampa Bypass Canal (the "TBC"). The Predecessor Authority controlled the supply of water from the Cosme-Odesa and Section 21 Wellfields owned by St. Petersburg under an Operation and Management Agreement between the Predecessor Authority and St. Petersburg.

By entering into the Interlocal Agreement and the Master Water Supply Contract, Tampa Bay Water eliminated the subscription/entitlement method of water supply and operates a water supply system with a uniform rate charged to all of the Member Governments, other than Water delivered to Tampa from the TBC that is not attributable to Tampa Bay Water augmentation projects. The rate charged to Tampa for Water provided through the TBC will be equal to Tampa Bay Water's direct cost and allocated overhead. See "WATER RATES AND CHARGES – Description of Uniform Rate."

### **Description of the System**

Tampa Bay Water's water production, transmission and treatment facilities as described herein supply water to meet the water demands of the Member Governments under the Interlocal Agreement and Master Water Supply Contract (sometimes collectively referred to as the "Governance Documents"). See "SUMMARY OF PRINCIPAL AGREEMENTS." The System facilities currently include 13 wellfields, 6 groundwater treatment facilities, transmission pipelines, a surface water treatment plant (the "Surface Water Treatment Plant"), the 15.5 billion gallon C.W. Bill Young Regional Reservoir (the "Regional Reservoir"), a desalination water treatment plant, storage facilities, metered interconnects, and pumping stations, all as described more herein.

### **Service Area**

Tampa Bay Water and its Member Governments serve approximately 2.6 million residents in the Tampa Bay region. Tampa Bay Water has divided Hillsborough, Pinellas and Pasco Counties into seven Water Demand Planning Areas ("WDPAs") in order to more efficiently provide service to its customers. The WDPAs generally correspond with Member Governments' water service area boundaries. Some portions of the WDPAs are served by other water supply providers or domestic self-supply wells. Member Governments distribute water provided by Tampa Bay Water to individual households, multi-family residences, commercial, light industry and other establishments through distribution systems they own and manage, and some Member Governments also supply bulk quantities of water on a wholesale basis to other

utilities. These other utilities then distribute water to retail customers through distribution systems they own and operate. See the table below for a summary of the areas served by each Member Government.

### **Summary of Member Governments Service Areas**

<b><u>Member Government</u></b>	<b><u>Service Area Summary</u></b>
1. Hillsborough	Hillsborough supplies water to unincorporated area residents that are outside the service areas of the cities of Tampa, Temple Terrace and Plant City. Hillsborough has no wholesale customers.
2. New Port Richey	New Port Richey supplies retail water to residents within its corporate limits and a portion of unincorporated Pasco.
3. Pasco	The Pasco County Water System supplies retail water to residents throughout the unincorporated areas of Pasco, as well as wholesale water to several private utilities, including Forest Hills, Orchid Lake, Virginia City, Southern State Utilities, and Jasmine Lakes Utilities Corporation. Pasco County also recently acquired the Lindrick system which serves over 3,200 utility customers in Gulf Harbors and Shamrock Heights.
4. Pinellas	The Pinellas County Water System provides retail water to unincorporated Pinellas, including some municipalities, and approximately six wholesale customers within Pinellas. These customers include Belleair, Clearwater, Oldsmar, Pinellas Park, Safety Harbor and Tarpon Springs.
5. St. Petersburg	The City of St. Petersburg Water Demand Planning Area includes the cities of St. Petersburg, Gulfport, and South Pasadena Water System (wholesale customers), as well as some unincorporated areas within Pinellas including Bear Creek, Lealman, Gandy and Bay Pines.
6. Tampa	The Tampa Water Department provides water to a service area of over 220 square miles, including the Tampa and some unincorporated areas of Hillsborough. Tampa self-serves from the Hillsborough River. The TBC (middle pool) is also used to augment the Hillsborough River during low river flow periods. Tampa Bay Water provides water to Tampa during low flow and high demand periods, as needed.

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**Source: Tampa Bay Water**

### **Water Demand**

The Tampa Bay Water Demand Forecasting System was commissioned in December 2001 to quantify how socioeconomic, meteorological, and policy conditions influence potable water demand. Tampa Bay Water updated its long-term demand forecasting models in 2008 and subsequently developed two long-term water demand forecasts to the year 2035, initially using 2008 as the base year, and most recently using Fiscal Year 2009 as the base year. The models provide monthly water demand forecasts for the seven WDPAs of the six Member Governments through the 2043 planning horizon. These water demand projections are updated annually. Total delivery to all the Member Governments for Fiscal Year 2024 was 199.1 MGD. See "MEMBER GOVERNMENT WATER CONSUMPTION." Tampa Bay Water's total permitted capacity is currently equal to 270.52 MGD, which was most recently increased in Fiscal Year 2011 by way of the Regional Surface Water Treatment Plant (the "Regional SWTP") expansion and is expected to be further increased in Fiscal Year 2028 due to the next Regional SWTP expansion. Tampa Bay Water's available supply reflects the combination of permitted capacity with source water availability under typical hydrologic conditions. The historical and projected available supply is less than the total

permitted capacity because source water availability can be the limiting factor for production during certain times of the year. For example, in order to deliver 12 MGD of additional water supply on average, the existing Regional SWTP needs to be expanded to 20 MGD of permitted capacity due to the ephemeral nature of the surface water availability in the raw water sources. Tampa Bay Water has proactively increased its permitted capacity and available supply over time to meet increasing regional demands. Tampa Bay Water believes that based on water facility capacities, planned facility expansions and the anticipated water demands, it has sufficient water supplies to meet anticipated water demands. Tampa Bay Water is required under the terms and conditions of the Master Water Supply Contract to meet its Member Governments' water demands.

## Water Supply Sources

Tampa Bay Water's supply sources and permitted uses are summarized in the table below. These sources are treated at various treatment facilities throughout the region. Tampa Bay Water also utilizes its Regional Reservoir, an off-line reservoir for surface water storage holding up to 15.5 billion gallons, as raw water supply to the Regional SWTP. This reservoir stores water withdrawn from the Alafia River and the TBC.

<u>Source</u>	<u>Type</u>	<u>Water Use Permits, MGD</u>
Brandon Urban Dispersed Wells	Groundwater	6.0
Carrollwood Wells	Groundwater	0.82
SC Hillsborough WF	Groundwater	24.95
Cosme/Odessa WF	Groundwater	CWUP <sup>(1)</sup>
Cross Bar WF	Groundwater	CWUP
Cypress Bridge WF	Groundwater	CWUP
Cypress Creek WF	Groundwater	CWUP
Eldridge Wilde WF	Groundwater	CWUP
Morris Bridge WF	Groundwater	CWUP
NW Hillsborough WF	Groundwater	CWUP
Section 21 WF	Groundwater	CWUP
South Pasco WF	Groundwater	CWUP
Starkey WF	Groundwater	CWUP
Regional SWTP	Surface Water	121.8
Tampa Bay Water Desalination Plant	Surface Water - Seawater	28.75 <sup>(2)</sup>
Total Permitted Capacity	All Types	270.52 <sup>(3)</sup>

<sup>(1)</sup> CWUP = consolidated water use permit, this is the average water use permitted from Tampa Bay Water's consolidated wellfields, which is currently set at 90 MGD as a 12-month rolling average.

<sup>(2)</sup> Rated capacity of the Tampa Bay Water Desalination Plant. Water is combined with finished water from the Regional SWTP and then sent to an alkalinity adjustment facility.

<sup>(3)</sup> Total permitted capacity is based on typical source water availability and available treatment capacity. For long-term planning purposes, Tampa Bay Water assumes an average supply that is less than the total permitted capacity to account for source water variability.

**Source: Tampa Bay Water**

Additional finished water can be purchased by Tampa Bay Water to supplement the regional supply system via five interconnects from Member Governments. The five interconnects' associated rated capacities are set forth below.

<b><u>Interconnection</u></b>	<b><u>Rated Capacity, MGD</u></b>	<b><u>Description</u></b>
Tampa/Hillsborough Interconnect	15.0	Surplus treated water from Tampa can be purchased by Tampa Bay Water and supplied into Hillsborough's Northwest County distribution system
U.S. 301 Interconnect <sup>(1)</sup>	15.0	Surplus treated water from Tampa can be purchased by Tampa Bay Water's storage tanks at the Regional High Service Pump Station
Maytum WTP Supply Interconnect	7.5	Surplus finished water can be purchased from New Port Richey's Maytum WTP and pumped to Pasco's Little Road WTP
Lake Park WTP Emergency Supply Interconnection	15.0	Surplus finished water from Hillsborough's Lake Park WTP to deliver back into the Tampa Bay Water Regional Transmission System
Northwest Hillsborough WTP Emergency Supply Interconnection	15.0	Surplus finished water from Hillsborough's Northwest Hillsborough WTP to deliver back into the Tampa Bay Water Regional Transmission System

<sup>(1)</sup> Interconnect can also supply emergency flow from Tampa Bay Water to Tampa of 30.0 MGD rated capacity, per Section 3.08B of the Interlocal Agreement

**Source: Tampa Bay Water**

### **Tampa Bay Seawater Desalination Plant**

The Desalination Plant produces up to 25 MGD of water to supplement the Tampa Bay region. The facility has been online since 2007, and primarily operates in the dry season (November-May), supplying up to 10% of the region's water needs. The facility is operated and maintained under a contract with Acciona and U.S. Water. See Note 15 of the Notes to the Financial Statements included in APPENDIX D hereto under the caption "Operations and Maintenance Agreements" for more information on the Operation, Maintenance, and Management Services Agreement between Tampa Bay Water and American Water - Acciona Agua LLC (formerly American Water-Pridesa, LLC). The facility utilizes reverse osmosis technology to treat water drawn from the condenser cooling water discharge of the neighboring TECO power plant. The facility is offline in the wet season where various maintenance activities take place. The Desalination Plant has multiple future projects expected to take place, including upgrading the PLC/SCADA system, replacing piping, replacing the belt filter press, and other major equipment. The facility was offline in 2024, during which time the reverse osmosis membrane trains were completely replaced with new stainless-steel skids, pressure vessels, and elements. Other maintenance activities included rehabilitation of the sedimentation basins, diatomaceous earth filters, and pipe recoating. Most equipment is original and shows some signs of wear but operates adequately when the plant is producing water. The facility was brought back online in December 2024 and average production in April 2025 was 11.7 MGD.

Tampa Bay Water leases the land underlying the Desalination Plant along with certain easements under an operating lease and easement agreement that has an expiration date of December 31, 2032. The lease may be extended for up to two consecutive additional periods of 30 years each. The lease may be terminated upon certain conditions, if not cured in accordance with the lease. See Note 11 of the Notes to the Financial Statements included in APPENDIX D hereto under the caption "Lease Payable" for a summary of future minimum operating lease payments.

## **Treatment Facilities**

Tampa Bay Water operates six groundwater treatment facilities which provide chemical treatment and disinfection, and two hydrogen sulfide removal facilities. The Regional SWTP treats both surface water sources and includes an alkalinity adjustment facility onsite. These two facilities are a part of Tampa Bay Water's surface water facilities (collectively known as the "Enhanced Surface Water System") and include the following: (i) Alkalinity Adjustment Facility, (ii) associated transmission mains, (iii) C.W. Bill Young Regional Reservoir, (iv) Regional HSPS, (v) Regional Reservoir Pump Station, (vi) Regional SWTP, (vii) re-pump station, (viii) south-central Intertie Booster pump station, and (ix) TBC and Alafia pump stations.

The Desalination Plant provides an alternative water source for the Tampa Bay Water regional system. Additional alkalinity adjustment is provided through the alkalinity adjustment facility onsite of the Regional SWTP for finished water from the Desalination Plant after blending with finished water from the Regional SWTP prior to sending out to distribution.

The Following table provides a summary of Tampa Bay Water's treatment facilities.

<b><u>Facility</u></b>	<b><u>Raw Water Source Type</u></b>	<b><u>Permitted Capacity, MGD</u></b>
Cypress Creek WTP and Pump Station	Groundwater	83.0
Lake Bridge WTP	Groundwater	44.9
Morris Bridge WTP and Booster Pump Station	Groundwater	30.0
South Pasco WTP	Groundwater	30.0
Brandon Urban Dispersed Well 5 WTP	Groundwater	6.2
Brandon Urban Dispersed Well 7 WTP	Groundwater	3.0
Keller Hydrogen Sulfide Removal Plant	Groundwater	45.0
Lithia Ozone Hydrogen Sulfide Removal Plant	Groundwater	45.0
Regional SWTP	Surface Water	121.8
Desalination Plant	Seawater	28.75

**Source: Tampa Bay Water**

## **Transmission System**

Tampa Bay Water has an extensive linear pipeline system consisting of both raw water collection and treated water transmission lines. The raw water collection system is categorized in their geographical information system by the type of water collected (surface water, groundwater). The transmission system consists of treated and potable water lines. Tampa Bay Water has over 271 miles of water pipelines, with approximately 165 miles of treated potable water, 102 miles of surface/raw/ground water pipelines and nearly four miles of unknown water type. The system ranges in installation from 1957 to 2012, with diameters ranging from 1" to 84".

## Permits, Regulation and Compliance

The key environmental and drinking water regulations affecting the operations of Tampa Bay Water are state regulations applicable to Tampa Bay Water's withdrawals of water from its water supply sources and the state and federal regulations applicable to the operations of Tampa Bay Water treatment facilities and the transmission system. Withdrawals from groundwater and surface water sources require a consumptive use permit from the SWFWMD, which are designated Water Use Permits ("WUPs"). One exception is the Desalination Plant, which in 1998 the SWFWMD determined that although it has the authority to require a WUP withdrawal permit for the facility, it would not do so to encourage the development of desalination facilities to offset groundwater use in the region. The drinking water treatment facilities and transmission system are regulated through permits issued by the Florida Department of Environmental Protection ("FDEP").

The 12-month running annual average permitted quantity withdrawal limit for the 10 CWUP wellfields is listed below, as well as the permitted quantities for the remaining wellfields and the surface water facilities:

• Consolidated Wellfields	90.0 MGD
• South Central Hillsborough Regional Wellfield	24.95 MGD
• Brandon Urban Dispersed Wells	6.0 MGD
• Carrollwood Wells	0.82 MGD

### Groundwater Permits

The initial CWUP was issued by SWFWMD in January 1999 and was renewed in January 2011 and again in January 2022. It has a permitted quantity of 90.0 MGD and regulates the withdrawals from 10 of the wellfields currently operated by Tampa Bay Water. The wellfields in the consolidated permit do not have individual withdrawal limits and are considered a single system to measure compliance with the permitted annual average withdrawal quantity. Combined withdrawals from the 10 wellfields are limited to 90.0 MGD on a 12-month running average basis. Under the CWUP, the following wellfields are regulated: Cross Bar Ranch, Cypress Creek, Cypress Bridge, Morris Bridge, Starkey, South Pasco, Eldridge Wilde, Cosme Odessa, Section 21 and Northwest Hillsborough.

The three wellfield systems not on the CWUP include the South-Central Hillsborough Regional Wellfield, the Brandon Urban Dispersed Wells and the Carrollwood Wells. Each wellfield is regulated under separate water use permits issued by the SWFWMD. Withdrawals from the Brandon Urban Dispersed Wells are limited to 6.0 MGD on a 12-month running average basis. The Carrollwood and Eagles wells can supply 0.82 MGD on a 12-month running average basis.

The permitted quantity for the South-Central Hillsborough Regional Wellfield was raised to 24.95 MGD on a 12-month running average basis in 2022. Dry spring conditions and significant development in south Hillsborough have driven increased water use in this area. The WUP increase was granted, recognizing the regional conservation efforts and cooperation and communication between Hillsborough, Tampa Bay Water and the SWFWMD. No Notice of Violation or other punitive action has been pursued by the SWFWMD.

To meet the requirements for the CWUP renewal in 2022, Tampa Bay Water demonstrated that significant environmental recovery has been achieved, and no further adverse environmental impacts were anticipated to occur. The SWFWMD concurred that environmental recovery was achieved at the consolidated permit wellfields at an annual average pumping of 90.0 MGD. The successful completion of the Recovery Assessment Plan (a requirement of the 2022 CWUP renewal) provided reasonable assurance

to the SWFWMD that the continued annual average pumping rate of 90.0 MGD from the CWUP wellfields will not cause harmful hydrologic alterations to the lakes, wetlands, and surface water resources on and near the wellfields. As a result, the 2022 CWUP renewal preserved the 90.0 MGD quantity for Tampa Bay Water. Tampa Bay Water is meeting the state requirements and expectations for the groundwater WUPs. A review of regulatory compliance reporting to the SWFWMD shows that Tampa Bay Water complies with groundwater water use permit conditions.

Tampa Bay Water must continue to monitor and report groundwater levels and environmental conditions to the SWFWMD per permit requirements, providing assurance that current groundwater use is sustainable and not causing significant adverse environmental impacts.

### Surface Water Permits

Tampa Bay Water is responsible for surface water withdrawal permits related to Tampa's use of the Harney Canal and the Regional SWTP and Regional Reservoir. Withdrawals from the TBC are used to provide water to Tampa via augmentation of the Hillsborough River Reservoir on an as-needed basis and are separately permitted and limited to 20.0 MGD on a 12-month running average basis. A review of the SWFWMD Water Management Information System ("WMIS") showed no issues with this permit.

The two surface water facilities that comprise the withdrawal component of the Enhanced Surface Water System are the TBC Pump Station and the Alafia River Pump Station. The Water Use Permits for these two surface water sources allow the harvesting of high flows from these river systems when a minimum threshold flow has occurred in each system. It is projected that the Enhanced Surface Water System may yield at least 90.0 MGD on a long-term basis under normal hydrologic conditions.

The TBC Pump Station and transmission facilities were completed in 2002 and convey water during high-flow periods from the TBC and the Hillsborough River to the Regional SWTP and the Regional Reservoir. A permit modification was issued in August 2007; withdrawals are now controlled by water levels in the middle and lower pools of the Canal. This modification provided an annual average increase in the TBC/Hillsborough River system median year yield by about 25 MGD. The Alafia River Pump Station and transmission system facilities were completed in January 2003 and convey water during high flow periods to the Regional SWTP and the Regional Reservoir. A review of SWFWMD WMIS showed no issues with these permits.

The Regional SWTP has been expanded to treat up to 121.8 MGD from the surface water sources and can deliver the finished water to the regional system. The Regional Reservoir provides storage capacity such that during high flow conditions river flows can be harvested and stored in the reservoir. The designed storage capacity of the reservoir is approximately 15.5 billion gallons. The Comprehensive Annual Reservoir Report is submitted to the FDEP each year; review of these reports since 2013 indicates the facility complies with state requirements for water impoundments. Production from the Desalination Plant is used to augment regional supplies, as needed, particularly during dry seasons when demand is higher. The Desalination Plant has a FDEP rated (permitted) treatment capacity of 28.75 MGD.

Tampa Bay Water is required to monitor and report to the SWFWMD, FDEP, and the Hillsborough County Environmental Protection Commission on the environmental conditions (biological, physical and chemical parameters) in the water bodies related to these permits. A review of the permitting records of these regulatory agencies showed no issues with these permits.

### FDEP Drinking Water Operating Permits

Tampa Bay Water operates 10 facilities that provide potable water to the Member Governments that in turn provide water to more than 2.6 million residents in the region. The following facilities have FDEP operating permits which require submission of monthly operating reports:

- Regional Surface Water Treatment Plant ("WTP")
- Desalination Plant
- Brandon WTP
- Morris Bridge WTP
- Lake Bridge WTP
- Cypress Creek WTP
- South Pasco WTP

The two surface water facilities are operated by contract operators who provide the monthly operating reports to Tampa Bay Water staff for review prior to submission to FDEP. The monthly operating reports for the groundwater facilities (Brandon WTP, Morris Bridge WTP, Lake Bridge WTP, Cypress Creek WTP, and South Pasco WTP) are compiled by Tampa Bay Water operations staff and reviewed by supervisory staff. There have been no compliance issues with these facilities. In addition, the quarterly and annual water quality reports (required by Florida Administrative Code Section 62-550 for all Florida Drinking Water systems) were also reviewed and no water quality issues were evident. Tampa Bay Water is in compliance with the state operating and water quality regulations as well as all reporting requirements.

Other than as described below, Tampa Bay Water has received no regulatory notices of violation nor has Tampa Bay Water entered into any consent orders within the past five years with regard to the System. Tampa Bay is unaware of any ongoing regulatory investigations. Tampa Bay Water proactively works with all of the regulatory agencies with authority over its water supply facilities to resolve questions related to the operation of its facilities and infrastructure to the satisfaction of the regulatory agencies. In 2020, there were two DEP storage tank facility routine inspection violations at the Regional Facilities Site surrounding the inspection of diesel fuel tanks which contain the fuel used to provide backup/standby/emergency power generation to run the plants when electricity is not available. The violations were corrected to the satisfaction of the regulator and no fines were given. See "CERTAIN INVESTMENT CONSIDERATIONS – Permitting and Regulatory Issues."

## **WATER RATES AND CHARGES**

### **Description of Uniform Rate**

The uniform wholesale rate ("Uniform Rate") is the uniform dollars per 1,000 gallons charged by Tampa Bay Water to the Member Governments for the supply of water through a Fixed Cost and Variable Cost component. The Uniform Rate is based upon the annual estimated and the projected quantity of water expected to be delivered to customers. The Uniform Rate for Fiscal Year 2025 is \$2.6177 per thousand gallons. This Uniform Rate represents the fourth year of a modest increase after ten consecutive years without a rate increase at a rate of \$2.5590 per thousand gallons. For a description of the Annual Estimate see "SUMMARY OF PRINCIPAL AGREEMENTS – Master Water Supply Contract – Annual Estimate."

The only exception to the Uniform Rate for water supply is the rate charged to Tampa for water supplied from the TBC. The Interlocal Agreement provides for an average of 20 MGD to be supplied to Tampa from this resource with a rate based on actual costs incurred and Allocated Overhead (as defined in the Master Water Supply Contract).

The annual True-Up required by the Master Water Supply Contract provides for a year end adjustment in the Fixed Costs component of bills paid during the Fiscal Year. Each member's pro-rata share of the Annual Estimate of Fixed Costs in effect during the Fiscal Year is adjusted based on the actual quantity of Quality Water delivered. Any adjustments are payable within sixty days of determination.

The Interlocal Agreement provides for two credits to be applied against charges to Member Governments for water service provided by Tampa Bay Water. The annual credit for the debt service amortization for Tampa Bay Water's purchase of the Member Governments' water supply facilities is the most significant credit. This credit is applied to the Member Governments' water bills. An additional annual credit consists of a credit for the actual direct costs of water treatment. In the event water delivered to Member Governments does not meet specifications for Quality Water in relation to hydrogen sulfide removal, a credit for hydrogen sulfide treatment is applied.

The annual debt service/credit is computed on a 30-year amortization of the net purchase price, compounded semiannually at 4.865%. The aggregate annual debt service cost/credit is \$10,231,558 annually, with a final payment date in September 2028. Set forth below are the annual acquisition credit allocations (the "Acquisition Credits").

	<u>Acquisition Credits</u>
Hillsborough	\$1,238,467.88
Pinellas	4,378,395.81
St. Petersburg	1,673,774.05
Pasco	1,873,512.62
New Port Richey	847,578.84
Tampa	219,828.36
Total	<u>\$10,231,557.56</u>

The annual credit for water treatment is derived by applying the unit treatment rates specified in the Master Water Supply Contract to the quantity of water expected to be delivered to the Member Governments. The water quality credit is provided to Members required to treat water for hydrogen sulfide removal from some ground water supplies. Currently New Port Richey and Hillsborough receive water quality credits. The total annual Water Quality credit for hydrogen sulfide for the Fiscal Years 2025 through 2029 is \$48,000.

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## THE CAPITAL IMPROVEMENT PLAN

To continue meeting the water demands of the region, Tampa Bay Water prepares an annual update to its current Capital Improvement Program (the "CIP"). The CIP is a ten-year plan of approved and proposed capital projects. In addition, Tampa Bay Water has a Long-Term Master Water Plan which considers a 20-year or longer planning horizon to outline the expected order of magnitude of water supply needs of the region. As required by the Governance Documents, Tampa Bay Water completed an update of the Long-Term Master Water Plan in 2023. Below is Tampa Bay Water's CIP:

	Remainder of FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FYs 2031-2035	Future	Total Funding
<b>Fund Projected Starting Balance</b>	\$592,224,980	\$490,033,892	\$298,131,549	\$322,718,197	\$96,158,819	\$72,090,890	\$409,245,854	\$32,534,226	\$592,224,980
<b>Projected Debt Issuance<sup>(1)</sup></b>	\$-	\$-	\$276,650,000	\$-	\$185,250,000	\$-	\$361,350,000	\$-	\$823,250,000
<b>Projected Tampa Bay Water Funding</b>	\$290,000	\$4,717,618	\$4,179,629	\$5,442,190	\$5,485,194	\$3,817,806	\$25,700,000	\$3,790,000	\$53,422,437
<b>Projected Funding-Hillsborough County (JPA)</b>	\$34,496,158	\$30,000,000	\$30,000,000	\$23,367,842	\$-	\$-	\$-	\$-	\$117,864,000
<b>Projected Reimbursement (Grants/ Co-funding Agreements)</b>	\$8,172,643	\$18,500,000	\$17,500,000	\$17,500,000	\$(11,255,000)	\$12,250,000	\$36,367,444	\$-	\$99,035,087
<b>Projected Interest Earned</b>	\$10,906,638	\$9,367,043	\$10,841,740	\$6,303,286	\$4,780,309	\$1,542,250	\$14,571,400	\$635,631	\$58,948,296
<b>Projected Total Funds Expenditures<sup>(2)</sup></b>	\$(156,056,526)	\$(254,487,005)	\$(314,584,720)	\$(279,172,697)	\$(208,328,431)	\$(73,634,678)	\$(421,520,886)	\$(15,467,168)	\$(1,723,252,111)
<b>Projected Fund Ending Balance</b>	\$490,033,892	\$298,131,549	\$322,718,197	\$96,158,819	\$72,090,890	\$16,066,269	\$425,713,812	\$21,492,689	\$21,492,689

<sup>(1)</sup> Includes four bond issuances issued in the Fiscal Years 2027, 2029, 2031 and 2033 which include approximately \$410.9 million in total financed projects related to total organic carbon ("TOC") and PFAS (as hereinafter defined). See "CERTAIN INVESTMENT CONSIDERATIONS - Climate Change, Natural Disasters and Other Environmental Issues" herein for more information. It is possible Tampa Bay Water will only finance a portion or none of the costs of those projects incorporated herein.

<sup>(2)</sup> Includes approximately \$140.8 million in TOC projects and approximately \$283.2 million in PFAS projects. However, these projects have not been approved by the Board, therefore, it is possible only a portion or none of these projects will ultimately be approved. See "CERTAIN INVESTMENT CONSIDERATIONS - Climate Change, Natural Disasters and Other Environmental Issues" herein for more information.

Source: Tampa Bay Water

## HISTORICAL DEBT SERVICE COVERAGE

The historical debt service coverage for Tampa Bay Water's Outstanding Bonds for the Fiscal Years ended September 30, 2020 through September 30, 2024 is presented in the table below<sup>(1)</sup>.

<b>Revenue:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Actual Water Demand (MGD)	184.0050	184.7860	188.3330	202.2040	199.060
Uniform Rate (per 1,000 gallons)	\$2.5590	\$2.5590	\$2.5634	\$2.5781	\$2.5989
<b>Revenue from sale of water</b>	<b>\$170,361,888</b>	<b>\$173,170,025</b>	<b>\$179,602,833</b>	<b>\$187,134,890</b>	<b>\$189,538,033</b>
Rate Stabilization Transfer	(\$1,737,848)	(\$5,450,399)	(\$4,924,749)	\$1,150,542	(\$11,725,819)
Subtotal*	\$168,624,040	\$167,719,626	\$174,678,084	\$188,285,432	\$177,812,214
Purchase price amortization credit	(\$10,231,557)	(\$10,231,557)	(\$10,231,557)	(\$10,231,557)	(\$10,231,557)
Litigation and insurance recoveries	\$19,851	\$36,841	\$7,979	\$12,682	\$12,571
Investment revenue – unrestricted <sup>(2)</sup>	\$3,738,379	\$2,943,657	\$2,263,510	\$3,368,312	\$13,221,016
<b>Total revenue*</b>	<b>\$162,150,713</b>	<b>\$160,468,567</b>	<b>\$166,718,016</b>	<b>\$181,434,869</b>	<b>\$180,814,244</b>
Operation and maintenance expenditures <sup>(3)</sup>	(\$78,983,797)	(\$77,922,095)	(\$87,837,183)	(\$104,458,720)	(\$103,529,735)
<b>Net Revenue*</b>	<b>\$83,166,916</b>	<b>\$82,546,472</b>	<b>\$78,880,833</b>	<b>\$76,976,149</b>	<b>\$77,284,509</b>
Annual Debt Service Payments:					
Series 2001A Bonds <sup>(4)</sup>	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Series 2004 Bonds <sup>(4)</sup>	\$5,136,381	--	--	--	--
Series 2005 Bonds <sup>(4)</sup>	\$21,931,125	\$27,046,450	\$27,002,125	\$26,982,075	\$26,942,450
Series 2010 Bonds <sup>(4)</sup>	\$319,750	--	--	--	--
Series 2011 Bonds <sup>(4)</sup>	\$13,263,000	\$13,243,000	\$13,237,875	--	--
Series 2011A Bonds <sup>(4)</sup>	\$2,295,675	\$2,294,625	\$40,625	--	--
Series 2013 Bonds <sup>(4)</sup>	\$3,619,550	\$3,619,550	\$3,619,550	\$3,619,550	--
Series 2015A Bonds	\$7,611,150	\$7,611,150	\$7,611,150	\$7,611,150	\$7,611,150
Series 2015B Bonds	\$3,642,320	\$3,641,827	\$3,643,883	\$3,643,795	\$3,641,507
Series 2016A Bonds	\$4,356,688	\$4,356,688	\$4,356,688	\$4,356,688	\$4,356,688
Series 2016B Bonds	\$1,332,406	\$1,333,216	\$1,333,332	\$1,332,746	\$1,336,370
Series 2016C Bonds	\$2,767,250	\$2,767,250	\$2,767,250	\$2,767,250	\$2,767,250
Tranche 1, 2 and 3 Bonds <sup>(4)</sup>		\$146,269	\$1,336,096	\$16,309,673	\$117,864,017
Series 2022 Bonds				\$2,639,175	\$6,169,500
<b>Total Debt Service*<sup>(5)</sup></b>	<b>\$69,275,295</b>	<b>\$69,060,025</b>	<b>\$67,948,574</b>	<b>\$72,262,102</b>	<b>\$73,688,932</b>
<b>Debt Service Coverage (times)</b>	<b>1.20</b>	<b>1.20</b>	<b>1.16</b>	<b>1.07</b>	<b>1.05</b>
Required Deposits:					
Required deposit to Capital Improvement Fund	-	-	-	-	-
Required deposit to Renewal & Replacement Fund	-	-	-	-	-
<b>Total Debt Service and Required Deposits*</b>	<b>\$69,275,295</b>	<b>\$69,060,025</b>	<b>\$67,948,574</b>	<b>\$72,262,275</b>	<b>\$73,688,932</b>
<b>Debt Service and Required Deposits Coverage (times)<sup>(6)</sup></b>	<b>1.20</b>	<b>1.20</b>	<b>1.16</b>	<b>1.07</b>	<b>1.05</b>
Fund Balance (Utility Reserve Fund) <sup>(7)</sup>	\$29,314,554	\$30,152,968	\$30,811,788	\$31,340,323	\$31,841,757
<b>Net Revenue Plus Fund Balance*</b>	<b>\$112,481,470</b>	<b>\$112,699,440</b>	<b>\$109,692,621</b>	<b>\$108,316,473</b>	<b>\$109,126,266</b>
<b>Debt Service and Fund Balance Coverage (times)<sup>(8)</sup></b>	<b>1.62</b>	<b>1.63</b>	<b>1.61</b>	<b>1.50</b>	<b>1.48</b>

[Footnotes on the following page]

\* Totals may not foot due to rounding.

- (1) The information for the Fiscal Years ended September 30, 2020 through September 30, 2024 with respect to revenues and expenditures has been derived from Tampa Bay Water's audited financial statements. Annual debt service payments and coverages shown above were provided by Tampa Bay Water; which amounts are, and will in the future be, presented on a cash basis as opposed to previous audited financial statements which were presented on an accrual basis.
- (2) Investment revenue does not include interest on construction funds or unrealized investment revenue from derivative instruments.
- (3) Operation and maintenance expenditures include capital expenditures for maintenance of the existing system and cash received on disposal of assets.
- (4) The Series 2001A Bonds, Series 2004 Bonds, Series 2010, Series 2011 Bonds, Series 2011A Bonds, Series 2013 Bonds and the Tranche 2 Bond are no longer outstanding.
- (5) The Series 2024A Bonds, Series 2024B Bonds and Series 2024C Bonds were issued on October 3, 2024 after the close of the Fiscal Year 2024.
- (6) Debt service coverage is calculated on the total debt service requirement, net of any capitalized interest provided from bond proceeds, in accordance with the Bond Resolution. Net Revenues must equal at least 100% of annual debt service plus required deposits to Renewal and Replacement Fund and Capital Improvement Fund.
- (7) Fund balance is defined by the Bond Resolution and is calculated as of the prior year-end in accordance with the Bond Resolution. See APPENDIX A-1 – "Composite Bond Resolution – Definitions – 'Fund Balance'."
- (8) Net Revenues plus Fund Balance (Utility Reserve Fund) are required to equal at least 125% of debt service coming due during the year.

**Source: Tampa Bay Water**

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## MEMBER GOVERNMENT WATER CONSUMPTION

The table below illustrates the historical water consumption for Tampa Bay Water by the Member Governments for Fiscal Years Ended September 30, 2020 through 2024, inclusive, in MGD.

<b>Member Government</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Hillsborough	70.87	71.47	73.74	79.83	75.91
Tampa <sup>(1)</sup>	1.67	0.04	1.03	4.66	3.78
Pasco	32.49	33.88	33.54	35.36	37.78
Pinellas	49.41	49.41	49.40	50.73	50.52
New Port Richey	3.02	3.19	2.94	3.07	3.19
St. Petersburg	26.54	26.80	27.68	28.55	27.88
Total <sup>(2)</sup>	184.00	184.79	188.33	202.20	199.06

<sup>(1)</sup> Most of the City of Tampa's water supply is derived from sources other than Tampa Bay Water as permitted by the Interlocal Agreement.

<sup>(2)</sup> Totals may not foot due to rounding.

**Source: Tampa Bay Water**

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## SUMMARY OF PRINCIPAL AGREEMENTS

### Interlocal Agreement

The Interlocal Agreement entered into by and among Hillsborough, Pasco, and Pinellas Counties and the Cities of New Port Richey, St. Petersburg and Tampa, reorganizes the Predecessor Authority created pursuant to Sections 373.713 and 163.01, Florida Statutes, and other applicable law, for the purpose of developing, recovering, storing and supplying Quality Water for county and municipal purposes in such a manner as to give priority to reducing adverse environmental effects of excessive or improper withdrawals of water from concentrated areas.

#### Term

The term of the Interlocal Agreement became effective upon the occurrence of certain events set forth therein. See Sections 6.03(A) and (D) in the Interlocal Agreement included as APPENDIX B hereto. Unless terminated earlier pursuant to the terms of the Interlocal Agreement, it shall expire upon the later of the following dates: (i) the fortieth anniversary of the commencement date of the Interlocal Agreement (May 1, 2038), or (ii) the date on which no Obligations remain outstanding pursuant to the Financing Documents, including the Bond Resolution. See Sections 6.03 (F) and 6.04 in the Interlocal Agreement included as APPENDIX B hereto.

#### Exclusivity

Pursuant to the Interlocal Agreement, Tampa Bay Water became the exclusive provider for the Member Governments of Water for the geographic territory of Hillsborough, Pasco and Pinellas Counties. If any Member Government acquires a private utility company, Tampa Bay Water shall be entitled to acquire any Water Supply Facilities owned by the private utility. The Interlocal Agreement requires that (i) the Member Governments shall neither create nor, to the extent permitted by law, allow creation of any special district or other governmental authority located wholly or partially within the geographic territory of Tampa Bay Water, if the special district or other governmental authority is authorized to produce Water for use within the geographic territory (this subsection (i) shall not apply to the creation of any special district or other governmental authority that is required to use Tampa Bay Water (through a Member Government) as its exclusive supplier of water to be delivered to customers located within the geographic territory of Tampa Bay Water to the same extent as required by Member Governments (other than Tampa) under the Interlocal Agreement; (ii) the Member Governments shall not privatize all or any portion of their water utility systems without including in the contract with the private entity a provision which obligates the private entity to use Tampa Bay Water as its exclusive supplier of Water to be delivered to customers located within the geographic territory of Tampa Bay Water to the same extent as required by the Member Governments (other than Tampa) under the Interlocal Agreement; (iii) the Member Governments shall not sell, lease or otherwise dispose of all or any portion of their water utility systems' distribution facilities without requiring the purchaser or lessee to use Tampa Bay Water (through a Member Government) as its exclusive supplier of Water to be delivered to customers located within the geographic territory of Tampa Bay Water to the same extent as required by the Member Governments (other than Tampa) under the Interlocal Agreement; (iv) to the extent permitted by law, the Member Governments shall not franchise new or expanded private water utilities unless the franchisee agrees to use Tampa Bay Water (through the Member Government) as its exclusive supplier of Water to be delivered to customers within the new or expanded franchise area and the geographic territory of Tampa Bay Water to the same extent as required by the Member Governments (other than Tampa) under the Interlocal Agreement; (v) the Member Governments shall not assist or encourage the creation or expansion of a private utility by the Florida Public Service Commission unless the private utility agrees to use Tampa Bay Water (through a Member Government) as its exclusive supplier of Water to be delivered to customers located within the geographic

territory of Tampa Bay Water to the same extent as required by the Member Governments (other than Tampa) under the Interlocal Agreement; (vi) the Member Governments shall not merge or consolidate their water utility systems with water utility systems owned and/or operated by other Member Governments, other local governments, units of federal or State government, special districts, governmental authorities, persons, corporations or other entities without requiring all other parties to use Tampa Bay Water (through a Member Government) as their exclusive supplier of Water to be delivered to customers located within the geographic territory of Tampa Bay Water to the same extent as required by the Member Governments (other than Tampa) under the Interlocal Agreement; and (vii) the Member Governments shall not work in concert with any person, corporation, local government, unit of federal or State government, special district, governmental authority or other entity for the purpose of avoiding or evading the exclusivity requirements of the Interlocal Agreement.

#### Exceptions to Exclusivity

The above set forth exclusivity provisions are subject only to the following exceptions: (i) the Member Governments shall have the right to construct, operate and maintain certain isolated Water Supply Facilities as authorized by the Master Water Supply Contract (see Sections 3.06 through 3.10, inclusive of the Interlocal Agreement included as APPENDIX B hereto); (ii) the Member Governments shall have the right to acquire Water, construct Water Supply Facilities and Wheel Quality Water upon the occurrence of a Production Failure, as set forth below; (iii) Hillsborough may continue its practice of purchasing Water from Plant City at the current quantity of approximately 0.2 MGD, plus any increases necessary to adequately supply the Oaks Utility service area; (iv) Pasco may continue its practice of purchasing Water from Dade City at the current quantity of approximately 0.009 MGD, plus any increases necessary to adequately supply the Eldred Subdivision; (v) Pasco may continue its practice of purchasing Water from Zephyrhills at the current quantity of approximately 0.020 MGD, plus any increases necessary to adequately supply the Florida Trailer Estates; (vi) Member Governments may acquire Water Supply Facilities when required by law, but shall convey such Water Supply Facilities to Tampa Bay Water at the earliest practical date, upon payment by Tampa Bay Water of an amount equal to the Member Government's Actual Direct Cost, retaining ownership of any treatment and distribution facilities; (vii) nothing in the Interlocal Agreement shall be construed to prohibit the Member Governments from temporarily exchanging or purchasing Water, either among themselves or with other public or private utilities, for emergency and maintenance purposes in the ordinary course of business; and (viii) the Member Governments may continue to own and operate the wells listed in APPENDIX A to the Interlocal Agreement. Except as otherwise provided in the Interlocal Agreement, the Member Governments shall not withdraw Water from any wells not listed in such APPENDIX A to the Interlocal Agreement. Tampa Bay Water has the option to purchase (a) any Water Supply Facility owned by a Member Government as of May 1, 1998 that is not listed in such APPENDIX A to the Interlocal Agreement, and (b) any Water Supply Facility listed in such APPENDIX A to the Interlocal Agreement for which the permitted quantity specified in such APPENDIX A to the Interlocal Agreement is increased by more than twenty percent. If Tampa Bay Water elects to exercise its option, the purchase price shall be equal to the Member Government's Actual Direct Cost to acquire and construct the Water Supply Facility. See "Interlocal Agreement" included as APPENDIX B hereto.

#### Obligation To Meet Water Needs

Pursuant to the Interlocal Agreement, Tampa Bay Water has the absolute and unequivocal obligation to meet the Quality Water needs of the Member Governments. Quality Water needs of the Member Governments shall be satisfied before Quality Water is delivered to any other customer of Tampa Bay Water. Accordingly, Tampa Bay Water must oppose any permit, order, rule or other regulatory effort to reduce or limit the permitted capacity of its Water Supply Facilities, unless (i) the reduction or limitation results from an agreement to which all Member Governments are parties, or (ii) the reduction or limitation will not become effective until adequate Replacement Capacity has been placed in service.

### Production Failure

Upon the occurrence of a Production Failure, each affected Member Government shall have the following additional rights:

At its option, each Member Government may enter into standby agreements to purchase Water from suppliers other than Tampa Bay Water. Member Governments shall accept all Quality Water delivered by Tampa Bay Water and shall exercise their right to purchase Water from suppliers other than Tampa Bay Water only in the event of a Shortfall and to the extent of a Shortfall Amount.

- (1) If less than all of the Member Governments experience a Shortfall and any purchase agreement entered into in good faith by a Member Government requires payment of a purchase price that exceeds the uniform rate established pursuant to the Interlocal Agreement, the Member Government shall invoice Tampa Bay Water for amounts actually paid in excess of the uniform rate and Tampa Bay Water shall reimburse the Member Government for such amounts within 30 days of its receipt of such invoice.
- (2) Any Member Government experiencing a Shortfall may Wheel Quality Water acquired by the Member Government from suppliers other than Tampa Bay Water to the Member Government's Point of Connection.

Each Member Government may elect, individually or in combination with other Member Governments, to acquire and construct Water Supply Facilities with a capacity necessary to protect itself against a Shortfall.

- (1) Accordingly, if a Member Government acquires or constructs a Water Supply Facility and a Shortfall occurs with respect to such Member Government, Tampa Bay Water shall purchase the Water Supply Facility upon demand of such Member Government. The purchase price shall be equal to the Member Government's Actual Direct Cost to acquire and construct such Water Supply Facilities. Upon receipt of any such demand, Tampa Bay Water shall use all reasonable efforts to issue Obligations at the earliest practical date in an amount sufficient to fund the purchase price and shall purchase the Water Supply Facility immediately upon issuance of such Obligations.
- (2) If a Member Government acquiring or constructing a Water Supply Facility elects not to demand its purchase by Tampa Bay Water upon the occurrence of a Shortfall or if Tampa Bay Water is unable, after applying all reasonable efforts, to issue Obligations sufficient to purchase the Water Supply Facility, Tampa Bay Water shall purchase the Quality Water produced at the Water Supply Facility and enter into a water supply agreement.

Any Member Government experiencing a Shortfall may Wheel Quality Water produced by a Member Government's own Water Supply Facilities to the Member Government's Point of Connection.

### Uniform Rate

Tampa Bay Water shall establish a single uniform rate for the sale of Quality Water to Member Governments. Tampa Bay Water will charge Tampa a separate rate for Quality Water delivered from the TBC that is not attributable to Tampa Bay Water augmentation projects. See "WATER RATES AND CHARGES - Description of Uniform Rate." The rate for the sale of Quality Water to Member Governments shall be established for each Fiscal Year in Tampa Bay Water's annual budget.

## **Master Water Supply Contract**

### General

Tampa Bay Water and the Member Governments entered into the Master Water Supply Contract in order to establish the format for the supply of Water to all of the Member Governments by Tampa Bay Water and to develop a plan to share the costs of operating, acquiring, constructing, equipping and expanding the System. Under the terms of the Master Water Supply Contract, Tampa Bay Water is required to provide sufficient Water to each Member Government to meet that Member Government's needs. The Member Governments agree in the Master Water Supply Contract to provide Water Service to the customers in their Water Service Areas (as defined in the Master Water Supply Contract) only from Water supplied from Tampa Bay Water. The Master Water Supply Contract supersedes other contracts previously entered into for the supply of Water between the Predecessor Authority and the Member Governments.

### Term

The term of the Master Water Supply Contract commenced on the date on which all conditions precedent to the Master Water Supply Contract were satisfied on September 29, 1998 (the "Effective Date") and shall end on the later of the date the Interlocal Agreement is terminated in accordance with its provisions or the date on which no Obligations shall remain outstanding precedent to the Financing Documents, including the Bond Resolution. See "Master Water Supply Contract" included as APPENDIX C hereto.

### Setting Annual Rate

No later than April 15<sup>th</sup> of each year during the term of the Master Water Supply Contract, Tampa Bay Water shall submit to the Member Governments the Annual Estimate which shall set forth the anticipated cost to Tampa Bay Water of providing Water Service to the Member Governments for the forthcoming Fiscal Year. The Annual Estimate shall be based upon Tampa Bay Water's proposed budget for such Fiscal Year. The Annual Estimate shall describe the Fixed Costs and Variable Costs of Tampa Bay Water. The Annual Estimate may be revised from time to time to reflect changes to Tampa Bay Water's budget.

Prior to the adoption of any proposed new or adjusted rate, Tampa Bay Water shall provide to the Member Governments its proposed rate, with supporting data and calculations. Any disagreements in the proposed rate shall be submitted for determination in the manner and mode set forth in the Master Water Supply Contract. See APPENDIX C – "Master Water Supply Contract – Arbitration." Notwithstanding any disagreement by any such Member Government of the proposed rate, Tampa Bay Water may, nonetheless, implement said proposed rate and the rate so determined to be proper shall become the adopted and approved adjusted rate. If the proposed rate is determined to have been in excess of the rate permitted under the Master Water Supply Contract, in whole or in part, then Tampa Bay Water shall, within thirty (30) days of said determination, refund to such Member Governments the difference between the proposed rate collected and the rate found to be proper.

The rate in effect for the Fiscal Year must be sufficient to pay the Annual Estimate. During the term of the Master Water Supply Contract the Member Governments irrevocably agree to pay to Tampa Bay Water, as compensation for the Water Service received by such Member Governments, a monthly charge for such Water Service based on the rate and total volume of Water delivered to such Member Government by Tampa Bay Water. The rate to be charged in a Fiscal Year to the Member Governments for Water Service may include Operation, Maintenance and Administrative Costs, Debt Service Charges, Renewal and Replacement Charges, Bond Coverage Costs, Capital Improvement Charges and Operating

Reserve Funds, as such terms are defined in the Master Water Supply Contract. See APPENDIX C – "Master Water Supply Contract – Definitions."

Between April 15 and August 1 of each Fiscal Year, Tampa Bay Water may, if appropriate, prepare and approve an adjustment to the Water Service rate then in effect based upon Tampa Bay Water's Annual Estimate of providing Water Service to the Member Governments during such period during which the adjustment will be in effect. Any rate adjustment put into effect as part of Tampa Bay Water's budget process described in the preceding sentence shall become effective no earlier than the next succeeding October 1. Tampa Bay Water may also prepare and approve an adjustment to the rate at such other time or times as shall be required by the Financing Documents, including the Bond Resolution.

### Billing

The Member Governments are billed on a monthly basis and such bills consist of two components. The first component is a charge for the Fixed Costs of Tampa Bay Water. Each Member Government shall pay monthly an amount equal to one-twelfth of the Fixed Costs provided in the Annual Estimate times A/B, whereby A equals the amount of Quality Water delivered to such Member Government during the previous Fiscal Year and B equals the total amount of Quality Water delivered to all of the Member Governments during such Fiscal Year. The second component of each monthly bill shall be the charge for the Variable Costs. Each Member Government shall pay an amount equal to the amount of Quality Water consumed by the Member Government during the prior month times the rate then in effect times C/D, whereby C equals the Variable Costs and D equals the Annual Estimate then in effect. See APPENDIX C – "Master Water Supply Contract."

In the event that a Member Government fails to pay the full amount of a bill for monthly service or for any other amount coming due to Tampa Bay Water under the Master Water Supply Contract within thirty (30) days of receipt of said bill, then such Member Government shall pay interest on the unpaid balance from the original due date to the date of payment at the rate then prevailing for investments in Florida's PRIME, the Local Government Surplus Funds Trust Fund.

### Annual True-Up

Following the end of each Fiscal Year, an annual adjustment in the Fixed Costs component of bills paid during that Fiscal Year shall be computed on the basis of (i) the Fixed Costs which are provided in the Annual Estimate in effect during the Fiscal Year then ended and (ii) the actual amount of Quality Water delivered to each of the Member Governments during the Fiscal Year then ended. Tampa Bay Water shall determine the amount of Fixed Costs payable by each Member Government based upon actual delivery of Quality Water during the previous Fiscal Year. Such determination shall be made within forty-five (45) days of the end of the Fiscal Year. In the event the determination reflects that an underpayment has been made by a Member Government as a result of consumption of an increased amount of Water by such Member Government, then the full amount due and owing for said underpayment shall be paid by the Member Government to Tampa Bay Water within sixty (60) days of the Member Government's receipt of the determination. In the event the determination reflects that an overpayment has been made by a Member Government as a result of consumption of a lesser amount of Quality Water by such Member Government, then the amount of said overpayment shall be paid to the Member Government within sixty (60) days following distribution of the determination. Each such adjustment in payments shall be verified by Tampa Bay Water's annual audit. The annual audit shall be distributed to the Member Governments on or before March 1 of the year following the end of each Fiscal Year. Tampa Bay Water shall adjust any overpayments or underpayments to reflect the Quality Water consumption amounts provided in the annual audit.

### Member Governments' Rate Covenant

The Member Governments are required under the Master Water Supply Contract to fix, revise, maintain and collect such fees, rates, tariffs, rentals or other charges for the use of products, services, and facilities of their respective Member Governments' water utility systems to the extent necessary to fund the timely payment of their respective obligations and liabilities under the Master Water Supply Contract. The Member Governments are required to maintain their water utility system operation and maintenance accounts throughout the term of the Master Water Supply Contract for the purpose of paying their obligations and liabilities thereunder. **At all times during the term of the Master Water Supply Contract, the Member Governments' obligations and liabilities thereunder are operating expenses of their respective water utility systems and shall be paid from their water utility systems operation and maintenance accounts; provided, however, that such obligations and liabilities of a Member Government shall not be considered an operating expense of its water utility system nor need it be paid from the operation and maintenance account to the extent the Member Government has budgeted and appropriated legally available moneys for such purpose and is current on all its obligations arising under the Master Water Supply Contract.**

A Member Government shall not be liable under the Master Water Supply Contract for the obligations of any other Member Government. A Member Government shall be solely responsible and liable for performance of its obligations under the Master Water Supply Contract. The obligation of a Member Government to make payments under the Master Water Supply Contract is a severable obligation and not a joint obligation with the other Member Governments.

### Binding Arbitration

Any disputes respecting monetary defaults committed by Tampa Bay Water or any of the Member Governments, any disputes regarding Water Quality and any disputes between Tampa Bay Water and any Member Government involving fiscal matters arising under the Master Water Supply Contract, which are not otherwise resolved after due diligent effort by the parties, shall be resolved through binding arbitration. See APPENDIX C – "Master Water Supply Contract – Arbitration." Such binding arbitration shall be the sole and exclusive method of resolving the foregoing matters of possible dispute. **During any period of arbitration, the Member Governments shall continue to promptly make all payments due to Tampa Bay Water pursuant to the terms of the Master Water Supply Contract, and likewise Tampa Bay Water shall continue to provide Water Service to such Member Governments in accordance with the terms of the Master Water Supply Contract.** Tampa Bay Water and the Member Governments have established binding arbitration, as described in the Master Water Supply Contract, as the sole and exclusive method of resolving the disputes arising thereunder which are subject to arbitration. No other disputes arising under the Master Water Supply Contract shall be subject to mandatory arbitration, other than disputes regarding monetary defaults, disputes regarding Water Quality and disputes regarding fiscal matters arising under the Master Water Supply Contract. However, the Member Governments and Tampa Bay Water may avail themselves of the mandatory arbitration procedures for other disputes on a voluntary basis.

### Pledge to Bonds

Pursuant to the terms of the Master Water Supply Contract, Tampa Bay Water is authorized to pledge all payments due, owing or received by Member Governments pursuant to the terms thereof, any interest or other income derived from moneys received under the Master Water Supply Contract and any other moneys of Tampa Bay Water for the purpose of securing the Bonds.

For more detailed information regarding the Master Water Supply Contract, the actual form of such Contract is included herein as APPENDIX C.

## **CERTAIN INVESTMENT CONSIDERATIONS**

*The Series 2025 Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Series 2025 Bonds; and Tampa Bay Water disclaims any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Series 2025 Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Series 2025 Bonds, their ability to bear a loss from an investment in the Series 2025 Bonds and the suitability of investing in the Series 2025 Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Official Statement.*

### **Costs and Schedule of the CIP Projects**

The estimated costs of, and the projected schedule for, the CIP projects are subject to a number of uncertainties. The ability of Tampa Bay Water to complete these capital improvements may be adversely affected by various factors including, without limitation: design and engineering errors, changes to the scope of the CIP projects, delays in contract awards, material shortages or delivery delays, supply chain issues, labor shortages, unforeseen site conditions, adverse weather conditions, contractor defaults, labor disputes, inflation, litigation, delays in permitting or inability to obtain necessary permits, casualty and environmental issues and additional security improvements and associated costs mandated by governmental authorities. Additionally, general economic policy, including tariff policies, that may be in effect from time to time now or in the future may have significant adverse impacts on economic conditions and/or the price of imported goods. No assurance can be given that the CIP projects will not cost more than is currently estimated. Any schedule delays or cost increases could result in the need to issue additional indebtedness. The successful implementation of the CIP projects requires the issuance of additional indebtedness and the receipt of future revenues. No assurances can be given that these sources of funding will be available in the assumed amounts or in the assumed schedule.

### **Permitting and Regulatory Issues**

Tampa Bay Water is in compliance with all federal and state regulatory requirements relating to the provision of water and there are no outstanding orders requiring corrective actions issued by any regulatory agency relating to any component of the currently owned System. However, there is no assurance that permits for operation of major components of the System will be renewed or can be renewed without the expenditure of money from the Renewal and Replacement Fund or the issuance of Additional Bonds or Subordinated Indebtedness. Further, there is no assurance that the requirements for renewal of the permits will remain the same prior to the time that renewal is required; a change in requirements could require additional expenditures for improvements.

As set forth in "TAMPA BAY WATER'S SYSTEM – Permits, Regulation and Compliance," Tampa Bay Water's operations are subject to both federal and state regulations. There are no assurances that existing regulatory requirements will not increase or become more stringent, which could substantially increase the cost of water service by requiring changes in the design or operation of existing or new facilities. Future changes in policy could result in discontinued operation, reduced capacity of the System, additional operations or capital expenditures, or a reduction in the revenue received by the System. Further, while Tampa Bay Water undertakes to operate the System in a professional manner and in compliance with

all regulatory requirements, there is no assurance that the System facilities now or in the future will always be maintained in compliance with current or future regulatory requirements. Failure to comply with those requirements could result in enforcement action against those facilities not in compliance which, under Federal and Florida law, can include the imposition of civil and criminal penalties.

### **Climate Change, Natural Disasters and Other Environmental Issues**

The State and the Tampa Bay region are naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, tornadoes, and hurricanes, which could result in negative economic impacts on Tampa Bay Water and its Member Governments. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. No assurance can be given as to whether future extreme weather events will occur that could materially impact the financial condition of Tampa Bay Water. However, to mitigate against such impacts, Tampa Bay Water has been participating in climate change risk assessments and research to further its understanding of risk so that it can make proactive changes to the System. Tampa Bay Water has performed vulnerability assessments to physical climate risks and coastal hazards (such as sea level rise, hurricanes, and storm surge events) as part of its regular planning efforts for existing facilities and infrastructure as well as for potential future facilities and systems. The CIP planning process also considers the criticality of each facility to help prioritize resiliency improvements for facilities that are most critical to the continued operations of the water supply, treatment and transmission systems.

Based on Tampa Bay Water's permitted access to several water supply sources and a 15.5 billion gallon off-line reservoir, Tampa Bay Water is able to adeptly manage and respond to seasonal water supply challenges and periodic drought conditions. Tampa Bay Water also has a Board-approved Water Shortage Mitigation Plan to efficiently implement demand management and regulatory measures during drought or water shortage events. Tampa Bay Water maintains auxiliary generators at a number of water supply facilities including wellfields, both collectively and at individual production wellsites, as part of its requirement to ensure continuous average day supply during commercial power outages consistent with Florida Administrative Code section 62-555.320(14). Tampa Bay Water also has some Capital Improvement Program projects to install underground power to key facilities to increase reliability and resiliency during and after storm events. An analysis in 2015 demonstrated that Tampa Bay Water could meet the *then* average day projected demands up to the year 2035 in the event of complete commercial power failure through a total of 233.25 MGD auxiliary capacity. Tampa Bay Water's System Hydraulic and Emergency Scenario Analysis Report is updated every ten years and is currently being developed for the next 20-year planning horizon through year 2045.

Every five years Tampa Bay Water updates its analysis of the System, which includes improvement recommendations for capacity, connectivity, reliability, and back-up (piping, pumping, and power) systems based on projected operational needs and emergency scenarios such as those driven by climate change. The analysis includes capital project recommendations for implementation through the CIP. Projects include stand-by or back-up power generation and installation of underground powerlines, many of these projects have been completed or are listed for implementation in Tampa Bay Water's CIP. Lastly, Tampa Bay Water restricts its operating and maintenance reserve funds for operating costs and are established at twice the monthly average variable costs as budgeted for each fiscal year.

Tampa Bay Water currently has property insurance with coverage of up to \$50 million per any one occurrence, with sub-limits per occurrence for named windstorm (\$25 million) and storm surge (\$10 million or \$5 million for zones A&V). In addition, Tampa Bay Water has excess windstorm insurance coverage of up to \$25 million per occurrence and business interruption insurance of up to \$8.9 million.

The EPA has identified that continued exposure to certain per-and polyfluoroalkyl substances ("PFAS") above specified levels may lead to adverse health effects. PFAS are a group of more than 3,000 synthetic chemicals that have been in use since the 1940s. PFAS are found in many products such as dental floss, food packaging materials, stain-resistant materials, non-stick products, water repellent textiles, and fire-fighting foams. The EPA released a statement in November 2016 summarizing available peer-reviewed studies on laboratory animals and epidemiological evidence in human populations as indicating that exposure to two PFAS, perfluorooctanesulfonate ("PFOS") and perfluorooctanoic acid ("PFOA"), over certain levels may result in adverse health effects. On October 18, 2021, the EPA announced their PFAS Strategic Roadmap, laying out a whole-of-agency approach to addressing PFAS. The roadmap set forth timelines by which EPA planned to take specific actions and commits to bolder new policies to safeguard public health, protect the environment, and hold polluters accountable.

On September 6, 2022, the EPA published a proposed rule designating PFOS and PFOA as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). On April 19, 2024, the EPA released a pre-publication version of the final rule designating PFOS and PFOA as hazardous substances under CERCLA. The final rule was published in the Federal Register May 8, 2024, and took effect on July 8, 2024. However, the designation of PFOS and PFOA as hazardous substances under CERCLA is being challenged by the U.S. Chamber of Commerce, Associated General Contractors of America and the National Waste and Recycling Association in D.C. Circuit Court. However, stays have been granted in this case in response to EPA motions filed to allow President Trump's administration time to review and consider making changes to the rule.

In April 2024, the EPA announced the first-ever national standards for PFAS in drinking water under the Safe Drinking Water Act. This rule sets health safeguards that require public water systems to monitor and reduce the levels of PFAS in drinking water, and notify the public of any exceedances of those levels. The rule sets drinking water limits for five individual PFAS, including PFOA and PFOS, as well as setting a limit for any combination of four PFAS, including what are known as "GenX Chemicals." Under the new regulations, two types of PFAS (PFOA and PFOS) cannot exceed 4.0 parts per trillion in public drinking water, and three additional PFAS cannot exceed 10 parts per trillion in public drinking water. Public water systems have three years, which began in April 2024, to begin monitoring for PFAS and two additional years (until 2029) to become compliant with the new limits. However, on June 7, 2024, the American Water Works Association, the Association of Metropolitan Water Agencies, and other industry groups filed a petition for a judicial review in the U.S. Court of Appeals for the District of Columbia challenging the data, science and procedures the EPA employed in establishing national limits on PFAS levels in drinking water. This litigation is now on hold as a result of the EPA announcing on May 14, 2025, that it will delay implementation of the Safe Drinking Water Act rule for two PFAS chemicals, PFOS and PFOA. The EPA announcement extended the compliance deadline for drinking water suppliers to meet standards set for those two chemicals to 2031, providing water suppliers two additional years to comply. The EPA also stated it will rescind the standards for four other PFAS chemicals and that it expects to reissue a new regulation in the spring of 2026.

On February 8, 2024, the EPA published two proposed rules in the Federal Register that, if adopted, would list nine PFAS as "hazardous constituents" under the Resource Conservation and Recovery Act ("RCRA") and expand the EPA's ability to address these PFAS in RCRA corrective actions.

Finished water monitoring of 29 PFAS and lithium, which is required by the EPA under the Unregulated Contaminant Monitoring Rule Round 5 ("UCMR5"), began in the Tampa Bay region in July 2023 and ended in April 2024. Member utilities were required to sample their finished water for four consecutive quarters and Tampa Bay Water concurrently sampled active Points of Connection with our member governments. Results for Tampa Bay Water's four UCMR5-related sampling events at the Points of Connection with our members are posted on Tampa Bay Water's website at [tampabaywater.org/pfas](https://tampabaywater.org/pfas).

Findings from the four sampling events identified one PFAS, PFOS, at an annual average concentration slightly above the EPA's MCL. This occurred at one of Tampa Bay Water's two delivery locations to the Hillsborough County Lithia Water Treatment Plant (WTP). It is important to note the annual average PFOS concentration delivered to consumers from this WTP has been well below the EPA's MCL. This occurs because Tampa Bay Water's second delivery location at the Lithia WTP has non-detectable PFOS levels. Tampa Bay Water's two regional sources blend within Hillsborough County's WTP before the water is supplied by the County to consumers. PFOS annual average concentrations at all other Points of Connection to the Tampa Bay Water regional system were less than the EPA's MCL or at non-detectable levels.

PFOS variability observed during Tampa Bay Water's four quarters of sampling and analysis, along with member utility contractor laboratory data, are being considered in PFAS conceptual designs, cost estimations, and treatment decision-making later this year. Tampa Bay Water also started collecting monthly PFAS samples in July 2024 to further characterize PFOS variability, including the capture of rainy season data that could not be obtained during the quarterly sampling.

In addition to PFOS, EPA published MCLs for five other PFAS in April 2024. None of them were detected at concentrations greater than the EPA MCLs at any of the sampled regional delivery locations for the four consecutive quarters of monitoring beginning in July 2023 and ending in April 2024. These PFAS data have also been posted to Tampa Bay Water's web site, as noted above. It is important to note the EPA MCLs are based on running annual averages like most drinking water compliance requirements, so it is important to know how PFAS levels vary from both dry and wet weather seasons, and to calculate annual averages for compliance purposes.

With the four quarters of Tampa Bay Water and member utility data, and supplemental monthly sampling data that began in July 2024, Tampa Bay Water will know if treatment is needed, where it is needed, how much treatment is needed and what type of treatment is needed before a recommendation is made to invest in treatment. Tampa Bay Water will use the treatment framework from the completed Regional Water Quality Study to prioritize and implement PFAS treatment if it is needed. These data affect the Regional Water Quality Study recommendations, as discussed below.

Carollo Engineers ("Carollo") performed a Regional Water Quality Study (the "Study") to assess the technical feasibility and conceptual costs of treatment to reduce TOC and other water quality parameters per Board direction. In February 2023, Utility Directors requested information on how EPA's (then) anticipated PFAS MCLs and data from UCMR5 sampling events could potentially affect TOC treatment technology selection, estimated costs, scheduling of priority treatment locations, and uniform rate projections.

Tampa Bay Water authorized Carollo to update the Study recommendations, using EPA's PFAS MCLs, all PFAS data collected from the region's UCMR5 quarterly sampling events, supplemental sampling performed during the rainy season, and PFAS treatability studies performed by Carollo.

The implementation schedule presented in the Study, which was based primarily on TOC treatment location priorities, will shift to PFAS treatment location priorities in order to satisfy the new federal and state drinking water requirements. This will change the prioritization and timing of new treatment systems, which could also affect Uniform Rate projections. Each re-prioritized PFAS treatment location will require granular activated carbon or ion exchange treatment system conceptual design modifications, updated capital and operations and maintenance estimated costs, and revised Uniform Rate projections that account for other Capital Improvements Program projects. Additional sampling and analysis, and further PFAS treatability studies including pilot/demonstration studies, will continue to be performed to confirm the level of required PFAS treatment as part of the design and implementation of additional treatment systems.

If PFAS treatment is not required, Tampa Bay Water will evaluate the potential implementation planning and financial effects of accelerating the schedule for TOC and other water quality treatment identified in the Study. Discussions will occur with Tampa Bay Water's member governments this year to reach a consensus on the need for, and prioritized locations for, TOC reduction at agency facilities; evaluation of a compressed implementation schedule based solely on TOC reduction is on hold.

In May 2020, Tampa Bay Water joined a federal lawsuit against certain known and unknown manufacturers, sellers, and distributors of products that contain PFAS. The lawsuit alleges that the manufacturers, sellers, and distributors discharged certain PFAS into or are otherwise responsible for PFAS being released into, the waters and environment that serve as the supply sources for Tampa Bay Water's public water supply system. The lawsuit is a proactive step by Tampa Bay Water to recover potential costs associated with any future cleanup and removal costs and damages. The cost of any potential cleanup and removal costs and damages is currently unknown. Further, there are no assurances that Tampa Bay Water will recover any compensation from the defendants. See "LITIGATION" herein for more information. In addition, the potential exists for other pollutants or contaminants to impact the System's land and facilities, or there could have been prior releases of pollutants or contaminants that have impacted the System's facilities but are not known at this time, either of which could require significant capital expenditures by Tampa Bay Water or changes in its operations that could have an adverse material impact on Tampa Bay Water.

Additionally, an update to the Lead and Copper Rule ("LCR"), the proposed Lead and Copper Rule Improvements ("LCRI"), was announced by the EPA on November 30, 2023. The proposed rule strengthens protections to reduce exposure to lead by increasing transparency through updated public education content and increased frequency that materials must be made available by utilities. It lowers the lead Action Level ("AL") from 15 ppb to 10 ppb, eliminates the Trigger Level established by the LCR, and establishes a 3-day maximum response period for compliance and supplemental monitoring of lead and copper results. Under the proposed LCRI, all water systems will be required to regularly update their inventories, create a service line replacement plan, and identify the materials of all service lines of unknown material. The service line replacement plan must account for the full replacement of all LSLs and Galvanized Requiring Replacement ("GRRs") within 10 years, regardless of the 90th percentile lead level. The proposed LCRI also expands on the initial LCRR inventory by requiring water systems to submit an LCRI baseline inventory, which will include a physical address for each service line and document the location of known lead connectors. The baseline inventory is expected to be due by the compliance date of the LCRI, 3 years after the final LCRI is published (assumed October 2027). Further, the proposed LCRI will also require water systems to validate the accuracy of a subset of non-lead service lines in their inventory. The required number of validations will be based on the number of service lines that were identified as non-lead using techniques other than reviewing records listed in the rule or a two-point visual inspection.

As a wholesale water supplier, Tampa Bay Water does not have access to residential sample taps for compliance sampling. In consultation with FDEP in 2001, Tampa Bay Water agreed to provide the FDEP with quarterly Water Quality Parameter, lead, and copper analytical data from each Point of Connection in the regional transmission system. Tampa Bay Water complies with this requirement. Additionally, the Master Water Supply Contract assigns responsibility for corrosion control to the Member Governments.

Lastly, Tampa Bay Water was not materially adversely impacted by the hurricanes that impacted the Tampa Bay region in the fall of 2024.

## **Cybersecurity**

Computer networks and systems used for data transmission and collection are vital to the efficient operations of Tampa Bay Water. Tampa Bay Water's systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to departmental operations and the provision of citizen services. Increasingly, governmental entities are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers/hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there. The potential disruption, access, modification, disclosure or destruction of data could result in the initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions in operations and the services provided, and the loss of confidence in Tampa Bay Water's operations, ultimately adversely affecting Tampa Bay Water's revenues. To ensure the confidentiality, availability, and integrity of Tampa Bay Water's information assets and technology environments, Tampa Bay Water has an established Cybersecurity Security program. The program includes defense in depth strategies, incident response, vulnerability management, penetration testing, security awareness training, as well as policies and standard operating procedures that promote cybersecurity industry best practices. Tampa Bay Water recently completed a regional in-depth physical and cyber resiliency assessment. The Regional Resiliency Assessment Program ("RRAP") is conducted by the Cybersecurity and Infrastructure Security Agency (CISA), a division of the Department of Homeland Security ("DHS"). Funded as one of DHS' projects, the RRAP gathered data on critical infrastructure within the Tampa Bay Water regional water system, identified stakeholders, and conducted interviews and assessments on system operations and cybersecurity practices. Key findings and suggestions recommendations for improvement were provided to Tampa Bay Water and member governments. Tampa Bay Water has been incorporating these recommendations into its cybersecurity continuous improvement program.

## **Pandemics and Other Public Health Concerns**

Tampa Bay Water's financial results could be harmed by a national or localized outbreak of a highly contagious, epidemic or pandemic disease. For example, the spread of the novel strain of coronavirus called COVID-19, along with various governmental measures taken to protect public health in light of the pandemic, had a negative financial impact on local, state and national economies. There can be no guarantee that COVID-19 or another outbreak of a highly contagious disease will not have negative impacts on Tampa Bay Water in the future.

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Tampa Bay Water does not plan to issue any updates or revisions to those forward looking statements.

## **Enforceability of Remedies**

The remedies available to the Holders of the Series 2025 Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Bond Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will be qualified, as to enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

## **PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS**

### **Retirement Plan**

Tampa Bay Water participates in the State of Florida Retirement System ("FRS"), a cost-sharing multiple-employer public employee retirement system, which covers substantially all of Tampa Bay Water's full-time employees. The FRS is controlled by the State Legislature and is administered by the Florida Department of Administration, Division of Retirement. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and a health insurance subsidy to plan members, and survivor benefits to beneficiaries. Changes to the law can be made only by an act of the Florida Legislature. For more information regarding FRS and its Deferred Contribution Retirement Plan see Note 12 to Notes to the Financial Statements included in APPENDIX D hereto.

The Florida Retirement System Annual Report reflects the financial operation and condition of state-administered retirement systems and is available to the public. The publication contains financial statements, actuarial and investment information, and other statistical data related to the FRS. A copy of the report can be obtained online at [www.frs.state.fl.us](http://www.frs.state.fl.us).

### **FRS Contributions**

The Florida Legislature enacted legislation in 2007 (Chapter 2007-84, Laws of Florida) that established uniform employer contribution rates for the FRS membership classes and subclasses and the Deferred Retirement Option Program ("DROP"). These rates are updated as of July 1 of each year. In 2011, legislation changed the plan making it mandatory for employees in the regular and senior management class to contribute 3% to the plan, while DROP participants are not required to contribute. Tampa Bay Water is required to contribute to the plans at these actuarially determined rates. Effective July 1, 2024, the plan rates were 13.63%, 34.52%, and 21.13% for the regular class, senior management class, and drop participants, respectively. These rates include the Health Insurance Subsidy contribution percentages mentioned below. Tampa Bay Water's contributions for the Fiscal Year ended September 30, 2024, was \$1,715,679.

### **Other Post Employment Benefits ("OPEB")**

The Post-Employment Health Care Benefits Plan is a single-employer defined benefit plan administered by Tampa Bay Water. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from Tampa Bay Water and their eligible dependents may continue to participate in Tampa Bay Water's fully insured health and hospitalization plan for medical and prescription drug coverage. Tampa Bay Water subsidizes the premium rates paid by retirees by allowing them to participate in the plans at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

For the Post-Employment Health Care Benefits Plan, Tampa Bay Water contribution requirements are established and may be amended through recommendations of the Chief Financial Officer and action from the Board. Tampa Bay Water has not advanced-funded or established a funding methodology for the annual OPEB costs or the total OPEB liability. As of the last required actuarial evaluation, October 1, 2021, there was one retiree and zero eligible dependents receiving post-employment health care benefits. The plan is funded on "pay as you go" basis. For the year ended September 30, 2024, \$22,290 was contributed for pay as you benefits of the Plan.

For more information regarding OPEB see Note 13 to Notes to the Financial Statements included in APPENDIX D hereto.

## **LITIGATION**

In the opinion of the General Counsel to Tampa Bay Water, there is no litigation of any nature now pending or threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2025 Bonds, or in any way contesting or affecting the validity of the Series 2025 Bonds or any proceedings taken with respect to the issuance or sale thereof.

Tampa Bay Water v. E.I. DuPont de Nemours and Company, et al., U.S. District Court, District of South Carolina Case No. 20-cv-01867-RMG. In May 2020, Tampa Bay Water joined a federal lawsuit against certain known and unknown manufacturers, sellers, and distributors of products that contain PFAS compounds. The lawsuit alleges that the manufacturers, sellers, and distributors discharged certain PFAS compounds into or are otherwise responsible for PFAS compounds being released into, the waters and environment that serve as the supply sources for Tampa Bay Water's public water supply system. PFAS compounds are frequently referred to as "forever chemicals" because they do not break down easily in the environment and can accumulate over time. The lawsuit is a proactive step by Tampa Bay Water to recover potential costs associated with any future cleanup and removal costs and damages. The cost of any potential cleanup and removal costs and damages is currently unknown. Further, there are no assurances that Tampa Bay Water will recover any compensation from the defendants.

TWPC Industrial Contractors, LLC and Randall Environmental, Inc. v. Tampa Bay Water (Case No. 24-5494-CI, Circuit Court for Pinellas County, Florida). On October 29, 2024, a Complaint for damages was filed against Tampa Bay Water alleging it breached its contract with WPC Industrial Contractors, LLC and Randall Environmental, Inc. for the Eldridge-Wilde Wellfield Pumps and Motors Replacement Project and the Cypress Trails Property Improvements Project. The claimed damages are in the range of \$6.5-7.5 million. Tampa Bay Water disputes the damages and has filed a counterclaim. In any event, Tampa Bay Water does not expect any potential liability to impact its ability to pay debt service on the Series 2025 Bonds.

In addition to the above, Tampa Bay Water receives notices of claims and is engaged in routine litigation from time to time. At this time, there is no other pending or, to the actual knowledge of the General Counsel, threatened litigation which could have a material effect on Tampa Bay Water's financial position. However, should any damages be assessed against Tampa Bay Water in the future as a result of any litigation, Tampa Bay Water has the ability to raise its rates to pay the amounts thereof. See "SUMMARY OF PRINCIPAL AGREEMENTS – Master Water Supply Contract – Setting Annual Rate."

## **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Series 2025 Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Series 2025 Bonds. The proposed form of Bond Counsel

opinion is attached hereto as APPENDIX F and reference is made to such form of opinion for the complete text thereof. Certain legal matters will be passed upon for Tampa Bay Water by GrayRobinson, P.A., Tampa, Florida, Disclosure Counsel. Certain other legal matters will be passed upon for Tampa Bay Water by Persson, Cohen, Mooney, Fernandez & Jackson, P.A., General Counsel. The Underwriters are being represented by Bryant Miller Olive P.A., Tampa, Florida.

Bond Counsel has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2025 Bonds; provided, however, that Bond Counsel shall render an opinion to the Underwriters of the Series 2025 Bonds (upon which only the Underwriters may rely) relating to the fairness of the presentation of certain statements contained herein under the heading "TAX MATTERS" and certain statements which summarize provisions of the Bond Resolution, the Series 2025 Bonds, the Interlocal Agreement and the Master Water Supply Contract, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2025 Bonds.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, the form of which is included as APPENDIX F hereto, the interest on the Series 2025 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under existing statutes, regulations, rulings and court decisions; provided, however, with respect to certain corporations, interest on the Series 2025 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. Failure by Tampa Bay Water to comply subsequent to the issuance of the Series 2025 Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to requirements regarding the use, expenditure and investment of Series 2025 Bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2025 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance. Tampa Bay Water has covenanted in the Bond Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2025 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the Series 2025 Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2025 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2025 Bonds to the Treasury of the United States of America. Noncompliance with such provisions may result in interest on the Series 2025 Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

### **Collateral Tax Consequences**

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2025 Bonds. Prospective purchasers of Series 2025 Bonds should be aware that the ownership of Series 2025 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2025 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2025 Bonds, (2) the branch profits tax, and (3) the

inclusion of interest on the Series 2025 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2025 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2025 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES REFERRED TO ABOVE. PROSPECTIVE SERIES 2025 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR INFORMATION IN THAT REGARD

### **Other Tax Matters**

Interest on the Series 2025 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2025 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2025 Bonds in their particular state or local jurisdictions.

The Inflation Reduction Act, H.R. 5376 (the IRA), was passed by both houses of the U.S. Congress and was signed by the President on August 16, 2022. As enacted, the IRA includes a 15 percent alternative minimum tax to be imposed on the "adjusted financial statement income," as defined in the IRA, of certain corporations. Interest on the Series 2025 Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing the corporate alternative minimum tax. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential tax consequences of owning the Series 2025 Bonds.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2025 Bonds. In some cases, such proposals have contained provisions that altered these federal tax consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2025 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2025 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2025 Bonds.

### **Original Issue Discount**

Certain of the Series 2025 Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount, which is the excess of the principal amount of the Discount Bonds over the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which initial offering price a substantial amount of the Discount Bonds of the same maturity was sold. Original issue discount represents interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the Discount Bonds. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded semi-annually. An initial purchaser who acquires a Discount Bond at the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bonds and will increase the adjusted basis in such Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds. The federal income tax consequences of the purchase, ownership and prepayment, sale or other

disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, prepayment or other disposition of such Discount Bonds and with respect to the state and local tax consequences of owning and disposing of such Discount Bonds.

### **Original Issue Premium**

Certain of the Series 2025 Bonds (the "Premium Bonds") may be offered and sold to the public at an initial offering price in excess of the principal amount of such Premium Bond, which excess constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Bonds which term ends on the earlier of the maturity or call date for each Premium Bond which minimizes the yield on said Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

### **DISCLOSURE PURSUANT TO SECTION 517.051, FLORIDA STATUTES**

Section 517.051, Florida Statutes, and the regulations promulgated thereunder (the "Disclosure Act") require that Tampa Bay Water make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private businesses). Tampa Bay Water is not and since December 31, 1975 has not been, in default as to principal of and interest on any of its bonds or other debt obligations. Tampa Bay Water has never served as a conduit issuer of any industrial development or private activity bonds on behalf of any private businesses.

### **FINANCIAL STATEMENTS**

The Financial Statements of Tampa Bay Water, as of September 30, 2024, are included herein as APPENDIX D and are so included as publicly available documents for informational purposes only, and consent from the auditors has not been requested. Mauldin & Jenkins, LLC was not involved with this offering.

### **INVESTMENT POLICY**

On October 21, 1996, the Predecessor Authority adopted an investment policy to bring the Predecessor Authority into compliance with Florida law relating to investment activities of special districts and units of local government and guidelines for the investment of its surplus public funds. In August 2017, the Board approved Resolution 2017-002 which adopted a revised investment policy. The policy was revised to identify opportunities, to control and mitigate market risks and continue diversifying Tampa Bay Water's investment portfolio. The scope of the revised investment policy clarifies that the overall policy

applies to all surplus funds, to the extent there is no conflict with the Bond Resolution, and if there is a conflict, the Bond Resolution governs. Tampa Bay Water's investment policy permits investment in the following: (1) U.S. government securities, (2) U.S. government agencies (full faith and credit of the U.S. government), (3) federal instrumentalities (U.S. government-sponsored enterprises that are non-full faith and credit), (4) mortgage-backed securities, (5) bank accounts and nonnegotiable interest-bearing time certificates of deposit, (6) repurchase agreements; (7) commercial paper, (8) corporate notes, (9) bankers' acceptances, (10) state and/or local government taxable and/or tax-exempt debt, (11) registered investment companies (money market mutual funds), (12) supranational's and (13) intergovernmental investment pools. See "Tampa Bay Water's Financial Statements" in APPENDIX D herein – Notes to Financial Statements – Note 6 – Deposits and Investments – Investments" for further information regarding the Investment Policy.

## **RATINGS**

Moody's and S&P have assigned ratings of "Aa1" (stable outlook) and "AA+" (stable outlook), respectively, to the Series 2025 Bonds. Such ratings reflect only the views of such organizations at the time such ratings were issued and an explanation of the significance of such rating may be obtained from the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, or any one of them, if in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating can be expected to have an adverse effect on the market price of the Series 2025 Bonds.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the arithmetical computations of the adequacy of the maturing principal amounts and interest earnings thereon of the Federal Securities deposited under the Escrow Agreement to pay when due all principal of an interest on the Refunded Bonds will be verified for Tampa Bay Water by the Verification Agent. Such verification will be based on certain information supplied to the Verification Agent by Tampa Bay Water's Financial Advisor, PFM Financial Advisors LLC.

## **CONTINUING DISCLOSURE**

Tampa Bay Water has covenanted for the benefit of Series 2025 Bondholders to provide certain financial information and operating data relating to Tampa Bay Water and the Series 2025 Bonds in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated material events. Such covenant shall only apply so long as the Series 2025 Bonds remain outstanding under the Bond Resolution. The covenant shall also cease upon the termination of the continuing disclosure requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), by legislative, judicial or administrative action. The Annual Report will be filed by Tampa Bay Water with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") as described in the Form of Disclosure Dissemination Agent Agreement attached hereto as APPENDIX E. The notices of material events will be filed by Tampa Bay Water with EMMA. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in APPENDIX E – "Form of Disclosure Dissemination Agent Agreement" (the "Disclosure Dissemination Agent Agreement") which shall be executed by Tampa Bay Water at the time of issuance of the Series 2025 Bonds. Failure of Tampa Bay Water to comply with the provisions of the Disclosure Dissemination Agent Agreement shall not constitute an event of default under the Bond Resolution. It is the position of Tampa Bay Water that the sole and exclusive remedy of any Series 2025 Bondholder for enforcement of the provisions of the Disclosure Dissemination Agent Agreement shall be an action of mandamus or specific performance to cause Tampa

Bay Water to comply with its obligations thereunder. These covenants have been made in order to assist the Underwriters in complying with the Rule.

With respect to the Series 2025 Bonds, no party other than Tampa Bay Water is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule. In the past five years, Tampa Bay Water has not failed to comply, in all material respects, with any prior undertakings to provide continuing disclosure information pursuant to the Rule. Tampa Bay Water has retained Digital Assurance Certification, L.L.C. ("DAC") as its dissemination agent.

## **UNDERWRITING**

The Series 2025 Bonds are being purchased by Wells Fargo Bank, National Association on behalf of themselves and J.P. Morgan Securities LLC, as co-senior manager, and BofA Securities, Inc., Raymond James & Associates, Inc., and RBC Capital Markets, LLC, as co-managers (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series 2025 Bonds at an aggregate purchase price of \$[ ] (which represents the principal amount of the Series 2025 Bonds, less Underwriters' discount of \$[ ] plus/less a net original issue premium/discount of \$[ ]).

The Purchase Contract provides that the Underwriters will purchase all of the Series 2025 Bonds if any are purchased, and that their respective obligations are subject to the delivery of certain documents at or prior to delivery of the Series 2025 Bonds. The Series 2025 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2025 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for Tampa Bay Water, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of Tampa Bay Water.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., one of the Underwriters of the Series 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2025 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2025 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2025 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2025 Bonds that such firm sells.

Wells Fargo Corporate & Investment Banking is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association ("WFBNA"), registered with the SEC as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the Underwriters of the Series 2025 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2025 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RBC Capital Markets, LLC ("RBCCM"), an underwriter of the Series 2025 Bonds, has entered into a distribution arrangement with its affiliate City National Securities, Inc. ("CNS"). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Series 2025 Bonds.

## **CONTINGENT FEES**

Tampa Bay Water has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Series 2025 Bonds. Payment of the fees of Bond Counsel, Disclosure Counsel and the Financial Advisor, and an underwriting discount to the Underwriters (which includes the fee of their counsel) to be paid by Tampa Bay Water, are each contingent upon the issuance of the Series 2025 Bonds.

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC, Orlando, Florida, is serving as Financial Advisor to Tampa Bay Water. The Financial Advisor assisted in matters relating to the planning, structuring, execution and delivery of the Series 2025 Bonds and provided other advice. PFM Financial Advisors LLC did not engage in any underwriting activities with regard to the sale of the Series 2025 Bonds.

## **MISCELLANEOUS**

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2025 Bonds, the security for the payment of the Series 2025 Bonds, and the rights and obligations of holders thereof.

The information contained in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2025 Bonds.

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## **CERTIFICATE CONCERNING OFFICIAL STATEMENT**

The execution and delivery of this Official Statement has been duly authorized and approved by Tampa Bay Water. At the time of delivery of the Series 2025 Bonds, Tampa Bay Water will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC and the book-entry only system of registration and the information under the captions "TAX MATTERS" and "UNDERWRITING" as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2025 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

**TAMPA BAY WATER,**  
A Regional Water Supply Authority

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Harry Cohen  
Chair

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Charles Carden  
General Manager

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## **APPENDIX A-1**

### **Composite Bond Resolution**

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**TAMPA BAY WATER,  
A Regional Water Supply Authority**

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**COMPOSITE  
UTILITY SYSTEM REVENUE BOND RESOLUTION**

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**ADOPTED AUGUST 31, 1998,  
as amended thru \_\_\_\_\_, 2025**

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## **RESOLUTION NO. 98-07TBW**

A RESOLUTION OF THE BOARD OF DIRECTORS OF TAMPA BAY WATER, A REGIONAL WATER SUPPLY AUTHORITY, AUTHORIZING THE ISSUANCE BY TAMPA BAY WATER, A REGIONAL WATER SUPPLY AUTHORITY, OF NOT EXCEEDING \$170,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF UTILITY SYSTEM REVENUE BONDS, SERIES 1998A AND NOT EXCEEDING \$240,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF UTILITY SYSTEM REVENUE BONDS, SERIES 1998B TO RESTRUCTURE CERTAIN OUTSTANDING INDEBTEDNESS AND TO FINANCE THE COST OF ACQUIRING CERTAIN UTILITY FACILITIES AND MAKING IMPROVEMENTS TO THE UTILITY SYSTEM; PLEDGING THE NET REVENUES DERIVED FROM OR RESULTING FROM THE OPERATION OF SUCH UTILITY SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SAID BONDS; AND PROVIDING FOR AN EFFECTIVE DATE FOR THIS RESOLUTION.

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TAMPA BAY WATER, A Regional Water Supply Authority:**

### **ARTICLE I GENERAL**

**SECTION 1.01. DEFINITIONS.** When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"**Accreted Value**" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Date next preceding the date of computation or the date of computation if an Interest Date, such interest to accrue at a rate not exceeding the legal rate, compounded semiannually, plus, with respect to matters related to the payment of

the Capital Appreciation Bonds prior to maturity thereof, if such date of computation shall not be an Interest Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Date and the Accreted Value as of the immediately succeeding Interest Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a 360-day year.

**"Act"** shall mean Sections 373.1962, 373.1963 and 163.01, Florida Statutes, and other applicable provisions of law.

**"Additional Bonds"** shall mean the obligations issued at any time under the provisions of Section 6.02 hereof on a parity with the Series 1998 Bonds.

**"Additional Project"** shall mean any structure, property or facility which the Issuer from time to time may determine to construct or acquire as part of the System, together with all equipment, structures, facilities and other property necessary or appropriate in connection therewith which are financed in whole or in part with the indebtedness secured by this Resolution. This term is to be broadly construed as including any lawful undertaking which will accrue to the benefit of the System, including, without limitation, joint ventures and acquisition of partial interests or contractual rights, and including modification, disposal, replacement or cancellation of a Project previously authorized, should such modification, disposal, replacement or cancellation be permitted under this Resolution. Additional Project may also include working capital, including payment of costs and judgments associated with litigation, to the extent permitted by the provisions of the Master Water Supply Contract.

**"Annual Audit"** shall mean the annual audit prepared pursuant to the requirements of Section 5.06 hereof.

**"Annual Budget"** shall mean the annual budget prepared pursuant to the requirements of Section 5.03 hereof.

**"Annual Debt Service"** shall mean the aggregate amount of Debt Service on the Bonds for each applicable Fiscal Year.

**"Authorized Investments"** shall mean any of the following, if and to the extent that the same are at the time legal for investment of funds of the Issuer:

- (1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations").

(2) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; and obligations of the Resolution Funding Corporation (collectively, "Agency Obligations").

(3) Commercial paper rated "Prime-1" by Moody's and "A-1" or better by Standard & Poor's.

(4) Obligations, including state and local government obligations, rated "A3" or better by Moody's and "A-" or better by Standard & Poor's.

(5) Deposits, Federal funds or bankers acceptances of any domestic bank, including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that fully and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which:

A. has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's and "A-1" or "A-" or better by Standard & Poor's, or

B. is the lead bank of a parent holding company with an uninsured, unsecured and unguaranteed obligation meeting the rating requirements in A. above.

(6) Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation.

(7) Investments in a money-market fund rated "Am" or Am-G" or better by Standard & Poor's.

(8) Repurchase agreements with a term of one year or less with any institution with debt rated "AA" or commercial paper rated "A-1" (in each case by Standard & Poor's).

(9) Repurchase agreements collateralized by Direct Obligations or Agency Obligations with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's, and "A-1" or "A-" or better by Standard & Poor's, provided:

A. a master repurchase agreement or specific written, repurchase agreement governs the transaction; and

B. the securities are held free and clear of any lien by the Issuer or an independent third party acting solely as agent for the Issuer, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, or (iii) a bank approved in writing for such purpose by the Insurer, and the Issuer shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Issuer; and

C. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Issuer; and

D. the repurchase agreement has a term of thirty days or less, or the Issuer will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

E. the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to a debt service payment date; and

F. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%.

(10) Investment agreements with a bank or insurance company which has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated "A3" or better by Moody's and "A-" or better by Standard & Poor's, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, provided:

A. interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with bond payment dates, and

B. moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than one day's notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date), and

C. the agreement is not subordinated to any other obligations of such insurance company or bank, and

D. the same guaranteed interest rate will be paid on any future deposits made to restore the reserve to its required amount, and

E. the Issuer receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company or bank.

(11) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, or any similar common trust fund which is established pursuant to State law as a legal depository of public moneys.

(12) Any investment allowable under applicable law that is approved by the Governing Body of the Issuer.

**"Authorized Issuer Officer"** shall mean the General Manager, and when used in reference to any act or document, also means any other person authorized by resolution of the Issuer to perform such act or sign such document.

**"Bond Counsel"** shall mean Nabors, Giblin & Nickerson, P.A., or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

**"Bondholder"** or **"Holder"** or **"holder"** or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

**"Bond Insurance Policy"** shall mean the municipal bond new issue insurance policy or policies issued by an Insurer guaranteeing the payment of the principal of and interest on any portion of the Bonds. With respect to the Series 1998 Bonds, "Bond

Insurance Policy" shall mean the municipal bond new issue insurance policy issued by Financial Guaranty Insurance Company.

**"Bonds"** shall mean the Series 1998 Bonds, together with any Additional Bonds issued pursuant to this Resolution and any Subordinated Indebtedness which accedes to the status of Bonds pursuant to Section 6.04 hereof.

**"Capital Appreciation Bonds"** shall mean those Bonds which may be either Serial Bonds or Term Bonds and which shall bear interest payable only at maturity or redemption. In the case of Bonds that convert to or from Capital Appreciation Bonds with interest payable prior to maturity or mandatory redemption of such Bonds, such Bonds shall be considered Capital Appreciation Bonds only during the period of time interest accrues and is not payable to the Holder thereof.

**"Capital Improvement Charges"** shall mean the costs identified by the Issuer for planning, designing, acquiring and constructing capital improvements to the System pursuant to the Master Water Supply Contract; provided such costs are not payable from proceeds of the Bonds or other debt of the Issuer (other than costs which are to be reimbursed from such proceeds) or from moneys received in relation to the Renewal and Replacement Charges.

**"Capital Improvement Fund"** shall mean the fund established pursuant to Section 4.04(E) hereof.

**"Chairman"** shall mean the Chairman of the Governing Body, or, in his or her absence or unavailability, the Vice-Chairman of the Governing Body of the Issuer.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

**"Construction Fund"** shall mean the fund established pursuant to Section 4.03 hereof.

**"Consulting Engineers"** shall mean an engineering firm or firms of reputation for skill and experience with respect to the construction and operation of facilities similar to the System, which is duly licensed under the laws of the State and designated by the Issuer to perform the duties of the Consulting Engineers under the provisions hereof.

**"Cost,"** when used in connection with a Project, shall mean all expenses associated with the acquisition, construction, installation, reconstruction, renewal or replacement thereof, including without limitation: (1) land and interests therein, property rights, and easements of any nature whatsoever; (2) physical construction, reconstruction, renewal, replacement or completion; (3) acquisition and installation of machinery,

equipment and other tangible personal property; (4) planning, architectural, engineering, surveying, legal, environmental and other consultant services; (5) fees and expenses associated with the issuance of Bonds and other Issuer debt, including but not limited to bond counsel, disclosure counsel, financial advisor, underwriters' discount, rating agencies, bond insurance, credit or liquidity facilities, and printing the Bonds and other Issuer debt and supporting documentation; (6) interest accruing on the Bonds and other Issuer debt for such period of time as the Issuer deems appropriate; (7) deposits to the Reserve Account; and (8) all other expenses that are properly attributable thereto under generally accepted accounting principles, including reimbursement to the Issuer for any moneys advanced for such purpose and interest on any interfund loan for such purposes.

**"Counterparty"** shall mean the entity entering into a Hedge Agreement with the Issuer. Counterparty would also include any guarantor of such entity's obligations under such Hedge Agreement.

**"Credit Bank"** shall mean as to any particular Series of Bonds, the Person (other than an Insurer) providing a letter of credit, a line of credit or other credit or liquidity facility, as designated in the Supplemental Resolution providing for the issuance of such Bonds.

**"Credit Facility"** shall mean as to any particular Series of Bonds, an irrevocable letter of credit, a line of credit or other credit or legal liquidity facility (other than an insurance policy issued by an Insurer), as approved in the Supplemental Resolution providing for the issuance of such Bonds.

**"Debt Service"** shall mean, at any time, the aggregate amount in the then applicable period of time of (1) interest required to be paid on the Outstanding Bonds during such period of time, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) principal of Outstanding Serial Bonds maturing in such period of time, and (3) the Sinking Fund Installments herein designated with respect to such period of time. For purposes of this definition, (A) all amounts payable on a Capital Appreciation Bond shall be considered a principal payment in the year it becomes due, (B) subject to the provisions of Section 5.16 hereof, with respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, interest on such Bonds during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time, (C) if any Series of Bonds has 25% or more of the aggregate principal amount of such Series coming due in any one year, Debt Service may be determined on such Series during such period of time as if the principal of and interest on such Series were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of 25 years from the date of calculation, and (D) the amount on deposit in the Reserve Account (or any subaccount thereof) on any date of calculation of Debt Service shall be deducted

from the amount of principal due at the final maturity of the Bonds which are secured by such Reserve Account (or subaccount thereof) and in each preceding year until such amount is exhausted. For purposes of Section 5.04 hereof, clause (C) above shall be applicable only in a Fiscal Year in which principal on a Series of Bonds described in such clause (C) comes due. Any principal and interest payments coming due on October 1 may be deemed to come due on the preceding September 30 for purposes of this definition.

**"Environmental Permits"** shall have the meaning provided for such term in the Master Water Supply Contract.

**"Escrow Deposit Agreements"** shall mean the Escrow Deposit Agreements between the Issuer and an escrow agent selected by the Issuer pursuant to Supplemental Resolution relating to the payment of certain of the Restructured Debt.

**"Federal Securities"** shall mean obligations described in paragraphs (1) and (2) of the definition of "Authorized Investments." Notwithstanding anything herein to the contrary, "Federal Securities" shall additionally include securities fully and unconditionally guaranteed as to the payment of principal and interest by the United States of America and approved by all Insurers and Credit Banks, to which guarantee the full faith and credit of the United States of America has been pledged, where such securities shall be scheduled to mature at times sufficient to ensure that moneys paid by the United States of America to honor such guarantee obligation are available to pay when due the principal of and premium, if any, and interest due and to become due on Bonds deemed paid within the meaning of Section 9.01 of this Resolution on or prior to the redemption date or maturity date thereof, as the case may be.

**"Fiscal Year"** shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

**"Fitch"** shall mean Fitch IBCA, Inc. (formerly known as Fitch Investors Service, L.P.) and any assigns and successors thereto.

**"Fund Balance"** shall mean an amount of money equal to the unencumbered moneys on deposit in the Utility Reserve Fund as of September 30 of the immediately preceding Fiscal Year. Moneys shall be considered unencumbered to the extent such moneys may be used for purposes relating to the System. The Fund Balance for the Fiscal Year ending September 30, 1998 shall be \$5,500,000, plus any moneys on deposit in the General Fund of the Issuer as of the date of issuance of the Series 1998 Bonds (which amounts shall be transferred to the Utility Reserve Fund no later than October 1, 1998).

**"General Manager"** shall mean the General Manager of the Issuer or his or her designee.

**"Governing Body"** shall mean the Board of Directors of the Issuer or its successor in function.

**"Government Grant,"** when used with respect to the System, shall mean any sum of money heretofore or hereafter received by the Issuer from the United States of America or any agency thereof or from the State of Florida or any agency or political subdivision thereof as or on account of a grant or contribution, not repayable by the Issuer, for or with respect to the construction, acquisition or other development of an addition, extension or improvement to any part of the System or any costs of any such construction, acquisition or development. Government Grant shall not include any grants or contributions received by the Issuer for purposes of (1) funding Operating Expenses or (2) paying debt service on obligations of the Issuer that are payable in whole or in part from moneys received by the Issuer from the Southwest Florida Water Management District pursuant to the Northern Tampa Bay New Water Supply and Ground Water Withdrawal Reduction Agreement or any funding agreements related thereto. Any grants or contributions described in the preceding sentence shall be considered "Gross Revenues."

**"Gross Revenues"** shall mean all income and moneys received by the Issuer from the rates, fees, rentals, charges and other income to be made and collected by the Issuer for the use of the products, services and facilities to be provided by the System, or otherwise received by the Issuer or accruing to the Issuer in the management and operation of the System, calculated in accordance with generally accepted accounting principles applicable to public utility systems similar to the System, including, without limiting the generality of the foregoing, (1) moneys deposited from the Rate Stabilization Account into the Revenue Account in accordance with the terms hereof, provided any moneys transferred from the Rate Stabilization Account into the Revenue Account within 90 days following the end of a Fiscal Year may be designated by the Issuer as Gross Revenues of such prior Fiscal Year, (2) proceeds from use and occupancy insurance on the System, and (3) Investment Earnings. "Gross Revenues" shall include all moneys received by the Issuer pursuant to the terms of the Master Water Supply Contract. "Gross Revenues" shall not include (A) Government Grants, to the extent prohibited or restricted as to its use by the terms of the Government Grant, (B) proceeds of Bonds or other Issuer debt, (C) moneys deposited to the Rate Stabilization Account from the Utility Reserve Fund, including any moneys transferred from the Utility Reserve Fund to the Rate Stabilization Account within 90 days following the end of a Fiscal Year which the Issuer determines not to be Gross Revenues of such prior Fiscal Year, and (D) any moneys received by the Issuer as part of a True-Up. Gross Revenues may include other revenues related to the System which are not enumerated in the definition of "Gross Revenues" if

and to the extent the same shall be approved for inclusion by the Insurers of the Bonds (provided all Bonds are insured as to payment of principal and interest at the time of such inclusion). An amount of moneys not to exceed \$5,000,000 which represents Gross Revenues of the Issuer on hand as of September 30, 1998 shall be considered Gross Revenues received during the Fiscal Year commencing October 1, 1998 and shall be deposited into the Revenue Account as of October 1, 1998.

**"Hedge Agreement"** shall mean an agreement in writing between the Issuer and the Counterparty pursuant to which (A) the Issuer agrees to pay to the Counterparty an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on the debt of the Counterparty specified in such agreement in the period specified in such agreement and (B) the Counterparty agrees to pay to the Issuer an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on all or a portion of a Series of Bonds specified in such agreement during the period specified in such agreement. Hedge Agreement shall include any financial product or agreement which is used by the Issuer as a hedging device with respect to its obligation to pay interest on the Bonds, or any portion thereof, which is designated by the Issuer as a "Hedge Agreement."

**"Hedge Payments"** shall mean any amounts payable by the Issuer as interest on the related notional amount under a Qualified Hedge Agreement; excluding, however, any payments due as a penalty or a fee or by virtue of termination of a Qualified Hedge Agreement or any obligation of the Issuer to provide collateral.

**"Hedge Receipts"** shall mean any amounts receivable by the Issuer on the related notional amount under a Qualified Hedge Agreement.

**"Initial Rating Requirement"** shall mean, with regard to a Qualified Hedge Agreement, a Counterparty which at the time it enters into such Qualified Hedge Agreement is rated "A-" or better by Standard & Poor's and "A3" or better by Moody's.

**"Initial Project"** shall mean the design, engineering, acquisition and construction of improvements described in Exhibit A attached hereto, including, without limitation, all property rights, easements, appurtenances, rights-of-way, franchises and equipment relating thereto and deemed necessary or convenient for the acquisition, construction, renovation, reconstruction or operation thereof, with such changes, deletions, additions or modifications to the enumerated improvements, equipment and facilities, or such other improvements, equipment or facilities as may hereafter be approved by the Governing Body in accordance with the Act pursuant to resolution.

**"Insurer"** shall mean such Person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on municipal securities and whose credit is such that, at the time of any action or consent required or permitted by the Insurer pursuant to the terms of this Resolution, all municipal securities insured or guaranteed by it are then rated, because of such insurance or guarantee, in one of the two most secure grades by one of the Rating Agencies. "Insurer" with respect to the Series 1998 Bonds shall mean Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

**"Interest Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Interest Date"** or **"interest payment date"** shall be such date or dates as shall be provided by Supplemental Resolution of the Issuer.

**"Interlocal Agreement"** shall mean the Amended and Restated Interlocal Agreement, dated as of May 1, 1998, among the Member Governments relating to the governance and operation of the Issuer, as amended and supplemented, and any successor instrument thereto.

**"Investment Earnings"** shall mean all income and earnings derived from the investment of moneys in the funds and accounts established hereunder, other than the Construction Fund and the Rebate Fund.

**"Issuer"** shall mean Tampa Bay Water, A Regional Water Supply Authority, and also includes any authority or other governmental entity to which may hereafter be transferred some or all of the powers and responsibilities of the Issuer with respect to the ownership, financing, operation, enlargement, improvement and maintenance of the System, to the extent permitted by the Interlocal Agreement.

**"Master Water Supply Contract"** shall mean the Master Water Supply Contract, dated as of May 1, 1998, among the Issuer and the Member Governments, as amended and supplemented, and any successor instrument thereto.

**"Maximum Annual Debt Service"** shall mean the largest aggregate amount of the Annual Debt Service becoming due in any Fiscal Year in which Bonds are Outstanding.

**"Maximum Interest Rate"** shall mean, with respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution of the Issuer delineating the details of such Bonds, that shall be the maximum rate of interest such Bonds may at any particular time bear.

**"Member Governments"** shall mean Hillsborough County, Florida; the City of New Port Richey, Florida; Pasco County, Florida; Pinellas County, Florida; the City of St. Petersburg, Florida; the City of Tampa, Florida, and any other local government which shall become a party to the Interlocal Agreement in accordance with the terms of the Interlocal Agreement.

**"Moody's"** shall mean Moody's Investors Service, and any assigns and successors thereto.

**"Net Revenues"** shall mean Gross Revenues less Operating Expenses.

**"Operation, Maintenance and Administration Fund"** shall mean the fund created pursuant to Section 4.04(B) hereof.

**"Operating Expenses"** shall mean any and all costs incurred by the Issuer in operating, maintaining and administering the System, including, but not limited to, the general administrative and legal costs of the Issuer related to operation, maintenance, management, security and development of the System; costs associated with tools, equipment, vehicles, supplies, materials, services and support for the operation, maintenance, management, security and development of the System; any costs of litigation or a legal judgment against the Issuer; costs relating to water conservation and public education activities; costs of purchasing any water; development expenses relating to expansion of the System; all costs incurred in planning or applying for, obtaining, maintaining and defending Environmental Permits which shall not be paid from the Capital Improvement Charges; accounting, legal and engineering expenses; ordinary and current rentals of equipment or other property; refunds of moneys lawfully due to others; pension, retirement, health and hospitalization funds; payments in lieu of taxes and facility impact fees; and fees for management of the System or any portion thereof; but does not include any costs or expenses in respect of original construction or improvement other than expenditures necessary to prevent an interruption or continuance of an interruption of service or of Gross Revenues or minor capital expenditures necessary for the proper and economical operation or maintenance of the System, or any provision for interest, depreciation, amortization or similar charges.

**"Outstanding,"** when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which other Bond or Bonds have been issued under agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for other Bond or Bonds under Sections 2.06 and 2.08 hereof, (3) Bonds deemed to have been paid pursuant to Section 9.01 hereof and (4) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity.

**"Paying Agent"** shall mean any paying agent for Bonds appointed by or pursuant to Supplemental Resolution and its successor or assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

**"Person"** shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, governmental entity or other legal entity.

**"Pledged Funds"** shall mean, (1) the Net Revenues and (2) until applied in accordance with the provisions of this Resolution, all moneys, including investments thereof, in the funds and accounts established hereunder, except (A) as for the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating Expenses of the System in accordance with the terms hereof, and (C) moneys on deposit in a subaccount of the Reserve Account to the extent moneys on deposit therein shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions hereof.

**"Prerefunded Obligations"** shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (1) which are (A) not callable prior to maturity or (B) as to which irrevocable instructions have been given to the fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (2) which are fully secured as to principal, redemption premium, if any, and interest by a fund held by a fiduciary consisting only of cash or Federal Securities, secured in the manner set forth in Section 9.01 hereof, which fund may be applied only to the payment of such principal of, redemption premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as the case may be, (3) as to which the principal of and interest on the Federal Securities, which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of, redemption premium, if any, and interest on the bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (1) above and are not available to satisfy any other claims, including those against the fiduciary holding the same, and (4) which are rated in the highest rating category (without regard to gradations, such as "plus" or "minus" of such categories) of two of the Rating Agencies.

**"Principal Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Projects"** shall mean the Initial Project and any Additional Project.

**"Pro Rata Share"** shall mean as it relates to the use of proceeds of the Series 1998A Bonds, the percentage resulting from the aggregate principal amount of the Series 1998A Bonds being divided by the aggregate principal amount of the Series 1998 Bonds. "Pro Rata Share" shall mean, as it relates to the Series 1998B Bonds, the percentage resulting from the aggregate principal amount of the Series 1998B Bonds being divided by the aggregate principal amount of the Series 1998 Bonds. For purposes of this definition, the aggregate principal amount of the Series 1998A Bonds, the Series 1998B Bonds and the Series 1998 Bonds shall be less any original issue discount attributable thereto and plus any premium received by the Issuer from the sale thereof.

**"Qualified Hedge Agreement"** shall mean a Hedge Agreement with a Counterparty which meets the Initial Rating Requirement.

**"Rate Consultant"** shall mean any accountant, engineer or consultant or firm of accountants, engineers or consultants chosen by the Issuer from time to time with reputation for skill and experience in reviewing and recommending rates for utility systems similar to the System.

**"Rate Stabilization Account"** shall mean the separate account established in the Revenue Fund established pursuant to Section 4.04(A) hereof.

**"Rating Agencies"** means Fitch, Moody's and Standard & Poor's.

**"Rebate Fund"** shall mean the Rebate Fund established pursuant to Section 4.04(G) hereof.

**"Redemption Price"** shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

**"Refunding Securities"** shall mean Federal Securities and Prerefunded Obligations.

**"Registrar"** shall mean any registrar for the Bonds appointed by or pursuant to Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

**"Renewal and Replacement Charges"** shall mean those certain charges collected by the Issuer pursuant to the Master Water Supply Contract to be deposited to the Renewal and Replacement Fund.

**"Renewal and Replacement Fund"** shall mean the fund created pursuant to Section 4.04(D) hereof.

**"Renewal and Replacement Fund Requirement"** shall mean, on the date of calculation, an amount of money equal to (1) five percent of the Gross Revenues for the preceding Fiscal Year or (2) such greater or lesser amount as may be certified to the Issuer by the Consulting Engineers as an amount appropriate for the purposes of this Resolution.

**"Reserve Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Reserve Account Insurance Policy"** shall mean the insurance policy deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(B)(4) hereof.

**"Reserve Account Letter of Credit"** shall mean a letter of credit or line of credit or other credit facility (other than a Reserve Account Insurance Policy) deposited in the Reserve Account in lieu of or in partial substitution for cash on deposit therein pursuant to Section 4.05(B)(4) hereof.

**"Reserve Account Requirement"** shall mean, as of any date of calculation for the Reserve Account, an amount equal to the lesser of (1) Maximum Annual Debt Service for all Outstanding Bonds, (2) 125% of the average Annual Debt Service for all Outstanding Bonds, or (3) the maximum amount allowed to be funded from proceeds of tax-exempt obligations and invested at an unrestricted yield pursuant to the Code; provided, however, the Issuer may establish by Supplemental Resolution a different Reserve Account Requirement for a subaccount of the Reserve Account which secures a Series of Bonds pursuant to Section 4.05(B)(4) hereof. In computing the Reserve Account Requirement in respect of a Series of Bonds that constitutes Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be (A) if such Variable Rate Bonds have been Outstanding for at least 24 months prior to the date of calculation, the highest average interest rate borne by such Variable Rate Bonds for any 30-day period, and (B) if such Variable Rate Bonds have not been Outstanding for at least 24 months prior to the date of calculation, the Bond Buyer Revenue Bond Index most recently published prior to the time of calculation. The time of calculation for Variable Rate Bonds shall be each March 1.

**"Resolution"** shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

**"Restructured Debt"** shall mean the Issuer's Capital Improvement Revenue Bonds, Series 1979; Refunding Revenue Bonds, Series 1985; Refunding Revenue Bonds, Series 1989A; Capital Improvement Revenue Bonds, Series 1989B; Refunding Revenue

Bonds, Series 1992; Refunding Revenue Bonds, Series 1995; Revenue Note, Series 1997; and Cypress Creek Capital Lease Obligation.

**"Revenue Account"** shall mean the separate account in the Revenue Fund established pursuant to Section 4.04(A) hereof.

**"Revenue Fund"** shall mean the fund created pursuant to Section 4.04(A) hereof.

**"Secretary"** shall mean the Secretary of the Governing Body of the Issuer or his or her designee.

**"Serial Bonds"** shall mean all of the Bonds other than the Term Bonds.

**"Series"** shall mean all the Bonds delivered on original issuance in a simultaneous transaction and identified pursuant to Sections 2.01 and 2.02 hereof or a Supplemental Resolution authorizing the issuance by the Issuer of such Bonds as a separate Series, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**"Series 1998 Bonds"** shall mean the Series 1998A Bonds and the Series 1998B Bonds.

**"Series 1998A Bonds"** shall mean the Tampa Bay Water, A Regional Water Supply Authority, Utility System Revenue Bonds, Series 1998A, authorized pursuant to Section 2.02 hereof.

**"Series 1998B Bonds"** shall mean the Tampa Bay Water, A Regional Water Supply Authority, Utility System Revenue Bonds, Series 1998B, authorized pursuant to Section 2.02 hereof.

**"Sinking Fund"** shall mean the fund established pursuant to Section 4.04(C) hereof.

**"Sinking Fund Installment"** shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to the Term Bonds.

**"Standard & Poor's"** shall mean Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and any assigns and successors thereto.

**"State"** shall mean the State of Florida.

**"Subordinated Indebtedness"** shall mean that indebtedness of the Issuer, subordinate and junior to the Bonds, issued in accordance with the provisions of Section 6.01 hereof.

**"Supplemental Resolution"** shall mean any resolution of the Issuer amending or supplementing this Resolution adopted and becoming effective in accordance with the terms of Sections 8.01, 8.02 and 8.03 hereof.

**"System"** shall mean the Issuer's water production, transmission and treatment facilities, as they currently exist and as they may be modified or expanded in the future from time to time, which are owned, leased, licensed, operated and/or used by the Issuer to provide water.

**"Taxable Bonds"** means those Bonds which state, in the body thereof, that the interest income thereon is includable in the gross income of the Holder thereof for federal income taxation purposes or that such interest is subject to federal income taxation.

**"Term Bonds"** shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Issuer.

**"Term Bonds Redemption Account"** shall mean the separate account in the Sinking Fund established pursuant to Section 4.04(C) hereof.

**"Transferred Assets"** shall have the meaning provided for such term in the Interlocal Agreement.

**"TrueUp"** shall mean the annual reconciliation of moneys paid by Member Governments as provided in Section 13(F) of the Master Water Supply Contract. True-Up shall also include any reconciliation of moneys paid by other Persons which purchase water from the Issuer pursuant to a water supply contract.

**"Utility Reserve Fund"** shall mean the fund created pursuant to Section 4.04(F) hereof.

**"Variable Costs"** shall have the meaning provided for such term in the Master Water Supply Contract.

**"Variable Rate Bonds"** shall mean Bonds issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue.

The terms "herein," "hereunder," "hereby," "hereto," "hereof," and any similar terms, shall refer to this Resolution; the term "heretofore" shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include the feminine gender, and vice versa.

Words importing the singular number include the plural number, and vice versa.

**SECTION 1.02. AUTHORITY FOR RESOLUTION.** This Resolution is adopted pursuant to the provisions of the Act. The Issuer has ascertained and hereby determined that adoption of this Resolution is necessary to carry out the powers, purposes and duties expressly provided in the Act, that each and every matter and thing as to which provision is made herein is necessary in order to carry out and effectuate the purposes of the Issuer in accordance with the Act and to carry out and effectuate the plan and purpose of the Act, and that the powers of the Issuer herein exercised are in each case exercised in accordance with the provisions of the Act and in furtherance of the purposes of the Issuer.

**SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds, and shall be deemed to be and shall constitute a contract between the Issuer, the Holders from time to time of the Bonds and any Insurer or Credit Bank. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds and any Insurer or Credit Bank, but only in accordance with the terms hereof. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

**SECTION 1.04. FINDINGS.** It is hereby ascertained, determined and declared:

(A) That the Issuer is currently established for the purpose of developing, recovering, storing and supplying water for county and municipal purposes in such manner as will give priority to reducing the adverse environmental effects of excessive or improper withdrawals from concentrated areas.

(B) That as of May 1, 1998, the Member Governments reorganized the Issuer pursuant to the Interlocal Agreement in order to establish the Issuer as a water utility.

(C) That the Issuer and the Member Governments currently own or lease, control and manage various water production, treatment and transmission facilities for the supply of water to customers of the Member Governments.

(D) That the Member Governments have heretofore determined that the Issuer shall own, license or lease and operate various water production, treatment and transmission facilities, including certain facilities currently owned, licensed or leased by Member Governments, for the common use and benefit of the Member Governments, in the manner specified in the Interlocal Agreement.

(E) That the Member Governments desire the Issuer to expand the System to meet the common needs of all of the Member Governments, in the manner specified in the Interlocal Agreement.

(F) That the Member Governments desire to share the costs of operating, developing, acquiring, constructing, equipping and expanding the Issuer's System in the manner specified in the Master Water Supply Contract and in the Interlocal Agreement.

(G) That the Member Governments desire to purchase and the Issuer desires to sell water produced by the Issuer from the System as specified in the Master Water Supply Contract.

(H) That the Series 1998 Bonds shall be secured in the manner provided herein and pursuant to the Master Water Supply Contract.

(I) That the proceeds of the Series 1998A Bonds shall be used principally (1) to restructure the Issuer's outstanding debt so that the terms hereof and of the Master Water Supply Contract shall pertain to all water supplied by the Authority to the Member Governments, and (2) to fund certain capital improvements to the System in the form of the Initial Project. The proceeds of the Series 1998B Bonds shall be used principally to acquire the Transferred Assets from Member Governments.

(J) That pursuant to the provisions of the Act, the Issuer is authorized to undertake the Initial Project, to acquire the Transferred Assets and to finance the Restructured Debt through the issuance of the Series 1998 Bonds.

(K) That the Pledged Funds are not pledged or encumbered in any manner, except to the extent they are pledged and encumbered for the Restructured Debt.

(L) That the estimated Gross Revenues to be derived in each year hereafter from the operation of the System will be sufficient to pay all the Operating Expenses, the principal of and interest on the Bonds to be issued pursuant to this Resolution, as the same become due, and all other payments provided for in this Resolution.

(M) That the principal of and interest on the Bonds to be issued pursuant to this Resolution, and all other payments provided for in this Resolution will be paid solely from the Pledged Funds in accordance with the terms hereof; and the ad valorem taxing

power of the Issuer will never be necessary or authorized to pay the principal of and interest on the Bonds to be issued pursuant to this Resolution, or to make any other payments provided for in this Resolution, and the Bonds shall not constitute a lien upon the System or upon any other property whatsoever of or in the Issuer, other than the Pledged Funds.

**SECTION 1.05. AUTHORIZATION OF FINANCING OF THE RESTRUCTURED DEBT.** The Issuer hereby authorizes the financing of the Restructured Debt.

**SECTION 1.06. AUTHORIZATION OF ACQUISITION OF TRANSFERRED ASSETS.** The Issuer hereby authorizes the acquisition of the Transferred Assets in accordance with the terms of the Interlocal Agreement.

**SECTION 1.07. AUTHORIZATION OF INITIAL PROJECT.** The Issuer hereby authorizes the Initial Project.

## **ARTICLE II**

### **AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS**

**SECTION 2.01. AUTHORIZATION OF BONDS.** This Resolution creates an issue of Bonds of the Issuer to be designated as "Tampa Bay Water, A Regional Water Supply Authority, Utility System Revenue Bonds" which may be issued in one or more Series as hereinafter provided. The aggregate principal amount of the Bonds which may be executed and delivered under this Resolution is not limited except as is or may hereafter be provided in this Resolution or as limited by the Act.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined by Supplemental Resolution of the Issuer.

The Bonds shall be issued in such denominations and such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agents and Registrars; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined by Supplemental Resolution of the Issuer. The Issuer may issue Bonds which may be secured by a Credit Facility or by a Bond Insurance Policy of an Insurer all as shall be determined by Supplemental Resolution of the Issuer. The Governing Body may delegate approval of the terms, details and sale of a Series of Bonds to an Authorized Issuer Officer pursuant to Supplemental Resolution.

**SECTION 2.02. AUTHORIZATION AND DESCRIPTION OF SERIES 1998 BONDS.** A Series of Bonds entitled to the benefit, protection and security of this Resolution is authorized in the aggregate principal amount of not exceeding \$170,000,000 for the principal purposes of financing the Restructured Debt, financing the Costs of the Initial Project, funding the Reserve Account and paying certain costs of issuance incurred with respect to the Series 1998A Bonds. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Tampa Bay Water, A Regional Water Supply Authority, Utility System Revenue Bonds, Series 1998A."

A Series of Bonds entitled to the benefit, protection and security of this Resolution is authorized in the aggregate principal amount of not exceeding \$240,000,000 for the principal purposes of acquiring the Transferred Assets, funding the Reserve Account and paying certain costs of issuance incurred with respect to the Series 1998B Bonds. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Tampa Bay Water, A Regional Water Supply Authority, Utility System Revenue Bonds, Series 1998B."

The Series 1998 Bonds shall be dated as of the first day of the month in which occurs the delivery of the Series 1998 Bonds to the purchaser or purchasers thereof or such other date as may be set forth by Supplemental Resolution of the Issuer; shall be issued as fully registered Bonds; shall be numbered consecutively from one upward in order of maturity preceded by the letter "R"; shall be in such denominations and shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable in such manner and on such dates; shall consist of such amounts of Serial Bonds, Term Bonds, Variable Rate Bonds, current interest paying Bonds and Capital Appreciation Bonds maturing in such years and amounts not exceeding such period as may be permitted by the Act at the time of issuance; shall be payable in such place or places; shall have such Paying Agents and Registrars; and shall contain such redemption and other provisions; all as the Issuer shall provide hereafter by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Series 1998 Bonds are payable upon presentation and surrender of the Series 1998 Bonds at the designated office of the Paying Agent. Interest payable on any Series 1998 Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the request and expense of such Holder, by bank wire transfer for the account of such Holder. All payments of principal of or Redemption Price, if applicable, and interest on the Series 1998 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

### **SECTION 2.03. APPLICATION OF SERIES 1998 BOND PROCEEDS.**

The proceeds derived from the sale of the Series 1998 Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Series 1998 Bonds to the purchaser or purchasers thereof, be applied at the direction of the Issuer as follows:

(A) Accrued interest on the Series 1998 Bonds shall be deposited in the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 1998 Bonds.

(B) A sufficient amount of Series 1998A Bond proceeds, together with other legally available moneys, shall be deposited irrevocably in trust in the escrow deposit trust funds under the terms and provisions of the Escrow Deposit Agreements and shall be invested in United States Treasury obligations in the manner set forth in such Escrow Deposit Agreements, which investments shall mature at such times and in such amounts as shall be sufficient to pay the principal of, redemption premium, if any, and interest on the Restructured Debt (other than the Revenue Note, Series 1997 and the Cypress Creek Capital Lease Obligation) as the same matures and becomes due and payable or is redeemed prior to maturity.

(C) A sufficient amount of the Series 1998A Bond proceeds shall be utilized to repay the principal of and interest on the Issuer's Revenue Note, Series 1997 and the Cypress Creek Capital Lease Obligation.

(D) A sufficient amount of Series 1998A Bond proceeds shall be deposited in the Reserve Account which, together with any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.05(B)(4) hereof, shall equal the Pro Rata Share of the Reserve Account Requirement for the Series 1998 Bonds.

(E) A sufficient amount of the Series 1998A Bond proceeds shall be applied or set aside to the payment of the Pro Rata Share of the premiums of any Bond Insurance Policy and/or Reserve Account Insurance Policy applicable to the Series 1998 Bonds or reserves established therefor and of costs and expenses relating to the issuance of the Series 1998 Bonds.

(F) The balance of the Series 1998A Bond proceeds shall be deposited in the Construction Fund to pay the Cost of the Initial Project.

(G) A sufficient amount of the Series 1998B Bond proceeds shall be utilized by the Issuer to acquire from each Member Government its Transferred Assets, if any, for which such Member Government has elected to receive cash as provided in the Interlocal Agreement.

(H) A sufficient amount of the Series 1998B Bond proceeds shall be deposited in the Reserve Account which, together with any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit obtained in accordance with Section 4.05(B)(4) hereof, shall equal the Pro Rata Share of the Reserve Account Requirement of the Series 1998 Bonds.

(I) A sufficient amount of the Series 1998B Bonds shall be applied or set aside to the payment of the Pro Rata Share of the premiums of any Bond Insurance Policy and/or Reserve Account Insurance Policy applicable to the Series 1998 Bonds or reserve

established therefor and of costs and expenses relating to the issuance of the Series 1998 Bonds.

(J) The balance of the Series 1998B Bond proceeds, if any, shall be deposited to the Interest Account.

**SECTION 2.04. EXECUTION OF BONDS.** The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

**SECTION 2.05. AUTHENTICATION.** No Bond of any Series shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.09 hereof.

**SECTION 2.06. TEMPORARY BONDS.** Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.04, and deliver, upon authentication by the Registrar pursuant to Section 2.05 hereof, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer by subsequent resolution and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Issuer, at his own expense, shall prepare and execute definitive Bonds, which shall be authenticated by the Registrar. Upon the surrender of such temporary Bonds for exchange, the Registrar, without charge to the Holder thereof, shall

deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution. All temporary Bonds surrendered in exchange for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Registrar.

**SECTION 2.07. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.** In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered shall be canceled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.07 shall constitute original contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

**SECTION 2.08. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER.** Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of Florida, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to any Series of Bonds, forthwith (A) following the fifteenth day prior to an Interest Date for such Series; (B) following the fifteenth day next preceding the date of first mailing of notice of redemption of any Bonds of such Series; and (C) at any other time as reasonably requested by the Paying Agent of such Series, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and deliver Bonds and the Registrar shall authenticate such Bonds in accordance with the provisions of this Resolution. Execution of Bonds by the Chairman and Secretary for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be canceled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds of any Series during the 15 days next preceding an Interest Date on the Bonds of such Series (other than Capital Appreciation Bonds and Variable Rate Bonds), or, in the case of any proposed

redemption of Bonds of such Series, then, for the Bonds subject to redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

The Issuer may elect to issue any Bonds as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry obligations, provided it shall establish a system of registration therefor by Supplemental Resolution.

**SECTION 2.09. FORM OF BONDS.** The text of the Bonds, except for Capital Appreciation Bonds and Variable Rate Bonds, the form of which shall be provided by Supplemental Resolution of the Issuer, shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Secretary prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-

\$\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF FLORIDA  
TAMPA BAY WATER,  
A REGIONAL WATER SUPPLY AUTHORITY,  
UTILITY SYSTEM REVENUE BOND,  
SERIES**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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Registered Holder:

Principal Amount:

**TAMPA BAY WATER, A REGIONAL WATER SUPPLY AUTHORITY**, established pursuant to the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing \_\_\_\_\_ until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable at the designated corporate trust office of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer

maintained by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the request and expense of such Registered Holder, by bank wire transfer for the account of such Holder.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, registered holder, denomination and number, issued to finance \_\_\_\_\_, in and for the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Sections 373.1962, 373.1963 and 163.01, Florida Statutes, and other applicable provisions of law (collectively, the "Act"), and a resolution of the Issuer duly adopted by the Board of Directors of the Issuer on \_\_\_\_\_, as amended and supplemented (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Issuer's water utility system (the "System") and (2) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established by the Resolution, except (A) as for the Rebate Fund, (B) moneys in any fund or account to the extent such moneys shall be required to pay the Operating Expenses (as defined in the Resolution) in accordance with the terms of the Resolution, and (C) moneys on deposit in a subaccount of the Reserve Account established by the Resolution to the extent such moneys shall be pledged solely for the payment of the Series of Bonds for which it was established in accordance with the provisions of the Resolution (collectively, the "Pledged Funds"), subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution. It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon the System or any other property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds in accordance with the terms of the Resolution.

Neither the members of the Board of Directors of the Issuer nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH ON THE FRONT SIDE HEREOF.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

**IN WITNESS WHEREOF**, Tampa Bay Water, A Regional Water Supply Authority, has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Chairman of its Board of Directors, and by the manual or facsimile signature of the Secretary of its Board of Directors, and its seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

**TAMPA BAY WATER, A Regional Water  
Supply Authority**

(SEAL)

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Chairman

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Secretary

(Provisions on Reverse Side of Bond)

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denomination of \$5,000 and any integral multiple thereof, not exceeding the aggregate principal amount of the Bonds. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer shall not be obligated to make any exchange or transfer of the Bonds during the 15 days next preceding an interest payment date or, in the case of any proposed redemption of the Bonds, then, for the Bonds subject to such redemption, during the 15 days next preceding the date of the first mailing of notice of such redemption and continuing to the redemption date.

(INSERT REDEMPTION PROVISIONS)

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Resolution upon notice given by first class mail sent at least 30 days prior to the redemption date to the Registered Holder hereof at the address shown on the registration books maintained by the Registrar; provided, however, that failure to mail notice to the Registered Holder hereof, or any defect therein, shall not affect the validity of the proceedings for redemption of other Bonds as to which no such failure or defect has occurred. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for one or more Bonds in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Resolution.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and covenants securing this Bond, the nature, manner and extent of enforcement of such pledge and covenants, and the rights, duties, immunities and obligations of the Issuer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

## ASSIGNMENT

**FOR VALUE RECEIVED**, the undersigned sells, assigns and transfers unto

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Insert Social Security or Other Identifying Number of Assignee

---

(Name and Address of Assignee)

---

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_,  
as attorneys to register the transfer of the said Bond on the books kept for registration  
thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

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**NOTICE:** Signature must be  
guaranteed by an institution which is a  
participant in the Securities Transfer  
Agent Medallion Program (STAMP) or  
similar program.

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**NOTICE:** The signature to this  
assignment must correspond with the  
name of the Registered Holder as it  
appears upon the face of the within Bond  
in every particular, without alteration or  
enlargement or any change whatever and  
the Social Security or other identifying  
number of such assignee must be  
supplied.

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of  
survivorship and not as tenants  
in common

UNIF TRANS MIN ACT -- \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_

under Uniform Transfers to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in list above.

### **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

\_\_\_\_\_

\_\_\_\_\_  
Registrar

By: \_\_\_\_\_  
Authorized Officer

### **ARTICLE III REDEMPTION OF BONDS**

**SECTION 3.01. PRIVILEGE OF REDEMPTION.** The terms of this Article III shall apply to redemption of Bonds other than Capital Appreciation Bonds or Variable Rate Bonds. The terms and provisions relating to redemption of Capital Appreciation Bonds and Variable Rate Bonds shall be provided by Supplemental Resolution.

**SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least 45 days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**SECTION 3.03. NOTICE OF REDEMPTION.** Notice of such redemption shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar on behalf of the Issuer, and (A) shall be filed with the Paying Agents of such Bonds, (B) shall be mailed first class, postage prepaid, at least 30 days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar as of the date of mailing of such notice, and (C) shall be mailed, certified mail, postage prepaid, at least 35 days prior to the redemption date to the registered securities depositories and two or more nationally recognized municipal bond information services. Failure to mail such notice to such depositories or services or the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed, (2) the original issue date of such Bonds, (3) the maturity date and rate of interest borne by each Bond being redeemed, (4) the redemption date, (5) the Redemption Price, (6) the date on which such notice is mailed, (7) if less than all Outstanding Bonds are to be redeemed, the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the principal office of the Registrar at an address specified, and (10) the name and telephone number of a person designated by the Registrar to be responsible for such redemption.

In addition to the mailing of the notice described above, each notice of redemption and payment of the Redemption Price shall meet the following requirements; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above:

(A) Each further notice of redemption shall be sent by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to two or more national information services which disseminate notices of prepayment or redemption of obligations such as the Bonds (such information services now being called Financial Information, Inc.'s "Daily Called Bond Service," Jersey City, New Jersey, Kenny Information Service's "Called Bond Service," New York, New York, Moody's "Municipal and Government," New York, New York and Standard & Poor's "Called Bond Record," New York, New York).

(B) Each further notice of redemption shall be sent to such other Person, if any, as shall be required by applicable law or regulation.

The notice of redemption described in this paragraph need not be given as described above if the Bonds called for redemption are registered pursuant to a book-entry-only system.

**SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS.** Any Bond which is to be redeemed only in part shall be surrendered at any place of payment

specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of any authorized denomination, as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

**SECTION 3.05. PAYMENT OF REDEEMED BONDS.** Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

## **ARTICLE IV SECURITY, SPECIAL FUNDS AND APPLICATION THEREOF**

**SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF ISSUER.** The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from and secured by a lien upon and pledge of the Pledged Funds, in the manner and to the extent provided in this Resolution. No Holder of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the Issuer except from the Pledged Funds in the manner and to the extent provided herein.

**SECTION 4.02. SECURITY FOR BONDS.** The payment of the principal of or Redemption Price, if applicable, and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and lien upon the Pledged Funds; provided, however, a Series of Bonds may be further secured by a Credit Facility or Bond Insurance Policy in addition to the security provided herein; and provided further that a Series of Bonds may be secured independently of any other Series of Bonds by the establishment of a separate subaccount in the Reserve Account for such Series of Bonds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds in accordance with the provisions hereof. Except as otherwise provided by Supplemental Resolution, the obligation of the Issuer to make Hedge Payments to a Counterparty pursuant to a Qualified Hedge Agreement shall be on parity with the Bonds as to lien on and pledge of the Pledged Funds in accordance with the terms hereof (any other payments related to a Qualified Hedge Agreement, including fees, penalties and termination payments and the obligation of the Issuer to collateralize, shall be Subordinated Indebtedness of the Issuer).

The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

**SECTION 4.03. CONSTRUCTION FUND.** The Issuer covenants and agrees to establish, a special fund in a bank, trust company or such other entity in the State, which is eligible under the laws of the State to be a depository for municipal funds, to be known as the "Tampa Bay Water Utility System Construction Fund," which shall be used only for payment of the Cost of a Project. Moneys in the Construction Fund, until applied in payment of any item of the Cost of a Project in the manner hereinafter

provided, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Resolution, and there may be paid into the Construction Fund, at the option of the Issuer, any moneys received for or in connection with a Project by the Issuer from any other source.

The Issuer shall establish within the Construction Fund a separate account for each Project, the Cost of which is to be paid in whole or in part out of the Construction Fund. The Issuer shall establish a separate account within the Construction Fund for the Initial Project. Moneys in such account shall be used to pay the Costs of the Initial Project.

The proceeds of insurance maintained pursuant to this Resolution against physical loss of or damage to a Project, or of contractors' performance bonds with respect thereto pertaining to the period of construction thereof, shall be deposited into the appropriate account of the Construction Fund.

Any moneys received by the Issuer from the State or from the United States of America or any agencies thereof for the purpose of financing part of the Cost of a Project shall be deposited into the appropriate account of the Construction Fund and used in the same manner as other Bond proceeds are used therein; provided that separate accounts or subaccounts may be established in the Construction Fund for moneys received pursuant to the provisions of this paragraph whenever required by federal or State law.

The Issuer covenants that the acquisition, construction and installation of each Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Construction Fund to pay the Cost of a Project upon the filing with the Secretary of certificates and/or documents signed by an Authorized Issuer Officer, stating with respect to each disbursement or payment to be made: (A) the item number of the payment, (B) the name and address of the Person to whom payment is due, (C) the amount to be paid, (D) the account of the Construction Fund from which payment is to be made, (E) the purpose, by general classification, for which payment is to be made, and (F) that (i) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of a Project and is a proper charge against the account of the Construction Fund from which payment is to be made and has not been the basis of any previous disbursement or payment, or (ii) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of a Project, is a proper charge against the account of the Construction Fund from which payment is to be made, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to

reimbursement thereof. The Secretary shall retain all such certificates and/or documents of the Authorized Issuer Officers for such other period of time as required by applicable law. The Secretary shall make available the certificates and/or documents at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds.

Notwithstanding any of the other provisions of this Section 4.03, to the extent that other moneys are not available therefor, amounts in the Construction Fund may be applied to the payment of principal of and interest on Bonds when due.

The date of completion of the acquisition and construction of a Project shall be determined by an Authorized Issuer Officer which shall certify such fact in writing to the Governing Body. An Authorized Issuer Officer may perform such tests relating to a Project as he deems necessary in order to make such certification. Promptly after the date of the completion of a Project, and after paying or making provision for the payment of all unpaid items of the Cost of such Project, the Issuer shall transfer the balance of any money in the Construction Fund which shall deposit such moneys in the following order of priority in (A) another account of the Construction Fund for which an Authorized Issuer Officer has stated that there are insufficient moneys present to pay the Cost of the related Project, (B) the Reserve Account, to the extent of a deficiency therein, and (C) such other fund or account established hereunder as shall be determined by the Governing Body, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion, if any, of interest on the Bonds from gross income for purposes of federal income taxation.

**SECTION 4.04. CREATION OF FUNDS AND ACCOUNTS.** The Issuer covenants and agrees to establish with a bank, trust company or such other entity in the State, which is eligible under the laws of the State to be a depository for its funds the following funds and accounts:

(A) The "Tampa Bay Water Utility System Revenue Fund." The Issuer shall maintain two separate accounts in the Revenue Fund: the "Revenue Account" and the "Rate Stabilization Account."

(B) The "Tampa Bay Water Utility System Operation, Maintenance and Administration Fund."

(C) The "Tampa Bay Water Utility System Sinking Fund." The Issuer shall maintain four separate accounts in the Sinking Fund: the "Interest Account," the "Principal Account," the "Term Bonds Redemption Account" and the "Reserve Account."

(D) The "Tampa Bay Water Utility System Renewal and Replacement Fund."

- (E) The "Tampa Bay Water Utility System Capital Improvement Fund."
- (F) The "Tampa Bay Water Utility System Utility Reserve Fund."
- (G) The "Tampa Bay Water Utility System Rebate Fund."

Moneys in the aforementioned funds and accounts (except for moneys in the Rebate Fund), until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders in accordance with the terms hereof.

The Issuer may at any time and from time to time appoint one or more depositaries to hold, for the benefit of the Bondholders, any one or more of the funds and accounts established hereby. Such depositary or depositaries shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds or accounts as herein set forth, and all records of such depositary in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agents and employees. Any such depositary shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and be qualified under applicable State law.

#### **SECTION 4.05. DISPOSITION OF GROSS REVENUES.**

(A) (1) Into the Revenue Account, the Issuer shall deposit promptly, as received, all Gross Revenues (other than the Capital Improvement Charges and Renewal and Replacement Charges).

(2) Into the Renewal and Replacement Fund, the Issuer shall deposit promptly, as received, all Renewal and Replacement Charges. Into the Capital Improvement Fund, the Issuer shall deposit promptly, as received, all Capital Improvement Charges. Into the Utility Reserve Fund, the Issuer shall deposit promptly all moneys received by the Issuer as a result of a True-Up. All Government Grants shall be utilized in accordance with the terms of such Government Grant and applicable law.

(3) Operation, Maintenance and Administration Fund. Moneys in the Revenue Account shall first be used each month to deposit in the Operation, Maintenance and Administration Fund such sums as are necessary to pay Operating Expenses for the ensuing month; provided the Issuer may transfer moneys from the Revenue Account to the Operation, Maintenance and Administration Fund at any time to pay Operating Expenses to the extent there is a deficiency in the Operation, Maintenance and Administration Fund for such

purpose. Amounts in the Operation, Maintenance and Administration Fund shall be paid out from time to time by the Issuer for Operating Expenses. The Issuer shall establish and fund an operating reserve within the Operation, Maintenance and Administration Fund in an amount which shall be equal to two times the monthly average Variable Costs as provided in the Issuer's preliminary budget. Moneys in the operating reserve shall be used to pay Operating Expenses to the extent other moneys in the Operation, Maintenance and Administration Fund are not available for such purpose.

(B) Commencing on October 1, 1998, all moneys at any time on deposit in the Revenue Account after the aforementioned transferrals to the Operation, Maintenance and Administration Fund shall be disposed of by the Issuer on or before the 25th day of each month, commencing in the month immediately following the delivery of any of the Series 1998 Bonds to the purchasers thereof, or such later date as hereinafter provided, in the following manner and in the following order of priority:

(1) Interest Account. The Issuer shall deposit or credit to the Interest Account the sum which, together with the balance in said Account, shall equal the interest on all Bonds Outstanding (except as to Capital Appreciation Bonds) accrued and unpaid and to accrue to the end of the then current calendar month. All Hedge Receipts shall be deposited directly to the Interest Account upon receipt. With respect to interest on Bonds which are subject to a Qualified Hedge Agreement, interest on such Bonds during the term of the Qualified Hedge Agreement shall be deemed to include the corresponding Hedge Payments. Moneys in the Interest Account shall be applied by the Issuer (a) for deposit with the Paying Agents to pay the interest on the Bonds on or prior to the date the same shall become due and (b) for Hedge Payments. The Issuer shall adjust the amount of the deposit to the Interest Account not later than a month immediately preceding any Interest Date so as to provide sufficient moneys in the Interest Account to pay the interest on the Bonds coming due on such Interest Date. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on the Outstanding Bonds on the next succeeding Interest Date. With respect to debt service on any Bonds which are subject to a Qualified Hedge Agreement, any Hedge Payments due to the Qualified Hedge Agreement Counterparty relating to such Bonds shall be paid to the Qualified Hedge Agreement Counterparty on a parity basis with the aforesaid required payments into the Sinking Fund. In computing the interest on Variable Rate Bonds which shall accrue during a calendar month, the interest rate on such Variable Rate Bonds shall be assumed to be (A) if such Variable Rate Bonds have been Outstanding for at least 24 months prior to the commencement of such calendar month, the highest average interest rate borne by such Variable Rate Bonds for any 30-day period, and (B) if such Variable Rate Bonds have not been

Outstanding for at least 24 months prior to the date of calculation, the Bond Buyer Revenue Bond Index most recently published prior to the commencement of such calendar month.

(2) Principal Account. Commencing no later than the month which is one year prior to the first principal due date, the Issuer shall next deposit into the Principal Account the sum which, together with the balance in said Account, shall equal the principal amounts on all Bonds Outstanding due and unpaid and that portion of the principal next due which would have accrued on such Bonds during the then current calendar month if such principal amounts were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) in equal amounts from the next preceding principal payment due date, or, if there be no such preceding payment due date from a date one year preceding the due date of such principal amount. Moneys in the Principal Account shall be applied by the Issuer for deposit with the Paying Agents to pay the principal of the Bonds on or prior to the date the same shall mature, and for no other purpose. Serial Capital Appreciation Bonds shall be payable from the Principal Account in the years in which such Bonds mature and monthly payments into the Principal Account on account of such Bonds shall commence in the month of the respective Bond Years in which such Bonds mature. The Issuer shall adjust the amount of the deposit to the Principal Account not later than the month immediately preceding any principal payment date so as to provide sufficient moneys in the Principal Account to pay the principal on Bonds becoming due on such principal payment date. No further deposit need be made to the Principal Account when the moneys therein are equal to the principal coming due on the Outstanding Bonds on the next succeeding principal payment date.

(3) Term Bonds Redemption Account. Commencing in the month which is one year prior to the first Sinking Fund Installment due date, there shall be deposited to the Term Bonds Redemption Account the sum which, together with the balance in such Account, shall equal the Sinking Fund Installments on all Bonds Outstanding due and unpaid and that portion of the Sinking Fund Installments of all Bonds Outstanding next due which would have accrued on such Bonds during the then current calendar month if such Sinking Fund Installments were deemed to accrue monthly (assuming that a year consists of 12 equivalent calendar months having 30 days each) in equal amounts from the next preceding Sinking Fund Installment due date, or, if there is no such preceding Sinking Fund Installment due date, from a date one year preceding the due date of such Sinking Fund Installment. Moneys in the Term Bonds Redemption Account shall be used to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose. The Issuer shall adjust the amount of the deposit to the Term Bonds Redemption Account on the month immediately preceding any Sinking

Fund Installment Date so as to provide sufficient moneys in the Term Bonds Redemption Account to pay the Sinking Fund Installments becoming due on such date. Payments to the Term Bonds Redemption Account shall be on parity with payments to the Principal Account.

Amounts accumulated in the Term Bonds Redemption Account with respect to any Sinking Fund Installment (together with amounts accumulated in the Interest Account with respect to interest, if any, on the Term Bonds for which such Sinking Fund Installment was established) may be applied by the Issuer, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, (a) to the purchase of Term Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (b) to the redemption at the applicable Redemption Prices of such Term Bonds, if then redeemable by their terms. Amounts in the Term Bonds Redemption Account which are used to redeem Term Bonds shall be credited against the next succeeding Amortization Installment which shall become due on such Term Bonds. The applicable Redemption Price (or principal amount of maturing Term Bonds) of any Term Bonds so purchased or redeemed shall be deemed to constitute part of the Term Bonds Redemption Account until such Sinking Fund Installment date, for the purposes of calculating the amount of such Account. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the Issuer shall proceed to call for redemption on such due date, by causing notice to be given as provided in Section 3.03 hereof, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Term Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Issuer shall pay out of the Term Bonds Redemption Account and the Interest Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the redemption (or for the payment of such Term Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Term Bonds shall be paid by the Issuer from the Operation, Maintenance and Administration Fund.

(4) Reserve Account. There shall be deposited to the Reserve Account an amount which would enable the Issuer to restore the funds on deposit in the Reserve Account to an amount equal to the Reserve Account Requirement applicable thereto. All deficiencies in the Reserve Account must be made up no later than 12 months from the date such deficiency first occurred, whether such shortfall was caused by decreased market value or withdrawal (whether from cash or a Reserve Account Insurance Policy or Reserve Account Letter of Credit). On

or prior to each principal payment date and Interest Date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Reserve Account shall be applied by the Issuer to the payment of the principal of or Redemption Price, if applicable, and interest on the Bonds to the extent moneys in the Interest Account, the Principal Account and the Term Bonds Redemption Account shall be insufficient for such purpose, but only to the extent the moneys transferred from the Utility Reserve Fund for such purposes pursuant to Section 4.05(B)(7) hereof shall be inadequate to fully provide for such insufficiency. Whenever there shall be surplus moneys in the Reserve Account by reason of a decrease in the Reserve Account Requirement or as a result of a deposit in the Reserve Account Letter of Credit or a Reserve Account Insurance Policy, such surplus moneys, to the extent practicable, shall be deposited by the Issuer into the Utility Reserve Fund. The Issuer shall promptly inform each Insurer of any draw upon the Reserve Account for purposes of paying the principal of and interest on the Bonds.

Upon the issuance of any Series of Bonds under the terms, limitations and conditions as herein provided, the Issuer shall fund the Reserve Account in an amount at least equal to the Reserve Account Requirement. Such required amount, if any, shall be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments to the Reserve Account over a period of months from the date of issuance of such Series of Bonds, which shall not exceed 36 months. In the event moneys in the Reserve Account are accumulated as provided above, (a) the amount in said Reserve Account on the date of delivery of the Additional Bonds shall not be less than the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on such date, and (b) the incremental difference between the Reserve Account Requirement on all Bonds Outstanding (excluding the Additional Bonds) on the date of delivery of the Additional Bonds and the Reserve Account Requirement on all such Bonds and the Additional Bonds shall be 50% funded upon delivery of the Additional Bonds.

Notwithstanding the foregoing provision, in lieu of or in substitution of the required deposits into the Reserve Account, the Issuer may cause to be deposited into the Reserve Account a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for the benefit of the Bondholders in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. The Issuer may also substitute a Reserve Account Insurance Policy and/or Reserve Account Letter of Credit for cash on deposit in the Reserve Account upon compliance with the terms of this Section 4.05(B)(4). Such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be payable to the Paying Agent (upon the

giving of notice as required thereunder) on any Interest Date or redemption date on which a deficiency exists which cannot be cured by moneys in any other fund or account held pursuant to this Resolution and available for such purpose. The Issuer providing such Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall be either (a) an insurer whose municipal bond insurance policies insuring the payment, when due, or the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by one of the Rating Agencies, or (b) a commercial bank, insurance company or other financial institution which has been assigned a rating by one of the Rating Agencies in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories). Any Reserve Account Insurance Policy and/or Reserve Account Letter of Credit shall equally secure all Bonds except to the extent a Series of Bonds is secured by a subaccount in the Reserve Account which is pledged solely for the payment of such Series of Bonds as provided in the last paragraph of this Section 4.05(B)(4).

If two days prior to an interest or principal payment date, or such other period of time as shall be required by the terms of the Reserve Account Insurance Policy or Reserve Account Letter of Credit, the Issuer shall determine that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on the Bonds on such date, the Issuer shall immediately notify (a) the issuer of the applicable Reserve Account Insurance Policy and/or the issuer of the Reserve Account Letter of Credit and submit a demand for payment pursuant to the provisions of such Reserve Account Insurance Policy and/or the Reserve Account Letter of Credit, (b) the Paying Agent, and (c) the Insurer, if any, of the amount of such deficiency and the date on which such payment is due.

In the event the Reserve Account contains both a Reserve Account Insurance Policy or Reserve Account Letter of Credit and cash and separate subaccounts have not been established in the Reserve Account, the cash shall be drawn down completely prior to any draw on the Reserve Account Insurance Policy or Reserve Account Letter of Credit. In the event more than one Reserve Account Insurance Policy or Reserve Account Letter of Credit is on deposit in the Reserve Account, amounts required to be drawn thereon shall be done on a pro-rata basis. The Issuer agrees to pay all amounts owing in regard to any Reserve Account Insurance Policy or Reserve Account Letter of Credit from the Pledged Funds. Pledged Funds shall be applied in accordance with this Section 4.05(B)(4), first, to reimburse the issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit for amounts advanced under such instruments, second, replenish any cash deficiencies in the Reserve Account, and, third, to pay the

issuer of the Reserve Account Insurance Policy or Reserve Account Letter of Credit interest on amounts advanced under such instruments. This Resolution shall not be discharged or defeased while any obligations are owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account. The Issuer agrees not to optionally redeem Bonds unless all amounts owing in regard to a Reserve Account Insurance Policy or Reserve Account Letter of Credit on deposit in the Reserve Account have been paid in full.

The Issuer may evidence its obligation to reimburse the issuer of any Reserve Account Letter of Credit or Reserve Account Insurance Policy by executing and delivering to such issuer a promissory note therefor; provided, however, any such note (a) shall not be a general obligation of the Issuer the payment of which is secured by the full faith and credit or taxing power of the Issuer, and (b) shall be payable solely from the Pledged Funds in the manner provided herein.

Any consent or approval of any Insurer described in this Section 4.05(B)(4) shall be required only so long as there are Outstanding Bonds secured by a Bond Insurance Policy issued by such Insurer which is in full force and effect and the commitments of which have been honored by such Insurer. The term "Paying Agent" as used in this Section 4.05(B)(4) may include one or more Paying Agents for the Outstanding Bonds.

Whenever the amount of cash in the Reserve Account, together with the other amounts in the Debt Service Fund, are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), the funds on deposit in the Reserve Account may be transferred to the other Accounts of the Sinking Fund for the payment of the Bonds.

The Issuer may also establish a separate subaccount in the Reserve Account for any Series of Bonds and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the Holders of such Bonds shall not be secured by any other moneys in the Reserve Account. Moneys in a separate subaccount of the Reserve Account shall be maintained at the Reserve Account Requirement applicable to such Series of Bonds secured by the subaccount; provided the Supplemental Resolution authorizing such Series of Bonds may establish the Reserve Account Requirement relating to such separate subaccount of the Reserve Account at such level as the Issuer deems appropriate. Moneys shall be deposited in the separate subaccounts in the Reserve Account on a pro-rata basis. In the event the Issuer shall maintain a

Reserve Account Insurance Policy or Reserve Account Letter of Credit and moneys in such subaccount, the moneys shall be used prior to making any disbursements under such Reserve Account Insurance Policy or Reserve Account Letter of Credit.

(5) Renewal and Replacement Fund. There shall be deposited to the Renewal and Replacement Fund such sums as shall be sufficient to pay 1/12 of an amount equal to the Renewal and Replacement Fund Requirement until the amount accumulated in such Fund is equal to such Renewal and Replacement Fund Requirement; provided, however, that (a) such Renewal and Replacement Fund Requirement may be increased or decreased as the Consulting Engineers shall certify to the Issuer is necessary for the purposes of the Renewal and Replacement Fund, and (b) in the event that the Consulting Engineers shall certify that the Renewal and Replacement Fund Requirement is excessive for the purposes of the Renewal and Replacement Fund such excess amount as may be on deposit therein may be transferred by the Issuer from the Renewal and Replacement Fund for deposit into the Utility Reserve Fund. Deposits to the Renewal and Replacement Fund described above shall first come from the Renewal and Replacement Charges, and thereafter from moneys in the Revenue Account. The moneys in the Renewal and Replacement Fund shall be applied by the Issuer for the purpose of paying the cost of extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the System; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Renewal and Replacement Fund shall be applied for the payment into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund for such purpose pursuant to Section 4.05(B)(7) hereof, together with moneys available in the Reserve Account for such purpose pursuant to Section 4.05(B)(4) hereof, shall be inadequate to fully provide for such insufficiency. Moneys in the Renewal and Replacement Fund may also be transferred to the Operation, Maintenance and Administration Fund to fund Operating Expenses to the extent other moneys available therefor shall be insufficient for such purpose.

(6) Subordinated Indebtedness. Gross Revenues shall next be applied by the Issuer for the payment of any debt service and other required deposits on Subordinated Indebtedness incurred by the Issuer in connection with the System and in accordance with the proceedings authorizing such Subordinated Indebtedness.

(7) Utility Reserve Fund. The balance of any Gross Revenues remaining in said Revenue Account shall be deposited in the Utility Reserve Fund and applied to the payment, on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein shall be insufficient to pay the principal of and interest on the Bonds coming due. Moneys not required to meet such a deficiency shall be deposited, first, to the Capital Improvement Fund to make up any withdrawal from such Fund pursuant to Section 4.06(A) hereof, second, to the Reserve Account to make up any deficiency therein, and, third, to the Rebate Fund to the extent moneys are required to be on deposit therein. Thereafter, moneys in the Utility Reserve Fund may be applied for any lawful purpose relating to the System, including, but not limited to, purchase or redemption of Bonds, payment of Subordinated Indebtedness, deposit to the Rate Stabilization Account and improvements, renewals and replacements to the System; provided, however, that none of such moneys shall ever be used for the purposes provided in this Section 4.05(B)(7) unless all payments required in Sections 4.05(B)(1) through 4.05(B)(6) hereof, including any deficiencies for prior payments, have been made in full to the date of such use. All moneys required to be paid by the Issuer to a Member Government as part of a True-Up shall be paid from the Utility Reserve Fund. Any moneys received by or paid by the Issuer in regard to a True-Up shall not be considered either a Gross Revenue or Operating Expense hereunder.

(C) Whenever moneys on deposit in the Sinking Fund are sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable Redemption Price and interest thereon), no further deposits to the Sinking Fund need be made. If on any payment date the Gross Revenues are insufficient to deposit the required amount in any of the funds or accounts or for any of the purposes provided above, the deficiency shall be made up on the subsequent payment dates.

The Issuer, in its discretion, may use moneys in the Principal Account and the Interest Account to purchase or redeem Bonds coming due on the next principal payment date, provided such purchase or redemption does not adversely affect the Issuer's ability to pay the principal or interest coming due on such principal payment date on the Bonds not so purchased or redeemed.

(D) In the event the Issuer shall issue a Series of Bonds secured by a Credit Facility, the Issuer may establish separate subaccounts in the Interest Account, the Principal Account and the Term Bonds Redemption Account to provide for payment of the principal of and interest on such Series; provided payment from the Pledged Funds of one Series of Bonds shall not have preference over payment of any other Series of Bonds.

The Issuer may also deposit moneys in such subaccounts at such other times and in such other amounts from those provided in Section 4.05(B) as shall be necessary to pay the principal of and interest on such Bonds as the same shall become due, all as provided by the Supplemental Resolution authorizing such Bonds.

In the case of Bonds secured by a Credit Facility, amounts on deposit in the Sinking Fund may be applied as provided in the applicable Supplemental Resolution to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of, premium, if any, and interest on such Bonds or to pay the purchase price of any such Bonds which are tendered by the holders thereof for payment; provided such Credit Facility shall have no priority over Bondholders or an Insurer to amounts on deposit in the Sinking Fund. Other payments due to a Credit Bank in relation to obligations arising under its Credit Facility may be on parity with the Bonds as to source of and security for payment to the extent provided in the Supplemental Resolution relating thereto.

**SECTION 4.06. CAPITAL IMPROVEMENT FUND.** The Issuer shall deposit into the Capital Improvement Fund all Capital Improvement Charges as received and such Capital Improvement Charges shall be accumulated in the Capital Improvement Fund and applied by the Issuer in the following manner and order of priority:

(A) For the payments on or prior to each principal and interest payment date (in no event earlier than the 25th day of the month next preceding such payment date) into the Interest Account, the Principal Account and the Term Bonds Redemption Account, when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund, the Reserve Account, the Renewal and Replacement Fund and the Rate Stabilization Account for such purpose pursuant to Sections 4.05(B)(7), 4.05(B)(4), 4.05(B)(5) and 4.08, respectively, hereof shall be inadequate to fully provide for such insufficiency. Any moneys transferred to the aforementioned Accounts described above shall be repaid from Gross Revenues as described in Section 4.05(B)(7) hereof on or prior to the date such amounts are needed for the purposes described in Sections 4.06(B) hereof.

(B) To pay or reimburse the capital cost of acquiring and/or constructing such improvements or additions to the System for which the Capital Improvement Charges were imposed in accordance with requisitions for disbursement of moneys provided by the Issuer.

**SECTION 4.07 REBATE FUND.** Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States (except to the extent the same may be transferred to the Revenue Account) and the Bondholders shall have no right to have the same applied for debt service on the Bonds.

For any Series of Bonds for which the rebate requirements of Section 148(f) of the Code are applicable, the Issuer agrees to undertake all actions required of it in its arbitrage certificate relating to such Series of Bonds, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing the amount determined in clause (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.07 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificates may be amended without the consent of any Holder, Credit Bank or Insurer from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

**SECTION 4.08 RATE STABILIZATION ACCOUNT.** The Issuer may transfer into the Rate Stabilization Account such moneys which are on deposit in the Utility Reserve Fund as it deems appropriate. The Issuer may transfer such amounts of moneys from the Rate Stabilization Account to the Revenue Account as it deems appropriate; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Rate Stabilization Account shall be applied for the payment into the Interest Account, the Principal Account and the Term Bonds Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Utility Reserve Fund, the Reserve Account and the Renewal and Replacement Fund for such purposes pursuant to Sections 4.05(B)(7), 4.05(B)(4) and 4.05(B)(5) hereof shall be inadequate to fully provide for such insufficiency.

**SECTION 4.09 INVESTMENTS.** Moneys on deposit in the Construction Fund, the Sinking Fund, the Capital Improvement Fund, the Operation, Maintenance and Administration Fund, the Utility Reserve Fund, the Revenue Fund and the Renewal and Replacement Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Construction Fund, the Revenue Fund, Operation, Maintenance and Administration

Fund, the Principal Account, the Interest Account, the Term Bonds Redemption Account, the Renewal and Replacement Fund, the Capital Improvements Fund and the Utility Reserve Fund shall be invested and reinvested by the Issuer in Authorized Investments, maturing not later than the dates on which such moneys will be needed for the purposes of such fund or account. Moneys on deposit in the Reserve Account may be invested or reinvested by the Issuer in Authorized Investments which shall have an average aggregate weighted term to maturity not greater than ten years. Notwithstanding any other provision hereof, all amounts on deposit in the Construction Fund or Interest Account representing accrued interest and capitalized interest shall be held by the Issuer, shall be pledged solely to the payment of interest on the corresponding Series of Bonds and, unless otherwise provided by Supplemental Resolution, shall be invested only in Federal Securities maturing in such times and in such amounts as are necessary to pay the interest to which they are pledged; provided, however, amounts on deposit in the Interest Account representing accrued and capitalized interest shall be invested only in cash or direct obligations of the United States of America or any combination thereof and shall be used only for the purpose of paying interest on the Bonds which funded such accrued and capitalized interest. All investments shall be valued at amortized cost; provided, however, investments in the Reserve Account shall be valued at the market value thereof, exclusive of accrued interest. Investments in the Reserve Account shall be valued by the Issuer on an annual basis on March 1 of each year.

Any and all income received from the investment of moneys in each separate account of the Construction Fund, the Interest Account, the Principal Account, the Term Bonds Redemption Account, the Utility Reserve Fund, the Renewal and Replacement Fund (to the extent such income and the other amounts in such Fund do not exceed the Renewal and Replacement Fund Requirement), the Capital Improvement Fund, the Rate Stabilization Account, the Revenue Account and the Reserve Account (to the extent such income and the other amounts in the Reserve Account do not exceed the Reserve Account Requirement), shall be retained in such respective Fund or Account.

Any and all income received from the investment of moneys in the Renewal and Replacement Fund (only to the extent such income and the other amounts in such Fund exceed the Renewal and Replacement Fund Requirement) and the Reserve Account (only to the extent such income and the other amounts in the Reserve Account exceeds the Reserve Account Requirement), shall be deposited upon receipt thereof in the Revenue Account.

Nothing in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Notwithstanding any provision of this Section 4.09 if at any time after investments have been made in the funds and accounts hereunder an investment ceases to be an Authorized Investment and such investment, aggregated with other non-conforming investments, exceeds 10% of invested funds hereunder, such investment shall be sold or liquidated unless otherwise approved by the Insurer.

**SECTION 4.10 SEPARATE ACCOUNTS.** The moneys required to be accounted for in each of the foregoing funds, accounts and subaccounts established herein may be deposited in a single bank account, and funds allocated to the various funds, accounts and subaccounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds, accounts and subaccounts as herein provided.

The designation and establishment of the various funds, accounts and subaccounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

## **ARTICLE V COVENANTS**

**SECTION 5.01. GENERAL.** The Issuer hereby makes the covenants provided in this Article V, in addition to all other covenants in this Resolution, with each and every successive Holder of any of the Bonds so long as any of said Bonds remain Outstanding.

**SECTION 5.02. OPERATION AND MAINTENANCE.** The Issuer will maintain or cause to be maintained the System and all portions thereof in good condition and will operate or cause to be operated the same in an efficient and economical manner, making or causing to be made such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof. The Issuer may contract with a responsible Person which has experience in the operation of utility systems similar to the System for the operation and maintenance of the System.

**SECTION 5.03. ANNUAL BUDGET.** The Issuer shall prepare and adopt, prior to the beginning of each Fiscal Year, an Annual Budget in accordance with applicable law. No expenditure for Operating Expenses of the System shall be made in any Fiscal Year in excess of the aggregate amount provided for Operating Expenses in the Annual Budget, (A) without a written finding and recommendation by an Authorized Issuer Officer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures, and (B) until the Governing Body shall have approved such finding and recommendation by resolution.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, other than the first Fiscal Year, the preliminary budget for such year, if it be approved by the Consulting Engineers, or otherwise the Annual Budget for the preceding Fiscal Year, shall be deemed to be in effect for such Fiscal Year until the Annual Budget for such Fiscal Year is adopted.

The Issuer shall mail copies of such Annual Budgets and amended Annual Budgets and all resolutions authorizing increased expenditures for operation and maintenance to any Member Government requesting the same and to any Credit Bank or Insurer of Bonds who shall file his address with the Secretary and request in writing that copies of all such Annual Budgets and resolutions be furnished to him and shall make available all such Annual Budgets and resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder or Holders of Bonds or to anyone acting for and on behalf of such Holder or Holders.

**SECTION 5.04. RATES.** For the Fiscal Year commencing October 1, 1998 and for each Fiscal Year thereafter, the Issuer shall fix, establish, maintain and collect such rates, fees and charges for the product, services and facilities of its System, and revise the same from time to time, whenever necessary, so as always to provide in each Fiscal Year:

(A) Net Revenues, together with the Fund Balance, equal to at least 125% of the Annual Debt Service becoming due in such Fiscal Year; provided

(B) such Net Revenues shall be adequate at all times to pay in each Fiscal Year at least 100% of (1) the Annual Debt Service becoming due in such Fiscal Year, (2) any amounts required by the terms hereof to be deposited in the Reserve Account or with any issuer of a Reserve Account Letter of Credit or Reserve Account Insurance Policy in such Fiscal Year, (3) any amounts required by the terms hereof to be deposited in the Renewal and Replacement Fund in such Fiscal Year, and (4) any amounts required by the terms of Section 4.06(A) hereof to be repaid to the Capital Improvement Fund in such Fiscal Year.

Such rates, fees or other charges shall not be so reduced so as to be insufficient to provide adequate Net Revenues for the purposes provided therefor by this Resolution.

If, in any Fiscal Year, the Issuer shall fail to comply with the requirements contained in this Section 5.04, it shall cause the Rate Consultant to review its rates, fees, charges, income, Gross Revenues, Operating Expenses and methods of operation and to make written recommendations as to the methods by which the Issuer may promptly seek to comply with the requirements set forth in this Section 5.04. The Issuer shall forthwith commence to implement such recommendations to the extent required so as to cause it to thereafter comply with said requirements.

**SECTION 5.05. BOOKS AND RECORDS.** The Issuer shall keep books, records and accounts of the Gross Revenues and operations of the System and the Member Governments and the Holders of any Bonds Outstanding or the duly authorized representatives thereof shall have the right at all reasonable times to inspect all books, records and accounts of the Issuer relating thereto.

**SECTION 5.06. ANNUAL AUDIT.** The Issuer shall, after the close of each Fiscal Year, cause the books, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants, and shall require such accountants to complete their report of such Annual Audit in accordance with applicable law. Such Annual Audits shall contain, but not be limited to, a balance sheet, an income statement, a statement of changes in financial position, statement of changes in retained earnings and any other statements as required by law or accounting convention. Each Annual Audit shall be in conformity with generally accepted

accounting principles. A copy of each Annual Audit shall regularly be furnished to any Member Government requesting the same and to any Credit Bank or Insurer who shall have furnished his address to the Secretary and requested in writing that the same be furnished to him.

**SECTION 5.07. NO MORTGAGE OR SALE OF THE SYSTEM.** The Issuer irrevocably covenants, binds and obligates itself not to sell, lease, encumber or in any manner dispose of the System as a whole or any substantial part thereof (except as provided below) until all of the Bonds and all interest thereon shall have been paid in full or provision for payment has been made in accordance with Section 9.01 hereof.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exist: (A) such property is not necessary for the operation of the System, (B) such property is not useful in the operation of the System, (C) such property is not profitable in the operation of the System, (D) in the case of a lease of such property, will be advantageous to the System and will not materially adversely affect the security for the Bondholders, or (E) such property is required by the terms of the Interlocal Agreement to be sold, leased or disposed by the Issuer.

Prior to any such sale, lease or other disposition of said property: (1) if the amount to be received therefor is not in excess of five percent of the book value of the gross plant of the System at original cost, an Authorized Issuer Officer shall make a finding in writing determining that one or more of the conditions for sale, lease or disposition of property provided for in the second paragraph of this Section 5.07 have been met; or (2) if the amount to be received from such sale, lease or other disposition of said property shall be in excess of five percent of the book value of the gross plant of the System at original cost, (a) an Authorized Issuer Officer and the Consulting Engineers shall each first make a finding in writing determining that one or more of the conditions for sale, lease or other disposition of property provided for in the second paragraph of this Section 5.07 have been met, (b) the Governing Body shall, by resolution, duly adopt, approve and concur in the finding of the Authorized Issuer Officer and the Consulting Engineers, and (c) the Issuer shall obtain an opinion of Bond Counsel to the effect that such sale, lease or other disposition is not in violation of the Act and will not adversely affect the federal tax exempt status of interest on the Bonds (other than Taxable Bonds). The sale, lease or disposition by the Issuer of any property required by the terms of the Interlocal Agreement shall be exempt from the provisions of this paragraph.

The proceeds from any such sale or other disposition shall be deposited, first, into the Renewal and Replacement Fund to the extent necessary to make the amount therein equal to the Renewal and Replacement Fund Requirement, and, second, into the Utility

Reserve Fund. Proceeds from any such lease shall constitute Gross Revenues and shall be deposited in the Revenue Account.

The transfer of the System as a whole from the control of the Governing Body to some other board or authority which may hereafter be created for such purpose, to the extent permitted by the Interlocal Agreement, and which constitutes a governmental entity, interest on obligations issued by which are excluded from gross income for purposes of federal income taxation, shall not be deemed prohibited by this Section 5.07 and such successor board or authority shall fall within the definition of "Issuer" in Section 1.01 hereof.

Notwithstanding the foregoing provisions of this Section 5.07, the Issuer shall have the authority to sell for fair and reasonable consideration any land comprising a part of the System which is no longer necessary or useful in the operation of the System and the proceeds derived from the sale of such land shall be disposed of in accordance with the provisions of the fourth paragraph of this Section 5.07.

Notwithstanding the foregoing provisions of this Section 5.07, the Issuer may make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the System if such contract, license, easement or right does not, in the opinion of the Consulting Engineers, as evidenced by a certificate to that effect filed with the Issuer, impede or restrict the operation by the Issuer of the System, but any payments to the Issuer under or in connection with any such contract, license, easement or right in respect of the System or any part thereof shall constitute Gross Revenues and shall be deposited in the Revenue Account.

Any sale, transfer or other disposition of the System, or any portion thereof, shall be done in compliance with the terms of the Interlocal Agreement and Master Water Supply Contract.

**SECTION 5.08. INSURANCE.** The Issuer will carry such insurance as is ordinarily carried by public entities owning and operating utilities similar to the System with a reputable insurance carrier or carriers, in such amounts as the Issuer shall determine to be sufficient and such other insurance against loss or damage by fire, explosion, hurricane, tornado or other hazards and risks, and said property loss or damage insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the System, or such other amount or amounts as a reputable insurance consultant or the Consulting Engineers shall approve as sufficient.

The Issuer may establish minimum levels of insurance for which the Issuer may self-insure. Such minimum levels of insurance shall be in amounts as recommended in

writing by an insurance consultant who has a favorable reputation and experience and is qualified to survey risks and to recommend insurance coverage for Persons engaged in operations similar to the System.

The proceeds from property loss and casualty insurance shall be deposited in the Renewal and Replacement Fund and, together with other available funds of the Issuer, shall be used to repair or replace the damaged portion of the System; provided, however, if the Issuer makes a determination in accordance with Section 5.07 hereof that such portion of the System is no longer necessary or useful in the operation of the System, such proceeds shall (1) if such proceeds equal or exceed \$100,000, (a) be applied to the redemption or purchase of Bonds or (b) be deposited in irrevocable trust for the payment of Bonds in the manner set forth in Section 9.01, provided the Issuer has received an opinion of Bond Counsel to the effect that such deposit shall not adversely affect the exclusion, if any, from gross income of interest on the Bonds for purposes of federal income taxation, or (2) if such proceeds are less than \$100,000, be deposited in the Revenue Account.

**SECTION 5.09. NO FREE SERVICE.** The Issuer will not render, or cause to be rendered, any free services of any nature by its System or any part thereof.

**SECTION 5.10. NO IMPAIRMENT OF RIGHTS.** The Issuer will not enter into any contract or contracts, nor take any action, the results of which might impair the rights of the Holders of the Bonds. The Issuer shall perform all of its obligations under the Master Water Supply Contract and the Interlocal Agreement and shall vigorously enforce all of its rights under the Master Water Supply Contract and the Interlocal Agreement, including, without limitation, its rights under the Interlocal Agreement to be the exclusive provider of water to the Member Governments.

**SECTION 5.11. ENFORCEMENT OF CHARGES.** The Issuer shall promptly bill the Member Governments for water consumed by such Member Governments in accordance with the terms of the Master Water Supply Contract. The Issuer shall compel the prompt payment of rates, fees and charges imposed in connection with the System, and to that end will vigorously enforce all of the provisions of the Master Water Supply Contract and any other agreement it may enter into for the supply of water.

**SECTION 5.12. AMENDMENTS TO INTERLOCAL AGREEMENT AND MASTER WATER SUPPLY CONTRACT.** The Issuer agrees that it will not make any amendment or modification to the Master Water Supply Agreement which, in its judgment, will materially adversely affect the rights or security of the Holders of the Bonds. The Issuer acknowledges that the Member Governments agreed in the Master Water Supply Contract not to make any amendment to the Interlocal Agreement which

would materially adversely affect the rights or security of the Holders of the Bonds. The Issuer agrees to enforce the aforementioned provisions in order to protect the rights and security of the Bondholders.

**SECTION 5.13. COVENANTS WITH CREDIT BANKS AND INSURERS.** The Issuer may make such covenants as it may in its sole discretion determine to be appropriate with any Insurer, Credit Bank or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in the applicable Supplemental Resolution and shall be binding on the Issuer, the Registrar, the Paying Agent and all the Holders of Bonds the same as if such covenants were set forth in full in this Resolution and may not diminish the security of any of the Bonds Outstanding.

**SECTION 5.14. CONSULTING ENGINEERS.** The Issuer shall at all times employ Consulting Engineers, whose duties shall be to make any certificates and perform any other acts required or permitted of the Consulting Engineers under this Resolution, and also to review the construction and operation of the System, to make an inspection of the System at least once every three years, and to submit to the Issuer a report with respect to each such inspection with recommendations as to the proper maintenance, repair and operation of the System during the ensuing Fiscal Year(s), including recommendations for expansion and additions to the System to meet anticipated service demands and an estimate of the amount of money necessary for such purposes. The Consulting Engineers shall annually recommend the amount of the Renewal and Replacement Fund Requirement. Copies of such reports, recommendations and estimates made as hereinabove provided shall be filed with the Issuer for inspection by Bondholders, if such inspection is requested, and shall be mailed to any Member Government requesting the same.

**SECTION 5.15. FEDERAL INCOME TAXATION COVENANTS; TAXABLE BONDS.** The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become included in gross income for purposes of federal income taxation.

The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of the Code and neither the Issuer nor any other Person under its control shall do any act or fail to do any act which would cause the interest on such Series

of Bonds to become subject to inclusion within gross income for purposes of federal income taxation.

The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause interest on any other Bonds theretofore issued hereunder to be or become subject to federal income taxation. The covenants set forth in this Section 5.15 shall not apply to any Taxable Bonds.

**SECTION 5.16. HEDGE AGREEMENTS.** Each Counterparty to a Qualified Hedge Agreement shall meet the Initial Rating Requirement. For the period the Counterparty does not fall below "Baa2" by Moody's or "BBB" by Standard & Poor's (the "Minimum Rating Requirement"), interest on Bonds subject to a Qualified Hedge Agreement with such Counterparty shall be deemed to be the Hedge Payments for purposes of the definition of "Debt Service." For any period the Counterparty does not satisfy the Minimum Rating Requirement and is not replaced by a Counterparty that meets the Initial Rating Requirement, interest on Bonds subject to a Qualified Hedge Agreement with such Counterparty shall be the actual interest on such Bonds (not taking into account the Hedge Payments) for purposes of the definition of "Debt Service." The above-described requirements for a Counterparty to a Qualified Hedge Agreement and the inclusion or exclusion of Hedge Payments for purposes of the definition of "Debt Service" may be waived in writing by Financial Guaranty Insurance Company.

## **ARTICLE VI**

### **SUBORDINATED INDEBTEDNESS AND ADDITIONAL BONDS**

**SECTION 6.01. SUBORDINATED INDEBTEDNESS.** The Issuer will not issue any other obligations, except under the conditions and in the manner provided herein, payable from the Pledged Funds or the Gross Revenues or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien thereon in favor of the Bonds and the interest thereon. The Issuer may at any time or from time to time issue evidences of indebtedness payable in whole or in part out of Pledged Funds and which may be secured by a pledge of Pledged Funds; provided, however, that such pledge shall be, and shall be expressed to be, subordinated in all respects to the pledge of the Pledged Funds created by this Resolution and provided further that the issuance of such Subordinated Indebtedness shall be subject to any provisions contained in financing documents securing Outstanding Subordinated Indebtedness to the extent such provisions impact on the ability of the Issuer to issue Subordinated Indebtedness. No Subordinated Indebtedness shall be subject to acceleration. The Issuer shall have the right to covenant with the holders from time to time of any Subordinated Indebtedness to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued under the provisions of Section 6.02 hereof. The Issuer agrees to pay promptly any Subordinated Indebtedness as the same shall become due.

**SECTION 6.02. ISSUANCE OF ADDITIONAL BONDS.** No Additional Bonds, payable on a parity with the Bonds then Outstanding pursuant to this Resolution, shall be issued except upon the conditions and in the manner herein provided. The Issuer may issue one or more Series of Additional Bonds for any one or more of the following purposes: (i) financing the Cost of a Project, or the completion thereof, or (ii) refunding any or all Outstanding Bonds or of any Subordinated Indebtedness of the Issuer.

No such Additional Bonds shall be issued unless the following conditions are complied with:

(A) Except in the case of Additional Bonds issued for the purpose of refunding Outstanding Bonds, the Issuer shall certify that it is current in all deposits into the various funds, accounts and subaccounts established hereby and all payments theretofore required to have been deposited or made by it under the provisions of this Resolution have been deposited or made and it has complied with the covenants and agreements of this Resolution.

(B) The General Manager shall certify on behalf of the Issuer to the effect that (1) the Net Revenues for any 12 consecutive months selected by the Issuer of the 24

months immediately preceding the issuance of said Additional Bonds, together with the Fund Balance on the last day of such 12-month period, were equal to (a) at least 125% of the Debt Service on the Outstanding Bonds during such 12-month period; and (2) the Net Revenues for such 12-month period were equal to at least 100% of (a) the Debt Service on the Outstanding Bonds for such 12-month period, (b) any amounts required by the terms hereof to be deposited in the Renewal and Replacement Fund during such 12-month period, (c) any amounts required by the terms hereof to be deposited to the Reserve Account or with any issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit during such 12-month period, and (d) any amounts required by the terms of Section 4.06(A) hereof to be repaid to the Capital Improvement Fund during such 12-month period.

(C) The General Manager shall certify on behalf of the Issuer to the effect that (1) the Net Revenues for any 12 consecutive months selected by the Issuer of the 24 months immediately preceding the issuance of said Additional Bonds, together with Fund Balance on the last day of such 12-month period, were equal to (a) at least 125% of the Debt Service on the Outstanding Bonds during such 12-month period and Debt Service for such 12-month period on any Additional Bonds issued subsequent to the commencement of such 12-month period (assuming such Additional Bonds had been issued at the beginning of such 12-month period), and (2) the amount of Net Revenues for such 12-month period were equal to at least 100% of (a) the Debt Service on the Outstanding Bonds during such 12-month period and Debt Service for such 12-month period on any Additional Bonds issued subsequent to the commencement of such 12-month period (assuming such Additional Bonds had been issued at the beginning of such 12-month period), (b) any amounts required by the terms hereof to be deposited in the Renewal and Replacement Fund during such 12-month period, (c) any amounts required by the terms hereof to be deposited to the Reserve Account or with any issuer of a Reserve Account Insurance Policy or Reserve Account Letter of Credit during such 12-month period, and (d) any amounts required by the terms of Section 4.06(A) hereof to be repaid to the Capital Improvement Fund during such 12-month period. For purposes of this Section 6.02(C), Net Revenues may be adjusted to take into account any additional sales of water and any increases or decreases in the rates, fees or other charges for the product, services or facilities of the System which occurred subsequent to the commencement of the 12-month period and which went into effect prior to the date of issuance of the Additional Bonds in question, all as set forth in a certificate of the General Manager. Such certificate shall assume such increase or decrease was in effect during the entire 12-month period.

(D) The Rate Consultant shall provide the Issuer a report or, at the option of the Issuer, the General Manager shall certify on behalf of the Issuer to the effect that the Issuer shall be in compliance with the rate covenant provided in Section 5.04 hereof for the Fiscal Year in which such Additional Bonds are issued and each of the next

succeeding four Fiscal Years. The Rate Consultant or the General Manager, as the case may be, may make an allowance for estimated Net Revenues and Fund Balance for each of the aforementioned Fiscal Years arising from any increase or decrease in the rates, fees or other charges for the product, services or facilities of the System estimated to be fixed, prescribed and received and which, in the opinion of the General Manager, are economically feasible and reasonably considered necessary based upon projected operations for such period. The Rate Consultant or the General Manager, as the case may be, may also take into account any increases in income reasonably expected to be received during the aforementioned Fiscal Years and the issuance of any Additional Bonds during such time period.

(E) For purposes of Sections 6.02(B) and 6.02(C), the term "12-month period" shall mean any 12 consecutive months selected by the Issuer of the 24 months immediately preceding the issuance of the Additional Bonds.

(F) For the purpose of determining the Debt Service under this Section 6.02, the interest rate on additional parity Variable Rate Bonds then proposed to be issued shall be deemed to be the Bond Buyer Revenue Bond Index most recently published prior to the sale of such Additional Bonds.

(G) For the purpose of determining the Debt Service under this Section 6.02, the interest rate on Outstanding Variable Rate Bonds shall be deemed to be (1) if such Variable Rate Bonds have been Outstanding for at least 24 months prior to the date of sale of such Additional Bonds, the highest average interest rate borne by such Variable Rate Bonds for any 30-day period, or (2) if such Variable Rate Bonds have not been Outstanding for at least 24 months prior to the date of sale of such Additional Bonds, the Bond Buyer Revenue Bond Index most recently published prior to the sale of such Additional Bonds.

(H) Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Outstanding Bonds, and all of the other covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of all Bonds issued pursuant to this Resolution. Except as provided in Sections 4.02 and 4.05 hereof, all Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Funds and their sources and security for payment therefrom without preference of any Bonds over any other.

(I) In the event any Additional Bonds are issued for the purpose of refunding any Bonds then Outstanding, the conditions of Sections 6.02(B), (C) and (D) hereof shall not apply, provided that the issuance of such Additional Bonds shall not result in an increase in Maximum Annual Debt Service. The conditions of Section 6.02(B), (C) and

(D) hereof shall apply to Additional Bonds issued to refund Subordinated Indebtedness and to Additional Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

**SECTION 6.03. BOND ANTICIPATION NOTES.** The Issuer may issue notes in anticipation of the issuance of Bonds which shall have such terms and details and be secured in such manner, not inconsistent with this Resolution, as shall be provided by Supplemental Resolution of the Issuer. Such notes shall be Subordinated Indebtedness, unless the Issuer satisfies the conditions of Section 6.02 hereof relating to Additional Bonds.

## **ARTICLE VII DEFAULTS AND REMEDIES**

**SECTION 7.01. EVENTS OF DEFAULT.** The following events shall each constitute an "Event of Default":

(A) Default shall be made in the payment of the principal of, Sinking Fund Installment, redemption premium or interest on any Bond when due. In determining whether a payment default has occurred, no effect shall be given to payment made under a Bond Insurance Policy.

(B) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter adopted.

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of 90 days after written notice of such default shall have been received from an Insurer or the Holders of not less than 25% of the aggregate principal amount of Bonds Outstanding. Notwithstanding the foregoing, the Issuer shall not be deemed to be in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until default has been corrected; provided, however, no such curative action shall exceed 90 days without the prior written consent of the Insurer.

The Issuer shall provide immediate notice of any Event of Default described in Section 7.01(A) to all affected Bondholders, to each Member Government and to each Insurer. The Issuer shall provide notice of any other Event of Default to all affected Bondholders, to each Member Government and to each Insurer within 30 days of the Issuer's knowledge thereof.

**SECTION 7.02. REMEDIES.** Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of

competent jurisdiction, protect and enforce any and all rights under the Laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof; provided, however, that no Holder, trustee or receiver shall have the right to declare the Bonds immediately due and payable.

The Holder or Holders of Bonds in an aggregate principal amount of not less than 25% of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Secretary. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer, the Member Governments and the trustee and notice of such appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

**SECTION 7.03. DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS.** The Holders of a majority in principal amount of the Bonds then Outstanding (or any Insurer insuring any then Outstanding Bonds) have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder with respect to the Series of Bonds owned by such Holders or insured by such Insurer, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any direction of the Holders which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

**SECTION 7.04. REMEDIES CUMULATIVE.** No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**SECTION 7.05. WAIVER OF DEFAULT.** No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an

acquiescence therein; and every power and remedy given by Section 7.02 to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

**SECTION 7.06. APPLICATION OF MONEYS AFTER DEFAULT.** If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds (except as for amounts in the subaccounts of the Reserve Account which shall be applied to the payment of the Series of Bonds for which they were established) as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver and Registrar hereunder;

B. To the payment of the amounts required for reasonable and necessary Operating Expenses, and for the reasonable renewals, repairs and replacements of the System necessary to prevent loss of Net Revenues, as certified by the Consulting Engineer;

C. To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds, as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 9.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

D. To the payment of all amounts owed to the Insurer not covered by A, B or C above.

**SECTION 7.07. CONTROL BY INSURER.** To the extent an Insurer makes any payment of principal of or interest on Bonds in accordance with its Bond Insurance Policy, such Insurer shall become subrogated to the rights of the recipients of such payments in accordance with the terms of its Bond Insurance Policy. Upon the occurrence and continuance of an Event of Default, an Insurer of a Series of Bonds, if such Insurer shall not be in payment default under its Bond Insurance Policy, shall be deemed to be the sole owner of such Bonds for purposes of (a) directing and controlling the enforcement of all rights and remedies with respect to such Series of Bonds, including any waiver of an Event of Default and removal of any trustee, and (b) exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of such Bonds are entitled to take pursuant to this Article VII hereof. No provision expressly recognizing or granting rights in or to an Insurer shall be modified without the consent of such Insurer. An Insurer's rights under this Section 7.07 shall be suspended during any period in which such Insurer is in default in its payment obligations under its Bond Insurance Policy (except to the extent of amounts previously paid by such Insurer and due and owing to such Insurer) and shall be of no force or effect if its Bond Insurance Policy is no longer in effect or if the Insurer asserts that its Bond Insurance Policy is not in effect or if the Insurer waives such rights in writing. The rights granted to an Insurer under this Section 7.07 are granted in consideration of such Insurer issuing its Bond Insurance Policy. The Issuer shall provide each Insurer immediate notice of any Event of Default described in Section 7.01(A) hereof and notice of any other Event of Default occurring hereunder within five days of the occurrence thereof. Each Insurer of any Bonds hereunder shall be considered a third-party beneficiary to the Resolution with respect to such Bonds.

## **ARTICLE VIII SUPPLEMENTAL RESOLUTIONS**

**SECTION 8.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT.** The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolution shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(B) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(E) To specify and determine the matters and things referred to in Sections 2.01, 2.02 or 2.09 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

(F) To authorize Additional Projects or to change or modify the description of any Project.

(G) To specify and determine matters necessary or desirable for the issuance of Variable Rate Bonds or Capital Appreciation Bonds.

(H) To provide for the establishment of a separate subaccount or subaccounts in the Reserve Account which shall independently secure one or more Series of Bonds.

(I) To revise the procedures provided in Section 4.05(B)(4) hereof pursuant to which moneys are drawn on a Reserve Account Insurance Policy or Reserve Account

Letter of Credit and moneys are reimbursed to the provider of such Policy or Letter of Credit.

(J) To make provision hereunder for the use of a Qualified Hedge Agreement.

(K) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Bonds. In making such determination, the Issuer shall not take into consideration any Bond Insurance Policy.

Prior to adoption of any Supplemental Resolution which amends or modifies provisions of this Resolution, the Issuer shall obtain an opinion of Bond Counsel to the effect that the amendments or modifications to this Resolution shall not adversely affect the exclusion, if any, from gross income of interest on the Bonds for purposes of federal income taxation.

**SECTION 8.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND INSURER'S CONSENT.** Subject to the terms and provisions contained in this Section 8.02 and Section 8.01 and 8.03 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 8.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 8.02 shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds other than the lien and pledge created by this Resolution or except as otherwise permitted or provided hereby which materially adversely affects any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds (except as to the establishment of separate subaccounts in the Reserve Account provided in Section 4.05(B)(4) hereof), or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by

Bondholders or the Insurer of the adoption of any Supplemental Resolution as authorized in Section 8.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 8.02, the Secretary shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Secretary and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 8.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 8.02.

Whenever the Issuer shall deliver to the Secretary an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 8.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**SECTION 8.03. AMENDMENT WITH CONSENT OF INSURER ONLY.**

For purposes of amending this Resolution pursuant to Section 8.02 hereof, an Insurer of Bonds shall be considered the Holder of such Bonds which it has insured, provided such Bonds, at the time of the adoption of the amendment, shall be rated by the Rating Agencies which shall have rated such Bonds at the time such Bonds were insured no lower than the ratings assigned thereto by such Rating Agencies on such date of being insured. The consent of the Holders of such Bonds shall not be required if the Insurer of such Bonds shall consent to the amendment as provided by this section 8.03. The foregoing right of amendment, however, does not apply to any amendment to Section 5.15 hereof with respect to the exclusion, if applicable, of interest on said Bonds from gross income for purposes of federal income taxation. At least 15 days prior to adoption of any amendment made pursuant to this Section 8.03, notice of such amendment shall be delivered to the Rating Agencies rating the Bonds. Upon filing with the Secretary of evidence of such consent the Insurer or Insurers as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notices of an amendment under Section 8.02 hereof.

## **ARTICLE IX MISCELLANEOUS**

**SECTION 9.01. DEFEASANCE.** If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution and if the Issuer shall pay all amounts owing to any provider of a Reserve Account Letter of Credit or Reserve Account Insurance Policy and all amounts owing to the Insurer, if any, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 9.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Refunding Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient (as verified by an independent certified public accountant), to pay the principal of or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Refunding Securities and moneys for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section 9.01, the interest to come due on such Variable Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds is in order to satisfy this Section 9.01, such excess shall be paid to the Issuer free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Resolution.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 9.01 are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 9.01 of moneys or Refunding Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 9.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

In the event that the principal of or Redemption Price, if applicable, and interest due on the Bonds shall be paid by an Insurer or Insurers, such Bonds shall remain Outstanding, shall not be defeased and shall not be considered paid by the Issuer, and the pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and such Insurer or Insurers shall be subrogated to the rights of such Bondholders.

**SECTION 9.02. CAPITAL APPRECIATION BONDS.** For the purposes of (A) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (B) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (C) computing the amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to the Issuer or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

**SECTION 9.03. SALE OF BONDS.** The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law.

**SECTION 9.04. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

**SECTION 9.05. VALIDATION AUTHORIZED.** To the extent deemed necessary by Bond Counsel or desirable by Counsel for the Issuer, the Bond Counsel is authorized to institute appropriate proceedings for validation of a Series of the Bonds herein authorized pursuant to Chapter 75, Florida Statutes.

**SECTION 9.06. REPEAL OF INCONSISTENT RESOLUTIONS.** All resolutions, resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

**SECTION 9.07. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its final adoption in accordance with applicable law.

**ATTEST:**

**TAMPA BAY WATER, A Regional Water  
Supply Authority**

/s/ Jerry L. Maxwell, Secretary

/s/ Ed Turanchik, Chairman

**APPROVED AS TO FORM:**

Date: August 31, 1998

(SEAL)

/s/ Donald D. Conn, General Counsel

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## **APPENDIX A-2**

### **Form of 2025 Supplemental Bond Resolution**

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## **RESOLUTION NO. 2025-010**

RESOLUTION SUPPLEMENTING RESOLUTION NO. 98-07TBW, ADOPTED ON AUGUST 31, 1998; AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF NOT EXCEEDING \$175,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2025 IN ORDER TO REFINANCE CERTAIN INDEBTEDNESS OF THE AUTHORITY; AUTHORIZING A NEGOTIATED SALE OF SAID BONDS; DELEGATING CERTAIN AUTHORITY TO THE GENERAL MANAGER FOR THE AUTHORIZATION, EXECUTION AND DELIVERY OF A PURCHASE CONTRACT WITH RESPECT THERETO AND THE APPROVAL OF THE TERMS AND DETAILS OF SAID BONDS; ESTABLISHING A BOOK-ENTRY SYSTEM OF REGISTRATION FOR THE BONDS; DELEGATING CERTAIN AUTHORITY TO THE GENERAL MANAGER WITH RESPECT TO THE APPOINTMENT OF THE PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A DISCLOSURE DISSEMINATION AGENT AGREEMENT AND APPOINTING A DISSEMINATION AGENT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF ESCROW DEPOSIT AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TAMPA BAY WATER, A Regional Water Supply Authority:**

**SECTION 1. FINDINGS.** It is hereby found and determined that:

(A) On August 31, 1998, the Board of Directors (the "Governing Body") of Tampa Bay Water, A Regional Water Supply Authority (the "Issuer") duly adopted

Resolution No. 98-07TBW (as amended and supplemented, the "Resolution"), pursuant to which the Issuer issued certain of its Bonds (as defined in the Resolution).

(B) The Resolution provides for the issuance of Additional Bonds payable on parity in all respects with the Bonds outstanding under the Resolution (the "Outstanding Parity Bonds") for the purpose of refinancing various outstanding indebtedness, upon meeting certain requirements set forth in the Resolution.

(C) The Issuer deems it to be in its best interest to issue its Tampa Bay Water, A Regional Water Supply Authority, Utility System Refunding Revenue Bonds, Series 2025 (the "Series 2025 Bonds") in order to refinance all or a portion of the Tampa Bay Water, A Regional Water Supply Authority, Utility System Refunding Revenue Bonds, Series 2015A (the "Series 2015A Bonds"). The Series 2015A Bonds which are refunded are referred to herein as the "2015A Refunded Bonds".

(D) There is hereby authorized the refinancing of the 2015A Refunded Bonds in the manner as provided by the Resolution and this Supplemental Resolution in order to achieve debt service savings.

(E) There is hereby authorized the payment and refunding of the 2015A Refunded Bonds in order to allow the Issuer to achieve debt service savings, all in the manner as provided by this Supplemental Resolution. For the payment and refunding of said 2015A Refunded Bonds, the Issuer shall, as provided herein, deposit part of the proceeds derived from the sale of its Series 2025 Bonds, together with other legally available moneys of the Issuer, if any, in an escrow deposit trust fund (the "2015A Escrow Fund"), which moneys, other than a cash deposit, shall be invested in U.S. Treasury obligations, the principal and interest on which, together with any cash deposit, shall be sufficient to pay the 2015A Refunded Bonds as the same become due and payable or are redeemed prior to maturity, all as provided herein and in the 2015A Escrow Deposit Agreement, dated as of the date of delivery of the Series 2025 Bonds (the "2015A Escrow Deposit Agreement"), between the Issuer and U.S. Bank Trust Company, National Association. Subsequent to the defeasance of the 2015A Refunded Bonds, the 2015A Refunded Bonds shall no longer be payable from or be secured by any portion of the Pledged Funds.

(F) The Issuer deems it to be in its best interest to issue its Series 2025 Bonds in the aggregate principal amount of not exceeding \$175,000,000 for the principal purposes of refunding the 2015A Refunded Bonds and paying the costs of issuance associated with the Series 2025 Bonds.

(G) All the covenants, pledges and conditions in the Resolution shall be applicable to the Series 2025 Bonds herein authorized and said Series 2025 Bonds shall be on a parity with and shall rank equally as to lien on and source and security for payment

from the Pledged Funds with the Outstanding Parity Bonds, any Additional Bonds that subsequently are issued pursuant to the Resolution, and shall constitute "Bonds" within the meaning of the Resolution. The Issuer is current in all deposits in the various funds, accounts and subaccounts established by the Resolution and all payments theretofore required to have been deposited or made by it under the provisions of the Resolution and the Issuer has complied with the covenants and agreements of the Resolution.

(H) The principal of and interest on the Series 2025 Bonds and all required sinking fund, reserve account and other payments shall be limited obligations of the Issuer, payable solely from the Pledged Funds in the manner provided in the Resolution. The Series 2025 Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power, if any, of the Issuer, any of the Member Governments, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. None of the Issuer, the Member Governments, the State of Florida, nor any political subdivision thereof, shall be obligated (1) to exercise its ad valorem taxing power, if any, in any form on any real or personal property of or in the geographic boundaries of the Issuer or otherwise to pay the principal of the Series 2025 Bonds, the interest thereon, or other costs incidental thereto, or (2) to pay the same from any other funds of the Issuer except the Pledged Funds to the extent and in the manner provided in the Resolution.

(I) Due to the potential volatility of the market for tax-exempt obligations such as the Series 2025 Bonds and the complexity of the transactions relating to such Series 2025 Bonds, it is in the best interest of the Issuer to sell the Series 2025 Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 2025 Bonds.

(J) The Issuer anticipates receiving a favorable offer to purchase the Series 2025 Bonds from Wells Fargo Bank, National Association, J.P. Morgan Securities LLC, BofA Securities, Inc., Raymond James & Associates, Inc., and RBC Capital Markets, LLC (collectively, the "Underwriters"), all within the parameters set forth herein.

(K) Inasmuch as the Issuer desires to sell the Series 2025 Bonds at the most advantageous time and not wait for a scheduled Governing Body meeting, so long as the herein described parameters are met, the Issuer hereby determines to delegate the award and sale of the Series 2025 Bonds to the General Manager within such parameters.

(L) The Resolution provides that the Series 2025 Bonds shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption provisions as shall be determined by Supplemental Resolution adopted by the Issuer; and it is now appropriate that the Issuer set forth the parameters and mechanism to determine such terms and details.

**SECTION 2. DEFINITIONS.** When used in this Supplemental Resolution, the terms defined in the Resolution shall have the meanings therein stated, except as such definitions may be hereinafter amended or defined.

**SECTION 3. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION.** This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

**SECTION 4. AUTHORIZATION OF THE REFUNDING OF 2015A REFUNDED BONDS.** The Issuer does hereby authorize the refunding of 2015A Refunded Bonds, subject in all respects to the satisfaction of the parameters set forth in Section 6 hereof.

**SECTION 5. DESCRIPTION OF THE SERIES 2025 BONDS.** The Issuer hereby authorizes the issuance of a Series of Bonds in the aggregate principal amount of not exceeding \$175,000,000 to be known as the "Tampa Bay Water, A Regional Water Supply Authority, Utility System Refunding Revenue Bonds, Series 2025 " or such other Series designation as the General Manager may determine, for the purposes provided herein and in the Resolution. The aggregate principal amount of the Series 2025 Bonds shall be determined by the General Manager, provided such aggregate principal amounts do not exceed the amount provided above. The Series 2025 Bonds shall be dated as of their date of issuance or such other date or dates as the General Manager may determine, shall be issued in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof, shall be numbered, shall bear interest from the dated date or dates determined therefor, payable semi-annually, on April 1 and October 1 of each year (the "Interest Dates"), commencing on October 1, 2025, or on such other date or dates as determined by the General Manager.

Interest on the Series 2025 Bonds shall be payable by check or draft of the Paying Agent selected in accordance with Section 6 hereof, made payable and mailed to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the 15th day (whether or not a business day) of the calendar month next preceding the Interest Date, or, at the request and expense of such Holder, by bank wire transfer to the account of such Holder. Principal of the Series 2025 Bonds is payable to the Holder upon presentation, when due, at the designated corporate trust office of the Paying Agent. The principal of or Redemption Price, if applicable, and interest on the Series 2025 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Series 2025 Bonds shall bear interest at such rates and yields, shall mature on October 1 of each of the years and in the principal amounts corresponding to such years, and shall have such redemption provisions as determined by the General Manager, subject to the conditions set forth in Section 6 hereof. All of the terms of the Series 2025 Bonds

will be included in a purchase contract which shall be in substantially the form attached hereto and made a part hereof as Exhibit A (the "Purchase Contract"). The General Manager is hereby authorized to execute the Purchase Contract in substantially the form attached hereto as Exhibit A with such modifications as he deems appropriate upon satisfaction of the conditions described in Section 6 hereof. The execution and delivery of the Purchase Contract to the Underwriters shall be deemed to be conclusive evidence of the satisfaction of the conditions of Section 6 hereof and approval of any modifications to the Purchase Contract. In the event the Series 2025 Bonds are issued in multiple Series and at different times, each such Series shall be sold pursuant to the terms of a purchase contract substantially in the form attached hereto as Exhibit A.

**SECTION 6. CONDITIONS TO EXECUTION OF PURCHASE CONTRACT.** The Purchase Contract shall not be executed by the General Manager until such time as all of the following conditions have been satisfied:

(A) Receipt by the General Manager of a written offer to purchase the Series 2025 Bonds by the Underwriters substantially in the form of the Purchase Contract attached hereto as Exhibit A, said offer to provide for or demonstrate, among other things, (i) not exceeding \$175,000,000 aggregate principal amount of Series 2025 Bonds, (ii) an underwriting discount (including any management fee and expenses) not in excess of 0.4% of the par amount of the Series 2025 Bonds, (iii) a true interest cost of the Series 2025 Bonds of not more than 3.75% as determined by the Issuer's Financial Advisor, (iv) present value savings of at least 3.0% of the par amount of the 2015A Refunded Bonds, and (v) the maturities of the Series 2025 Bonds, with the final maturity being not later than October 1, 2036.

(B) The General Manager shall have selected, upon advice of the Issuer's Financial Advisor, the Paying Agent and Registrar for the Series 2025 Bonds.

(C) Receipt by the General Manager of a disclosure statement and a truth-in-bonding statement of the Underwriters dated the date of the Purchase Contract and complying with Section 218.385, Florida Statutes.

(D) Receipt by the General Manager of a good faith deposit from the Underwriters in an amount not less than 1% of the estimated par amount of the Series 2025 Bonds listed on the cover of the Preliminary Official Statement.

(E) A determination by the General Manager as to which Series 2015A Bonds shall constitute 2015A Refunded Bonds. Such determination shall be based upon advice of the Issuer's Financial Advisor as to what is financially advantageous to the Issuer. The Official Statement shall describe which of the Series 2015A Bonds shall be 2015A Refunded Bonds.

Upon satisfaction of all the requirements set forth in this Section 6, the General Manager is authorized to execute and deliver the Purchase Contract containing terms complying with the provisions of this Section 6. The General Manager may rely upon the advice of the Issuer's Financial Advisor as to satisfaction of the provisions of this Section 6.

**SECTION 7. FULL BOOK-ENTRY.** Notwithstanding the provisions set forth in Section 2.08 of the Resolution, the Series 2025 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2025 Bond for each of the maturities and Series of the Series 2025 Bonds. Upon initial issuance, the ownership of each such Series 2025 Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co. , as nominee of DTC. As long as the Series 2025 Bonds shall be registered in the name of Cede & Co., all payments of interest on the Series 2025 Bonds shall be made by the Paying Agent by check or draft or by bank wire transfer to Cede & Co., as Holder of the Series 2025 Bonds, upon presentation of the Series 2025 Bonds to be paid, to the Paying Agent.

With respect to Series 2025 Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (the "Participants"). Without limiting the immediately preceding sentence, the Issuer, the Registrar and the Paying Agent shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2025 Bonds, (B) the delivery to any Participant or any other Person other than a Bondholder, as shown in the registration books kept by the Registrar, of any notice with respect to the Series 2025 Bonds, including any notice of redemption, or (C) the payment to any Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Registrar, of any amount with respect to principal of, Redemption Price, if any, or interest on the Series 2025 Bonds. The Issuer, the Registrar and the Paying Agent may treat and consider the Person in whose name each Series 2025 Bond is registered in the registration books kept by the Registrar as the Holder and absolute owner of such Bond for the purpose of payment of principal, Redemption Price, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, Redemption Price, if any, and interest on the Series 2025 Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, Redemption Price, if any, and interest on the Series 2025 Bonds to the extent of the sum or sums so paid. No Person other than a Holder, as shown in the registration books kept by the Registrar, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, Redemption Price, if any, and

interest pursuant to the provisions of the Resolution. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Resolution with respect to transfers during the 15 days next preceding an Interest Date or first mailing of notice of redemption, the words "Cede & Co." in this Supplemental Resolution shall refer to such new nominee of DTC; and upon receipt of such notice, the Issuer shall promptly deliver a copy of the same to the Registrar and the Paying Agent.

Upon (A) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Outstanding Series 2025 Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2025 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Issuer that such book-entry only system is burdensome or undesirable to the Issuer and compliance with any applicable DTC rules and procedures, the Series 2025 Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions of the Resolution. In such event, the Issuer shall issue and the Registrar shall authenticate, transfer and exchange the Series 2025 Bonds of like principal amount, Series, and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Issuer Letter of Representations previously executed by the Issuer and delivered to DTC shall apply to the payment of principal of, premium, if any, and interest on the Series 2025 Bonds.

#### **SECTION 8. APPLICATION OF SERIES 2025 BOND PROCEEDS.**

Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the proceeds derived from the sale of the Series 2025 Bonds shall be applied by the Issuer simultaneously with the delivery thereof as follows:

(1) A sufficient amount of Series 2025 Bond proceeds, together with other legally available moneys of the Issuer, shall be deposited irrevocably in trust in the 2015A Escrow Fund established under the terms and provisions of the 2015A Escrow Deposit Agreement, which moneys shall be held, other than a cash deposit, and invested in U.S. Treasury obligations the principal of and interest on which, together with any cash deposit, shall be sufficient to pay the principal of and interest on the 2015A Refunded Bonds as the same mature and become due and payable or are redeemed prior to maturity in accordance with the terms of 2015A Escrow Deposit Agreement.

(2) A sufficient amount of the Series 2025 Bonds proceeds shall be applied to the payment of costs and expenses relating to the issuance of the Series 2025 Bonds.

**SECTION 9. TRANSFER OF CERTAIN MONEYS.** The 2015A Refunded Bonds will be refunded from proceeds of the Series 2025 Bonds and from other legally available funds of the Issuer. Any excess moneys on deposit in the Sinking Fund established for the benefit of the 2015A Refunded Bonds pursuant to the Resolution and not required to remain on deposit therein may be transferred to the 2015A Escrow Fund or to the paying agents or Holders of the 2015A Refunded Bonds.

**SECTION 10. PRELIMINARY OFFICIAL STATEMENT.** The Issuer hereby authorizes the distribution and use of the Preliminary Official Statement in substantially the form attached hereto as Exhibit B in connection with the offering of the Series 2025 Bonds for sale. If between the date hereof and the mailing of the Preliminary Official Statement, it is necessary to make insertions, modifications or changes in the Preliminary Official Statement, the General Manager is hereby authorized to approve such insertions, changes and modifications. The General Manager is hereby authorized to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934 (the "Rule") in the form as mailed. Execution of a certificate by the General Manager deeming the Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications. In the event the Series 2025 Bonds are issued in multiple Series and at different times, the Issuer authorizes the distribution and use of a Preliminary Official Statement substantially in the form attached hereto as Exhibit B for each such Series.

**SECTION 11. OFFICIAL STATEMENT.** The form, terms and provisions of the Official Statement relating to the Series 2025 Bonds shall be substantially as set forth in the Preliminary Official Statement. Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the Chairman and the General Manager are hereby authorized and directed to execute and deliver said Official Statement in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriters with such changes, amendments, modifications, omissions and additions as may be approved by the Chairman and the General Manager. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Chairman and the General Manager and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2025 Bonds to the public. Execution by the Chairman and the General Manager of the Official Statement shall be deemed to be conclusive evidence of approval of such changes. In the event the Series 2025 Bonds are issued in multiple Series and at different times, the Issuer authorizes the use of an Official Statement for each such Series.

**SECTION 12. APPOINTMENT OF PAYING AGENT AND REGISTRAR.** Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, such banking institution or trust company as shall be selected by the General Manager pursuant to Section 6 hereof shall be the designated Registrar and Paying Agent for the Series 2025 Bonds. The Chairman and the Secretary are hereby authorized to enter into any agreement or agreements which may be necessary to affect the transactions contemplated by this Section 12 and by the Resolution.

**SECTION 13. SECONDARY MARKET DISCLOSURE.** Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the Issuer hereby covenants and agrees that, in order to provide for compliance by the Issuer with the secondary market disclosure requirements of the Rule, it will comply with and carry out all of the provisions of the Disclosure Dissemination Agent Agreement (the "Continuing Disclosure Agreement") to be executed by the Issuer and dated the date of delivery of the Series 2025 Bonds, as it may be amended from time to time in accordance with the terms thereof. The Chairman and the Secretary are hereby authorized to execute the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall be substantially in the form attached hereto as Exhibit C with such changes, amendments, modifications, omissions and additions as shall be approved by the Chairman and the Secretary. Notwithstanding any other provision of the Resolution, failure of the Issuer to comply with such Continuing Disclosure Agreement shall not be considered an Event of Default under the Resolution; provided, however, to the extent permitted by law, the sole and exclusive remedy of any Series 2025 Bondholder for the enforcement of the provisions of the Continuing Disclosure Agreement shall be an action for mandamus or specific performance, as applicable, by court order, to cause the Issuer to comply with its obligations under this Section 13 and the Continuing Disclosure Agreement. For purposes of this Section 13, "Series 2025 Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Series 2025 Bonds for federal income tax purposes. Digital Assurance Certification, LLC is appointed as the initial dissemination agent.

**SECTION 14. AUTHORIZATION TO EXECUTE 2015A ESCROW DEPOSIT AGREEMENT.** Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the Issuer hereby authorizes and directs the Chairman and the General Manager to execute the 2015A Escrow Deposit Agreement and to deliver such 2015A Escrow Deposit Agreement to U.S. Bank Trust Company, National Association which is hereby appointed as Escrow Agent. The Chairman may select a different banking or trustee institution to perform the duties of the Escrow Agent if the Chairman deems it beneficial to the Issuer. The 2015A Escrow Deposit Agreement shall be in substantially the form of the Escrow Deposit Agreement attached hereto as Exhibit D with such changes, amendments, modifications, omissions and additions, including the date of such Escrow

Deposit Agreement, as may be approved by said Chairman and General Manager. Execution by the Chairman and the General Manager of such Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes. The Escrow Agent, the Financial Advisor and Bond Counsel are authorized to take such action as is necessary to procure Refunding Securities for deposit pursuant to the Escrow Deposit Agreement and pay any fees related to such procurement.

**SECTION 15. GENERAL AUTHORITY.** The members of the Governing Body, the Secretary and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Supplemental Resolution, the Resolution, the Official Statement, the Continuing Disclosure Agreement, or the Purchase Contract or desirable or consistent with the requirements hereof or the Resolution, the Official Statement, the Continuing Disclosure Agreement, the 2015A Escrow Deposit Agreement, or the Purchase Contract for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2025 Bonds, the Resolution, the Official Statement, the Continuing Disclosure Agreement, the 2015A Escrow Deposit Agreement, and the Purchase Contract and each member, employee, attorney and officer of the Issuer or the Governing Body and the Secretary is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for executing the transactions contemplated hereunder. If the Chairman is unavailable or unable at any time to perform any duties or functions hereunder, the Vice Chairman is hereby authorized to act on his or her behalf. If the General Manager is unavailable or unable at any time to perform any duties or functions hereunder, including, but not limited to, those described in Section 6 hereof, the Chairman is hereby authorized to act on his behalf.

**SECTION 16. SEVERABILITY AND INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2025 Bonds.

**SECTION 17. RESOLUTION TO CONTINUE IN FORCE.** Except as herein expressly provided, the Resolution and all the terms and provisions thereof are and shall remain in full force and effect.

**SECTION 18. EFFECTIVE DATE.** This Supplemental Resolution shall become effective immediately upon its adoption.

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**ADOPTED** at a meeting of the Board of Directors on the 19<sup>th</sup> day of May, 2025.

**TAMPA BAY WATER, A Regional Water  
Supply Authority**

(SEAL)

By: \_\_\_\_\_  
Harry Cohen, Chairman

ATTEST:

\_\_\_\_\_  
Charles Carden, Secretary

APPROVED AS TO FORM:                      Date: \_\_\_\_\_

\_\_\_\_\_  
Kelly M. Fernandez, General Counsel

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## **APPENDIX B**

### **Interlocal Agreement**

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## **AMENDED AND RESTATED INTERLOCAL AGREEMENT**

**THIS AMENDED AND RESTATED INTERLOCAL AGREEMENT** is made and entered into as of May 1, 1998, by and among Hillsborough County, a political subdivision of the State of Florida; Pasco County, a political subdivision of the State of Florida; Pinellas County, a political subdivision of the State of Florida; the City of St. Petersburg, a municipal corporation of the State of Florida; the City of Tampa, a municipal corporation of the State of Florida; and the City of New Port Richey, a municipal corporation of the State of Florida.

### **W I T N E S S E T H:**

**WHEREAS,** the West Coast Regional Water Supply Authority (the "Authority") was created pursuant to an Interlocal Agreement among Hillsborough County, Pasco County, Pinellas County, the City of St. Petersburg, and the City of Tampa dated October 24, 1974, for the purpose of developing, recovering, storing and supplying water for county and municipal purposes in such a manner as will give priority to reducing adverse environmental effects of excessive or improper withdrawals of water from concentrated areas; and

**WHEREAS,** the Authority is presently operating under an "entitlement" or "subscription" approach to funding its operations, producing water from existing water supply facilities and developing new water supply facilities, resulting in rate differentials, varying entitlements and other divergent interests among the parties; and

**WHEREAS,** pursuant to the provisions of Sections 373.1962 and 163.01, Florida Statutes, the parties desire to establish the terms under which the Authority will be reorganized to eliminate rate differentials, varying entitlements and other divergent interests, thus more effectively enabling the Authority to accomplish its goals and purposes, as set forth in Sections 373.1962 and 163.01, Florida Statutes; and

**WHEREAS,** the Authority will be reorganized pursuant to this Amended and Restated Interlocal Agreement, which will become effective upon satisfaction of certain specific conditions set forth herein;

**NOW THEREFORE,** in consideration of the premises set forth above and the covenants, obligations, duties and benefits herein set forth, and other valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties hereto agree as follows:

### **ARTICLE I - INTRODUCTION**

**SECTION 1.01. DEFINITIONS.** When used in this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise:

(A) **"Aquifer Storage and Recovery"** means the process of injecting, storing and recovering Water from aquifer systems.

(B) **"Actual Direct Cost"** means (1) with respect to the acquisition of Water Supply Facilities, the total capital cost of acquiring and constructing such Water Supply Facilities, excluding any indirect cost; and (2) with respect to Water treatment, the total capital and operating cost of providing such treatment, excluding any indirect cost.

(C) **"Agreement"** means this Amended and Restated Interlocal Agreement, including any amendments or supplements hereto executed and delivered in accordance with the terms hereof.

(D) **"Allocated Overhead"** means, as to any Water Supply Facility, that portion of the Overhead that is allocated to the Water Supply Facility by (1) dividing (a) the estimated quantity of Quality Water to be pumped or produced during the Fiscal Year at the Water Supply Facility by (b) the total estimated quantity of Quality Water to be pumped or produced during the Fiscal Year at all Water Supply Facilities owned or operated by the Authority, and (2) multiplying the result by the Overhead.

(E) **"Authority"** means the West Coast Regional Water Supply Authority, an interlocal governmental agency created and existing pursuant to Sections 373.1962 and 163.01, Florida Statutes, and an Interlocal Agreement among Hillsborough, Pasco, Pinellas, St. Petersburg and Tampa dated October 25, 1974, as amended, supplemented and restated pursuant to this Agreement.

(F) **"Authority/Hillsborough Transfer Agreement"** means the agreement attached hereto as Appendix I, pursuant to which the Authority will convey treatment and transmission facilities to Hillsborough.

(G) **"Authority/Pasco Transfer Agreement"** means the agreement attached hereto as Appendix J, pursuant to which the Authority will convey transmission facilities to Pasco.

(H) **"Authority/Tampa Transfer Agreement"** means the agreement attached hereto as Appendix K, pursuant to which the Authority will convey transmission facilities to Tampa.

(I) **"Board"** means the Authority's Board of Directors, appointed pursuant to Section 2.03 hereof.

(J) **"Consolidated Permit"** means a single Primary Environmental Permit that includes multiple Water Supply Facilities that are located within the jurisdiction of different Member Governments.

(K) **"Contributing Area"** means the area surrounding a ground Water withdrawal facility from which Water is contributed to that facility under typical operation by means of infiltration from the land surface to the ground Water system from which such withdrawal is made.

(L) **"Desalination Facilities"** means facilities designed to treat Water with total dissolved solids exceeding 10,000 milligrams per liter.

(M) **"Director"** means an individual appointed to the Board by a Member Government pursuant to Section 2.03 hereof.

(N) **"Disinfection Credit"** means the stipulated treatment credit amount payable to each Member Government conveying Transferred Assets to the Authority pursuant to Sections 5.01, 5.02, 5.03, 5.04, 5.05 and 5.06 hereof.

(O) **"Economic Impact Facilities"** means Water Supply Facilities owned by the Authority and not subject to ad valorem taxation that have an adverse economic impact on the Member Government in whose jurisdiction they are located by (A) removing property suitable for industrial use from the ad

valorem tax roll or (B) requiring significant annual expenditures of public funds by the Member Government. The term "Economic Impact Facilities" includes Desalination Facilities, but excludes wellfields, reservoirs, Water treatment facilities comparable to those heretofore operated by the Authority or the Member Governments, and Water transmission facilities.

(P) **"Environmental Permit"** means all permits, licenses, or other third-party approvals necessary for the acquisition, construction or operation of an Authority Water Supply Facility, including but not limited to Primary Environmental Permits.

(Q) **"EPC"** means the Hillsborough County Environmental Protection Commission, a governmental agency created by special act of the Florida Legislature.

(R) **"EPC Agreement"** means the agreement attached hereto as Appendix L.

(S) **"Existing Authority System"** means the Water Supply Facilities owned by the Authority on the date hereof.

(T) **"Financing Documents"** means any resolution or resolutions of the Authority, as well as any indenture of trust, trust agreement or similar document relating to the issuance or security of the Obligations.

(U) **"Fiscal Year"** means the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law as the fiscal year for the Authority.

(V) **"Full Implementation Date"** means (1) October 1, 1998; provided however, that if the Department of Environmental Protection has entered a final order approving this Agreement and administrative hearings or appellate proceedings therefrom have been commenced, the "Full Implementation Date" shall be deferred to the date ninety days following the conclusion of all such administrative hearings or appellate proceedings; or (2) such later date as the Board may approve by unanimous vote pursuant to Section 6.03(E) hereof.

(W) **"General Counsel"** means the chief legal officer of the Authority.

(X) **"General Manager"** means the chief executive staff officer of the Authority.

(Y) **"Governmental Obligations"** means (1) direct and general obligations of the United States of America, or those which are unconditionally guaranteed as to principal and interest by the United States of America (the "Defeasance Obligations"), and (2) pre-refunded municipal obligations (obligations of any state of the United States of America or of any agency, instrumentality, political subdivision or local government unit of such state) meeting the following criteria:

(a) the municipal obligations must be rated "AAA" by Standard and Poor's Corporation and "Aaa" by Moody's Investors Service, Inc. and may not be callable prior to maturity or, alternatively, the trustee or escrow agent for such obligations has received irrevocable instructions concerning their calling and redemption;

(b) the municipal obligations are secured by cash and/or Defeasance Obligations which may be applied only to principal, interest and premium payments of such municipal obligations;

(c) the principal and interest of the Defeasance Obligations (plus any cash in the fund) has been verified by a nationally recognized firm of independent certified public accountants as sufficient to pay the principal, interest and premium, if any, of the municipal obligations;

(d) the Defeasance Obligations serving as security for the municipal obligations must be held by an escrow agent or a trustee; and

(e) the Defeasance Obligations are not available to satisfy any other claims, including those of the trustee or escrow agent.

(Z) **"High Flow Periods"** means those periods during which the flow in the Hillsborough River, as measured at the Hillsborough River Reservoir dam, exceeds the flow required by environmental regulations.

(AA) **"Hillsborough"** means Hillsborough County, a political subdivision of the State.

(BB) **"Hillsborough Bay Resource Exchange Project"** means the TWRRP and the Authority's proposed withdrawal facilities on the Tampa Bypass Canal and the surface water treatment plant required to treat the purified water and deliver it to the Member Governments.

(CC) **"Hillsborough River Reservoir"** means the run of the Hillsborough River between Fletcher Avenue and the Hillsborough River Reservoir dam.

(DD) **"Hillsborough Transfer Agreement"** means the agreement attached hereto as Appendix G, pursuant to which Hillsborough will convey Transferred Assets to the Authority.

(EE) **"Host Member Government"** means any Member Government in whose jurisdiction the Authority seeks issuance, modification or renewal of a Primary Environmental Permit; provided however, that the term "Host Member Government" also includes Tampa (1) with respect to Primary Environmental Permits for Cone Ranch and Dispersed Wells, Cypress Bridge Wellfield, Hillsborough River High Water and the Tampa Bypass Canal, and (2) under the circumstances described in Section 3.08 hereof. If SWFWMD issues a Consolidated Permit, any Member Government shall qualify as a "Host Member Government" for the limited purpose of raising environmental issues affecting property located within its own jurisdiction.

(FF) **"Master Water Plan"** means the Authority's plan for expansion, conservation, diversification and preservation of Water supply for the Water Service Areas (as defined in the Master Water Supply Contract), as the same may be amended or superseded from time to time.

(GG) **"Master Water Supply Contract"** means the agreement attached hereto as Appendix B between the Authority and each Member Government, pursuant to which the Member Government purchases Quality Water from the Authority.

(HH) **"Member Governments"** means Hillsborough, Pasco, Pinellas, New Port Richey, St. Petersburg and Tampa.

(II) **"New Port Richey"** means the City of New Port Richey, a municipal corporation of the State.

(JJ) **"New Port Richey Transfer Agreement"** means the agreement attached hereto as Appendix H, pursuant to which New Port Richey will convey Transferred Assets to the Authority.

(KK) **"Net Utility Revenue"** means the net revenue of each Member Government's water system or, if a Member Government's water and wastewater systems have been combined for financing purposes, the net revenue of the combined water and wastewater system remaining after payment of operating expenses and debt service due on obligations secured by such revenue.

(LL) **"Obligations"** means a series of bonds or other evidence of indebtedness including but not limited to, notes, commercial paper, capital leases or any other obligations of the Authority heretofore or hereafter issued or incurred.

(MM) **"Overhead"** means the administrative and general expenses of the Authority that are not directly attributable to ownership and operation of any specific Water Supply Facility, as established in the approved annual budget.

(NN) **"Partnership Plan Wellfields"** means Cross Bar Ranch Wellfield, Cypress Creek Wellfield, Starkey Wellfield, North Pasco Wellfield, South Pasco Wellfield, Eldridge-Wilde Wellfield, Cypress Bridge Wellfield, Cosme-Odessa Wellfield, Section 21 Wellfield, Northwest Hillsborough Regional Wellfield, and Morris Bridge Wellfield.

(OO) **"Pasco"** means Pasco County, a political subdivision of the State.

(PP) **"Pasco Transfer Agreement"** means the agreement attached hereto as Appendix F, pursuant to which Pasco will convey Transferred Assets to the Authority.

(QQ) **"Pinellas"** means Pinellas County, a political subdivision of the State.

(RR) **"Pinellas Transfer Agreements"** means the agreements attached hereto as Appendices D-1 and D-2, pursuant to which Pinellas will convey Transferred Assets to the Authority.

(SS) **"Pledged Funds"** means (1) the revenues, fees, charges and other moneys received by the Authority relating to the ownership or operation of its Water Supply Facilities, and (2) until applied in accordance with the terms of the Financing Documents, all moneys in the funds and accounts established thereby, including investments therein; in each case to the extent provided by the Board pursuant to the Financing Documents.

(TT) **"Points of Connection"** means the points identified pursuant to the Master Water Supply Contract, as revised by the Authority and the Member Governments from time to time, at which the Member Governments' water utility systems connect to the Authority's system.

(UU) **"Primary Environmental Permit"** means the issuance, modification or renewal of a consumptive use permit, an environmental resource permit, a permit from the Department of the Army under Section 404 of the Federal Clean Water Act, or a national pollutant discharge elimination system permit for

a waste stream discharge from a water treatment plant to surface waters (or the successor in function to any of such permits), for which the Authority applies as sole permittee or as co-permittee. The term "Primary Environmental Permit" also includes application for SWFWMD approval of any Wellfield Operations Plan, other water production optimization plan, or environmental management plan (or their successor in function) required by SWFWMD. With respect to any Wellfield Operations Plan or other water production optimization plan, the term "Primary Environmental Permit" includes only those modifications to the Wellfield Operations Plan or other water production optimization plan that affect the methods, variables or parameters of the Wellfield Operations Plan and materially change the quantity of Replacement Capacity and Rotational Capacity applied to reduce the withdrawal of Water from various Authority wellfields.

(VV) **"Production Failure"** means (1) the occurrence of a Shortfall, provided however, that a Shortfall that results from a mechanical, equipment or other facility failure shall not constitute a "Production Failure," or (2) following December 31, 2002, the actual delivery by the Authority to the Member Governments during any twelve-month period of a quantity of Quality Water that exceeds 94 percent of the aggregate permitted capacity of the Authority's production facilities on an average annual basis, provided however, that if the Authority has received a Primary Environmental Permit for additional production facilities and the Authority has entered into a contract for final design and has bid construction of the facilities, the additional production quantity specified in the Primary Environmental Permit shall be added to the actual production capacity for purposes of determining if a "Production Failure" has occurred.

(WW) **"Project Cost"** means all expenses associated with the acquisition, construction, installation, reconstruction, renewal or replacement of Water Supply Facilities, including without limitation: (1) land and interests therein, property rights, and easements of any nature whatsoever; (2) physical construction, reconstruction, renewal, replacement or completion; (3) acquisition and installation of machinery, equipment and other tangible personal property; (4) planning, architectural, engineering, surveying, legal, environmental and other consultant services; (5) fees and expenses associated with the issuance of Obligations, including but not limited to bond counsel, disclosure counsel, financial advisor, underwriters' discount, rating agencies, bond insurance, credit or liquidity facilities, and printing the Obligations and supporting documentation; (6) interest accruing on the Obligations for such period of time as the Authority deems appropriate; (7) the debt service reserve fund or account, if any, established for the Obligations; and (8) all other expenses that are properly attributable thereto under generally accepted accounting principles, including reimbursement to the Authority for any moneys advanced for such purposes and interest on any interfund loan for such purposes.

(XX) **"Quality Water"** means Water which meets the definition of "Quality Water" set forth in Section 3(JJ) of the Master Water Supply Contract. For purposes other than entitlement to the rate reductions set forth in Section 3.04(A)(1) hereof, the term "Quality Water" also includes Water delivered to the Points of Connection identified in Section 3.03(D) hereof or to Points of Connection at which a Member Government agrees, at its sole option, to accept Water not meeting the standards for Quality Water pursuant to Section 3.03(E) hereof.

(YY) **"Reclaimed Water"** means, except as specifically provided in applicable State statutes or rules, Water that has received at least secondary treatment and basic disinfection and is reused after discharge from a domestic wastewater treatment facility.

(ZZ) **"Reclaimed Water Resource Project"** means (1) the direct use of Reclaimed Water in the Authority's Water supply, or (2) the indirect use of Reclaimed Water in the Authority's Water supply

through (a) surface Water augmentation or (2) ground Water recharge within the Contributing Area of any Authority wellfield.

(AAA) **"Recovery Plan"** means the proposed phased recovery strategy to achieve the minimum flows and levels, to be adopted by SWFWMD for the Northern Tampa Bay Area under Section 373.042, Florida Statutes, pursuant to which (1) by December 31, 2002, the Authority will reduce the combined permitted withdrawal quantity from the Partnership Plan Wellfields to 121 mgd, on an average annual basis (to be measured from December 31, 2002 to December 31, 2003), and maintain production thereafter at or below 121 mgd, on an average annual basis; and (2) by December 31, 2007, the Authority will reduce the combined permitted withdrawal quantity from the Partnership Plan Wellfields to 90 mgd, on an average annual basis (to be measured from December 31, 2007 to December 31, 2008), and maintain production thereafter at or below 90 mgd, on an average annual basis.

(BBB) **"Replacement Capacity"** means production capacity from Water Supply Facilities other than the Partnership Plan Wellfields that is (1) not available on the date hereof, and (2) will be used to reduce the permanent combined production from the Partnership Plan Wellfields.

(CCC) **"Rotational Capacity"** means the production rate of Quality Water available at any time to the Authority that (1) exceeds Member Government needs, and (2) subject to the physical limitations of the Authority's Water delivery system, can be used to periodically reduce the withdrawal of Water from Authority wellfields located in environmentally stressed areas. "Rotational Capacity" does not include Replacement Capacity.

(DDD) **"Shortfall"** means a situation in which the Authority fails to deliver the quantity of Quality Water required by a Member Government.

(EEE) **"Shortfall Amount"** means, in the event of a Shortfall, the amount computed by deducting the quantity of Quality Water actually delivered by the Authority to a Member Government from the total quantity of Quality Water required by a Member Government.

(FFF) **"St. Petersburg"** means the City of St. Petersburg, a municipal corporation of the State.

(GGG) **"St. Petersburg Transfer Agreement"** means the agreement attached hereto as Appendix C, pursuant to which St. Petersburg will convey Transferred Assets to the Authority.

(HHH) **"State"** means the State of Florida.

(III) **"SWFWMD"** means the Southwest Florida Water Management District, or any successor agency.

(JJJ) **"Tampa"** means the City of Tampa, a municipal corporation of the State.

(KKK) **"Tampa Transfer Agreement"** means the agreement attached hereto as Appendix E, pursuant to which Tampa will convey Transferred Assets to the Authority.

(LLL) **"Termination Funding Share"** means, for each Member Government, the percentage computed by dividing (1) the quantity of Quality Water purchased from the Authority during the last five

Fiscal Years by such Member Government, excluding Quality Water purchased by Tampa from the Tampa Bypass Canal, by (2) the total quantity of Quality Water purchased from the Authority during the last five Fiscal Years by all Member Governments, excluding Quality Water purchased by Tampa from the Tampa Bypass Canal that is not attributable to Authority augmentation projects such as the Hillsborough Bay Resource Exchange Project.

(MMM) **"Termination Option Share"** means, for each Member Government, the percentage computed by dividing (1) the quantity of Quality Water purchased from the Authority during the last five Fiscal Years by such Member Government, excluding Quality Water purchased by Tampa from the Tampa Bypass Canal, by (2) the total quantity of Quality Water purchased from the Authority during the last five Fiscal Years by all Member Governments electing to exercise an option to purchase a Water Supply Facility or other asset of the Authority pursuant to Section 6.04 hereof, excluding Quality Water purchased by Tampa from the Tampa Bypass Canal that is not attributable to Authority augmentation projects such as the Hillsborough Bay Resource Exchange Project.

(NNN) **"Transferred Assets"** means the Water Supply Facilities (including real property, tangible personal property and intangible personal property) conveyed to the Authority pursuant to Sections 5.01, 5.02, 5.03, 5.04, 5.05 and 5.06 hereof; provided however, that any equity interest of the Member Governments in the Existing Authority System that is relinquished pursuant to Sections 5.01, 5.02, 5.03, 5.04, 5.05 and 5.06 hereof shall not constitute a "Transferred Asset."

(OOO) **"TWRRP"** means the Tampa Water Resource Recovery Project, which includes the proposed supplemental treatment plant to be sited on Hookers Point at Tampa's Howard F. Curren Advanced Wastewater Treatment Plant, and the pipeline that delivers the purified water to the Tampa Bypass Canal.

(PPP) **"Water"** means Quality Water and any other water to be used by a Member Government in its public water supply system.

(QQQ) **"Water Supply Facilities"** means Water production, treatment and/or transmission facilities and related real property. The term "Water Supply Facilities" does not include facilities for local distribution.

(RRR) **"Wellfield Operations Plan"** means a plan for operating the Partnership Plan Wellfields, which may include other Water Supply Facilities of the Authority, that is based upon a scientific methodology to (1) evaluate the relative level of environmental stress in the area of each of its wellfields, (2) apply its Replacement Capacity and Rotational Capacity to reduce the quantity of Water withdrawn from wellfields located in areas with the highest levels of environmental stress, and (3) bring all of its wellfields into compliance with the Recovery Plan.

(SSS) **"Wheel" or "Wheeling"** means the process of utilizing any unused transmission capacity in the Authority's Water delivery system to transport Quality Water (1) purchased from a supplier other than the Authority pursuant to Section 3.19(A) hereof, or (2) produced from a Member Government's Water Supply Facility acquired or constructed pursuant to Section 3.19(B) hereof, to a Member Government's Point of Connection during a Shortfall.

**SECTION 1.02. INTERPRETATION.** Unless the context indicates otherwise, words importing the singular number include the plural number and vice versa; the terms "hereof," "hereby," "herein," "hereto," "hereunder" and similar terms refer to this Agreement; and the term "hereafter" means

after, and the term "heretofore" means before, the effective date of this Agreement. Words of any gender include the correlative words of the other gender, unless the sense indicates otherwise.

**SECTION 1.03. FINDINGS.** It is hereby ascertained, determined and declared by the Member Governments that:

(A) The Water needs and environmental concerns of their citizens can best be balanced by vesting Water supply functions in a reorganized West Coast Regional Water Supply Authority for the purpose of developing, recovering, storing and supplying Water for county and municipal purposes in such a manner as will give priority to reducing adverse environmental effects of excessive or improper withdrawals of Water from concentrated areas.

(B) The Member Governments desire that the Authority design, acquire, construct, operate and maintain Water Supply Facilities in the locations and at the times necessary to insure that an adequate supply of Quality Water will be available for all customers served by the Member Governments.

(C) The cost of the Quality Water and all services to be provided by the Authority shall be paid for by the Member Governments, based on a uniform rate for the sale of Quality Water (other than Water delivered to Tampa from the Tampa Bypass Canal that is not attributable to Authority augmentation projects such as the Hillsborough Bay Resource Exchange Project, which has been excluded from the uniform rate provision), adjusted for special treatment requirements in the manner set forth herein.

(D) The Member Governments shall be responsible for any additional treatment they may individually elect, and for distribution to the Member Governments' retail and wholesale customers.

(E) The execution and delivery of this Agreement serves the individual and collective best interest of the Member Governments and serves a valid public purpose by (1) preserving a means by which the Host Member Governments can represent the interests of their constituents regarding environmental impacts of Water withdrawals from Water Supply Facilities located within their political jurisdictions; (2) enabling the Member Governments to reduce future costs for litigation concerning Water supply issues; and (3) enhancing the Authority's ability to implement its Master Water Plan by developing the Water Supply Facilities necessary to serve the Member Governments.

**SECTION 1.04. REPRESENTATIONS OF THE MEMBER GOVERNMENTS.** Upon satisfaction of the conditions set forth in Sections 6.03(A) and (D) hereof and in reliance upon the legislation attached hereto as Appendix M, the Member Governments each make the following representations as it relates to itself (no representation is made by a Member Government for any other Member Government):

(A) The Member Governments are each duly organized, validly existing and in good standing under the laws of the State and are each duly qualified and authorized to satisfy their responsibilities pursuant to this Agreement.

(B) The Member Governments each have the power, authority and legal right to enter into and perform the obligations set forth in this Agreement, and the execution, delivery and performance hereof by the Member Governments: (1) has been duly authorized by the Board of County Commissioners in the case of Hillsborough, Pasco and Pinellas, the Mayor and City Council in the case of New Port Richey and Tampa, and the City Council in the case of St. Petersburg; (2) does not require any consent or referendum of the electors; and (3) does not constitute a default under, or result in the creation of any lien, charge, encumbrance

or security interest upon, the assets of the Member Governments under any agreement or instrument to which any of the Member Governments is a party or by which any of the Member Governments and their assets may be bound or affected, except as otherwise provided herein.

(C) This Agreement has been duly entered into and delivered by the Board of County Commissioners in the case of Pasco, Hillsborough and Pinellas, by the City Council and Mayor in the case of New Port Richey, St. Petersburg and Tampa and, upon satisfaction of the conditions set forth in Sections 6.03(A) and (D) hereof, constitutes a legal, valid and binding obligation of the Member Governments, fully enforceable in accordance with its terms, except to the extent that the enforceability of this Agreement may be limited by any applicable bankruptcy, moratorium, reorganization or other similar laws affecting creditor's rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(D) There is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending against any of the Member Governments, wherein any unfavorable decision, ruling or finding would materially and adversely affect the performance by any of the Member Governments of their obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Agreement, the Master Water Supply Contract, the St. Petersburg Transfer Agreement, the Pinellas Transfer Agreements, the Tampa Transfer Agreement, the Pasco Transfer Agreement, the Hillsborough Transfer Agreement, the New Port Richey Transfer Agreement, the Authority/Hillsborough Transfer Agreement, the Authority/Pasco Transfer Agreement, the Authority/Tampa Transfer Agreement, the EPC Agreement, or any other agreement or instrument entered into by the Authority in connection with the transactions contemplated hereby.

## **ARTICLE II - CREATION AND GOVERNANCE**

**SECTION 2.01. WATER SUPPLY AUTHORITY.** (A) The Member Governments hereby reorganize the West Coast Water Supply Authority heretofore created pursuant to Sections 373.1962 and 163.01, Florida Statutes, and other applicable law, for the purpose of developing, recovering, storing and supplying Quality Water for county and municipal purposes in such a manner as will give priority to reducing adverse environmental effects of excessive or improper withdrawals of Water from concentrated areas. The geographic territory of the Authority consists of Hillsborough County, Pasco County and Pinellas County.

(B) The creation and reorganization of the Authority and the fulfillment of its purposes are in all respects for the benefit of the people of this State and the people of Hillsborough County, Pasco County and Pinellas County. The Authority is performing an essential governmental function. All property of the Authority is and shall in all respects be considered to be public property, and the title to such property shall be held by the Authority for the benefit of the public. The use of such property shall be considered a public purpose, until disposed of upon such terms as the Authority may deem appropriate. All Obligations and interest or income thereon and all the property, facilities, services and activities of the Authority are declared to be nontaxable for any and all purposes by the State or federal government or any unit of the State or federal government to the same extent as if owned or issued by on behalf of the Member Governments.

(C) It is the intent of the Member Governments that the creation and reorganization of the Authority meets any applicable requirements for independent special districts provided for in Chapter 189, Florida Statutes.

(D) All claims, causes of action, defenses, lawful debts, Obligations, contracts, franchises, promissory notes, audits, actions, minutes, resolutions, and other undertakings of the Authority in existence on the date of this Agreement and upon satisfaction of the conditions described in Sections 6.03(A) and (D) hereof are hereby validated and shall continue to be valid and binding on the Authority in accordance with their respective terms, conditions and covenants, unless expressly terminated, superseded or modified as specified in this Agreement and the Master Water Supply Contract. Any proceedings heretofore begun by the Authority for the receipt of Environmental Permits, construction of any improvements, works or facilities; for the assessment of benefits and damages or for the borrowing of money shall not be impaired or voided by the reorganization of the Authority and may be continued and completed in the name of the Authority.

**SECTION 2.02. POWERS AND DUTIES OF THE AUTHORITY.** (A) The Authority shall have the following powers in addition to and supplementing any other privileges, benefits and powers granted by Sections 373.1962 and 163.01, Florida Statutes:

(1) To acquire Water and Water rights; develop, store, and transport Water; and sell Water in the manner provided herein.

(2) To sue and be sued in its own name.

(3) To acquire, by purchase, gift, devise or otherwise, and to dispose of, real or personal property, or any estate therein.

(4) To lease, as lessor or lessee, to or from any person, firm, corporation, association or body, public or private, facilities or property of any nature for the use of the Authority to carry out any of the purposes authorized by this Agreement.

(5) To make and execute contracts or other instruments necessary or convenient to the exercise of its powers.

(6) To contract with one or more other public corporations for the purpose of carrying out any of its powers and for that purpose to contract with such other public corporation or corporations for the purpose of financing such acquisitions, construction, and operations. Such contracts may provide for contributions to be made by each party thereto, for the division and apportionment of the expenses of such acquisitions and operations, and for the division and apportionment of the benefits, services, and products therefrom. Such contracts may contain such other and further covenants and agreements as may be necessary and convenient to accomplish the purposes hereof.

(7) To contract for the service of engineers, accountants, attorneys, rate consultants and other experts or consultants, and such other agents and employees as the Board may require or deem appropriate.

(8) To contract with private or public entities or persons to develop, purchase or sell Water, subject to the preferential right of each Member Government to purchase Quality Water from the Authority for use by such Member Government; provided however, that the Authority shall not sell Water to any customer of a Member Government.

(9) To contract with a Member Government or any private or public entity or person for the operation or management of Water Supply Facilities.

(10) To accomplish construction directly or by advertising for construction bids and letting contracts for all or any part of the construction of improvements to the Water Supply Facilities to the lowest responsible and responsive bidder or rejecting any and all bids at its discretion; provided however, that the competitive bid requirement may be waived if (a) the Board determines that emergency circumstances are present or (b) after consideration of all available alternative materials and systems, the Board determines that the specification of a sole material or system is justifiable based upon its design, cost, interchangeability or any other relevant factor.

(11) To exercise the power of eminent domain in the manner provided by law for the condemnation of private property for public use, to acquire title to such interest in real property as is necessary to the exercise of the powers herein granted, except Water and Water rights already devoted to reasonable and beneficial use or any water production or transmission facilities owned by any county or municipality.

(12) To issue Obligations in the manner provided in (a) Article IV hereof, (b) the Revenue Bond Act of 1953, as amended, part I, chapter 159, Florida Statutes, or (c) Part II, Chapter 159, Florida Statutes, and Section 4.09 hereof; provided however, that such Obligations shall not constitute a debt or obligation of the Member Governments except to the extent that Member Governments are required to comply with the terms hereof and of the Master Water Supply Contract.

(13) To assume ownership (in fee, easement, license or other legal interest), operation and/or control of any Water Supply Facility owned by a municipality, county, district or authority, including the assumption of the financial liabilities associated with such Water Supply Facilities.

(14) Subject to such provisions and restrictions as may be set forth herein and in any instrument authorizing the issuance of Obligations, to sell or otherwise dispose of its Water Supply Facilities, or any portion thereof, upon such terms as the Board deems appropriate; provided however, that the Authority shall not dispose of its Water Supply Facilities, or any portion thereof, if the disposition would cause a Production Failure.

(15) To apply for and accept grants, loans, and subsidies from any governmental entity for the construction, operation and maintenance of its Water Supply Facilities, and to comply with all requirements and conditions imposed in connection therewith.

(16) To the extent allowed by law and to the extent required to effectuate the purposes hereof, to exercise all privileges, immunities and exemptions accorded municipalities and counties of the State under the provisions of the constitution and laws of the State.

(17) To appoint advisory, administrative or operation boards or committees to assist the Authority in the exercise and performance of the powers and duties provided for under this Agreement.

(18) To apply for, obtain and comply with Environmental Permits.

(19) To do all acts and things necessary or convenient for the conduct of its business in order to carry out the powers and duties provided in this Agreement.

(B) Notwithstanding the geographic territory established in Section 2.01(A) hereof, the Authority may exercise any of its rights, powers, privileges and authorities granted herein in any and all portions of any county, municipality, special district or other political subdivision of the State, heretofore or hereafter created or organized.

(C) Notwithstanding the provisions of Section 373.1962(2)(a), Florida Statutes, the Authority shall not impose ad valorem taxes.

(D) The Authority shall not engage in local distribution.

(E) Section 163.01(7)(g), Florida Statutes, shall not apply to the Authority.

**SECTION 2.03. BOARD OF DIRECTORS.** (A) All powers, privileges and duties vested in or imposed upon the Authority shall be exercised and performed by and through a Board of Directors; provided however, that the exercise of any and all executive, administrative and ministerial powers may be delegated by the Board of Directors to the General Manager or the General Counsel.

(B) The Board shall be comprised of nine Directors, all of whom shall be elected officials, with each Director being entitled to one vote. The Directors shall be appointed by the Member Governments as follows:

- (1) two Directors appointed by the Hillsborough Board of County Commissioners;
- (2) two Directors appointed by the Pasco Board of County Commissioners;
- (3) two Directors appointed by the Pinellas Board of County Commissioners;
- (4) one Director appointed by the New Port Richey City Council;
- (5) one Director appointed by the St. Petersburg City Council; and
- (6) one Director appointed by the Mayor of Tampa (who may be the Mayor).

(C) Not later than ten days following the date on which the conditions described in Section 6.03(A) have been satisfied, each Member Government shall appoint its Director or Directors to serve in such capacity for a period deemed appropriate by the Member Government. Reappointments shall be made when necessary to ensure continuous representation of the Member Governments.

**SECTION 2.04. BOARD MEETINGS.** The Board shall meet on a regular basis at such times and at such places as determined by the Board; provided however, that special meetings may be called by the chairman and in his or her absence by the vice-chairman. Special meetings shall be called upon receipt by the General Manager of written requests from a majority of the Directors. To the extent permitted by Section 286.011, Florida Statutes, telephonic regular or special meetings by conference call or other method of electronic voice transmission which permits each participant to hear every other participant and join in the discussion are specifically authorized.

**SECTION 2.05. QUORUM AND VOTING.** (A) A quorum for the transaction of business at any regular or special meeting of the Board shall consist of a majority of the Directors. Notwithstanding the foregoing, a majority of the Directors present at any meeting may act to continue the meeting to any time and date specified in such action.

(B) Each Director shall be entitled to one vote. No vote by proxy shall be permitted. Except as otherwise provided in Section 2.05(C) hereof, Board action shall require an affirmative vote of not less than five Directors.

(C) The following Board actions shall require an affirmative vote of not less than six Directors:

(1) contracts with private or public entities to purchase or sell Water;

(2) contracts with a Member Government or any private or public entity or person for the operation or management of the Transferred Assets and the Water Supply Facilities owned or operated by the Authority on the date hereof;

(3) assumption of ownership, operation and/or control of any Water Supply Facilities owned by a municipality, county, district or authority, if such acquisition is projected to have a material adverse rate impact on the Member Governments; and

(4) sale or other disposition of its Water Supply Facilities, or any portion thereof.

(D) Prior to December 31, 2008, any action to acquire or construct Water Supply Facilities for the purpose of reducing the combined permitted withdrawal quantity from the Partnership Plan Wellfields, on an average annual basis, to a quantity less than 90 mgd shall require an affirmative vote of all nine Directors.

**SECTION 2.06. OFFICERS OF THE BOARD.**

(A) The Board shall elect a chairman from their number, who shall serve for a period of one year, or until a successor shall have been duly elected and qualified, whichever is later. No Director shall serve as chairman for more than two consecutive full terms. The chairman shall preside at all meetings of the Board.

(B) The Board shall elect a vice-chairman from their number, who shall serve for a period of one year, or until a successor shall have been duly elected and qualified, whichever is later. No Director shall serve as vice-chairman for more than two consecutive full terms. In case of the absence or disability of the chairman, the chairman's duties shall be performed by the vice-chairman. The vice-chairman shall perform such additional duties as are authorized by the Board.

(C) If a vacancy occurs in the office of chairman or vice-chairman, the Board shall elect a replacement to serve the balance of the unexpired term.

(D) If neither the chairman nor vice-chairman attends a meeting at which a quorum is present, the Directors present may elect one of their number to serve as chairman pro-tem for that meeting.

**SECTION 2.07. POWERS AND DUTIES OF THE BOARD.**

The Board shall act as the governing body of the Authority and shall have the following powers and duties:

(A) To fix the time and place or places at which its regular meeting shall be held, and to call and hold special meetings.

(B) To make and pass rules, regulations, resolutions and orders not inconsistent with the Constitution of the United States or of the State, or to the provisions of Sections 373.1962 and 163.01,

Florida Statutes, or this Agreement, necessary for the governance and management of the affairs of the Authority, for the execution of the powers vested in the Authority, and for carrying into effect the provisions of this Agreement.

(C) To fix the location of the principal place of business of the Authority and the location of all offices and departments maintained thereunder.

(D) To prescribe a system of business administration and to create any and all necessary offices in addition to chairman and vice chairman, which may include the offices of secretary and treasurer; to establish the powers, duties and compensation of all employees; and to require and fix the amount of all official bonds necessary for the protection of the funds and property of the Authority.

(E) To appoint a General Manager, who shall administer the affairs and manage the staff of the Authority with Board approval, and perform other administrative duties as directed by the Board.

(F) To appoint a General Counsel to act as the chief legal officer of the Authority, manage the Authority's legal representation and employ necessary legal staff with Board approval, provide legal advice and support to the Board, General Manager and Authority staff, and perform such other duties as directed by the Board.

(G) To change the Authority's name, if permitted by law.

**SECTION 2.08. ANNUAL BUDGET.** (A) Prior to July 1 of each year, the General Manager shall prepare and deliver to the Board a balanced tentative budget for the Authority covering its proposed operating and other financial requirements for the ensuing Fiscal Year. The tentative budget shall identify (1) the rate at which Quality Water will be sold to Member Governments during such Fiscal Year, and (2) the rate to be charged to Tampa for Water provided through the Tampa Bypass Canal pumping facility during such Fiscal Year.

(B) The Board shall publish a notice of its intention to adopt the budget and shall provide copies of the notice and tentative budget to each Member Government on or before the first publication date. The notice shall include a summary of the tentative budget, specify the rates at which Quality Water will be sold to the Member Governments and identify the time, date and place at which the public may appear before the Board and state their objections to or support of the budget and rates. The notice shall be published once a week for two consecutive weeks within thirty days of the public hearing, in any newspaper qualified to accept legal advertisements in each county in the jurisdiction of the Authority, the last insertion of which shall appear not less than one week prior to the date set by the Board for the hearing on the proposed budget and rates.

(C) At the time, date and place specified in the notice, the Board shall conduct a public hearing and thereafter may consider adoption of the budget and rates with any amendments it deems advisable. Unless otherwise authorized by the Board, the final budget and rates shall be adopted by August 1.

(D) The adopted budget shall be the operating and fiscal guide for the Authority for the ensuing Fiscal Year. The Board may from time to time amend the budget at any regular or special meeting; provided however, that prior to approving any budget amendment that increases the total budget for any Fiscal Year (other than a budget amendment appropriating grant funds or the proceeds of Obligations), the Board shall provide notice and conduct an additional public hearing in the manner described in this Section 2.08.

**SECTION 2.09. MASTER WATER PLAN.** (A) The Master Water Plan approved by the Authority on December 18, 1995, as updated on February 16, 1998, is hereby ratified and confirmed as a planning document. The Authority shall periodically review and update the Master Water Plan and pursue implementation of identified projects in a timely manner to meet its obligation to deliver Quality Water to the Member Governments.

(B) Within five years following the date on which the conditions described in Sections 6.03(A) and (D) have been satisfied, and not more than every five years thereafter, the Board shall revise the Master Water Plan. To the extent deemed necessary or advisable by the Board, the revised Master Water Plan shall identify current customers, projects, and future customers; review and generally inventory all existing Authority Water Supply Facilities; identify a capital improvement program for the Authority; review all current Authority Environmental Permits, existing regulations and projected regulations; identify all proposed new Water Supply Facilities; evaluate Authority staffing; provide for hydraulic analysis of the Authority's Water Supply Facilities, both existing and proposed; evaluate present and future sources of Water and treatment requirements for those sources in terms of capacity, reliability and economy; and, update the list of proposed Water Supply Facilities required to meet the anticipated Quality Water needs of the Member Governments for the next twenty years.

**SECTION 2.10. PERFORMANCE AUDIT AND MANAGEMENT STUDY.** The Authority shall conduct a performance audit and management study immediately following the end of the first full Fiscal Year after satisfaction of the conditions described in Sections 6.03(A) and (D) hereof, and at five-year intervals thereafter, to review program results and make recommendations regarding its governance structure and the proper, efficient, and economical operation and maintenance of the Authority's Water Supply Facilities. The Authority shall retain a nationally recognized accounting firm or management consulting firm to conduct the performance audit and management study.

### **ARTICLE III - WATER SUPPLY PROVISIONS**

**SECTION 3.01. REGIONAL COOPERATION.** The Member Governments agree that cooperative efforts are necessary in order to meet their respective needs for Quality Water in a manner which will provide adequate and dependable supplies in such a manner as will give priority to reducing adverse environmental effects of excessive or improper withdrawals of water from concentrated areas. The Member Governments shall continue their cooperative efforts to develop and implement effective conservation programs in order to reduce per capita demand for Water.

**SECTION 3.02. EXCLUSIVITY.** Except as provided in Section 3.02(I) hereof, it is expressly understood and agreed that the Authority shall be the sole and exclusive supplier of Water to the Member Governments and that the Member Governments shall not own or operate Water Supply Facilities.

(A) If any Member Government acquires a private utility company, the Authority shall be entitled to acquire any Water Supply Facilities owned by the private utility. If the Authority elects to exercise its option, the Water Supply Facilities shall be appraised by two independent appraisers acceptable to the Authority and the Member Government in their reasonable judgment. The Authority will purchase the Water Supply Facilities upon payment of an amount equal to the average of the two appraised values and, if applicable, any debt, fines, or other obligations assumed by the Member Government and any cost expended by the Member Government to bring the Water Supply Facilities into regulatory compliance.

(B) The Member Governments shall neither create nor, to the extent permitted by law, allow creation of any special district or other governmental authority located wholly or partially within the geographic territory of the Authority pursuant to Chapter 189, Florida Statutes, Section 163.01, Florida Statutes, Section 373.1962, Florida Statutes, or any other provision of general or special law or by ordinance or contract, if the special district or other governmental authority is authorized to produce Water for use within the geographic territory of the Authority. This Section 3.02(B) shall not apply to the creation of any special district or other governmental authority that is required to use the Authority (through a Member Government) as its exclusive supplier of Water to be delivered to customers located within the geographic territory of the Authority to the same extent as required by the Member Governments (other than Tampa) hereunder.

(C) The Member Governments shall not privatize all or any portion of their Water utility systems without including in the contract with the private entity a provision which obligates the private entity to use the Authority as its exclusive supplier of Water to be delivered to customers located within the geographic territory of the Authority to the same extent as required by the Member Governments (other than Tampa) hereunder.

(D) The Member Governments shall not sell, lease or otherwise dispose of all or any portion of their Water utility systems' distribution facilities without requiring the purchaser or lessee to use the Authority (through a Member Government) as its exclusive supplier of Water to be delivered to customers located within the geographic territory of the Authority to the same extent as required by the Member Governments (other than Tampa) hereunder. To the extent permitted by law, the obligation to use the Authority (through a Member Government) as the exclusive supplier of Water to be delivered to customers located within the geographic territory of the Authority shall be imposed as a restrictive covenant against any real property conveyed in connection with the disposition of such distribution facilities.

(E) To the extent permitted by law, the Member Governments shall not franchise new or expanded private water utilities following the date hereof unless the franchisee agrees to use the Authority (through the Member Government) as its exclusive supplier of Water to be delivered to customers located within the new or expanded franchise area and the geographic territory of the Authority to the same extent as required by the Member Governments (other than Tampa) hereunder.

(1) Notwithstanding the foregoing, Member Governments may franchise new or expanded private water utilities without the requirement to use the Authority (through the Member Government) as its exclusive supplier of Water to be delivered to customers located within the geographic territory of the Authority if (a) the Member Government has provided a copy of the franchise application to the Authority, and (b) within forty-five days of its receipt of such notice, the Authority does not notify the Member Government that it intends to supply Quality Water to the franchise area to serve customers located within the geographic territory of the Authority.

(2) If the Authority elects to supply Quality Water to the new or expanded franchise area, the franchisee will be responsible for constructing the Water Supply Facilities required to produce Quality Water to serve customers located within the new or expanded franchise area and the geographic territory of the Authority and will be required to dedicate such Water Supply Facilities to the Authority without cost to the Authority. Following dedication, the Authority will be responsible for operating and maintaining the Water Supply Facilities at its own expense. Quality Water shall be provided to the franchise area only through the Member Government. Nothing in this

Section 3.02(E) shall be construed to require either Hillsborough or the Authority to extend any transmission facilities to serve the proposed franchise area.

(F) The Member Governments shall not assist or encourage the creation or expansion of a private utility by the Florida Public Service Commission unless the private utility agrees to use the Authority (through a Member Government) as its exclusive supplier of Water to be delivered to customers located within the geographic territory of the Authority to the same extent as required by the Member Governments (other than Tampa) hereunder.

(G) The Member Governments shall not merge or consolidate their water utility systems with water utility systems owned and/or operated by other Member Governments, other local governments, units of federal or State government, special districts, governmental authorities, persons, corporations or other entities without requiring all other parties to use the Authority (through a Member Government) as their exclusive supplier of Water to be delivered to customers located within the geographic territory of the Authority to the same extent as required by the Member Governments (other than Tampa) hereunder.

(H) The Member Governments shall not work in concert with any person, corporation, local government, unit of federal or State government, special district, governmental authority or other entity for the purpose of avoiding or evading the exclusivity requirements of this Section 3.02.

(I) The exclusivity requirements set forth in this Section 3.02 are subject only to the following exceptions.

(1) The Member Governments shall have the right to construct, operate and maintain the specific Water Supply Facilities authorized by Sections 3.06 through 3.10, inclusive.

(2) The Member Governments shall have the right to acquire Water, construct Water Supply Facilities and Wheel Quality Water upon the occurrence of a Production Failure, as set forth in Section 3.19 hereof.

(3) Hillsborough may continue its practice of purchasing Water from Plant City at the current quantity of approximately 0.2 mgd, plus any increases necessary to adequately supply the Oaks Utility service area.

(4) Pasco may continue its practice of purchasing Water from Dade City at the current quantity of approximately 0.009 mgd, plus any increases necessary to adequately supply the Eldred Subdivision.

(5) Pasco may continue its practice of purchasing Water from Zephyrhills at the current quantity of approximately 0.020 mgd, plus any increases necessary to adequately supply the Florida Trailer Estates.

(6) Member Governments may acquire Water Supply Facilities when required by law, but shall convey such Water Supply Facilities to the Authority at the earliest practical date, upon payment by the Authority of an amount equal to the Member Government's Actual Direct Cost, retaining ownership of any treatment and distribution facilities.

(7) Nothing in this Agreement shall be construed to prohibit the Member Governments from temporarily exchanging or purchasing Water, either among themselves or with other public or private utilities, for emergency and maintenance purposes in the ordinary course of business.

(8) The Member Governments may continue to own and operate the wells listed in Appendix A. Except as otherwise provided herein, the Member Governments shall not withdraw Water from any wells not listed in Appendix A. The Authority is hereby granted an option to purchase (a) any Water Supply Facility owned by a Member Government on the date of this Agreement that is not listed in Appendix A, and (b) any Water Supply Facility listed in Appendix A for which the permitted quantity specified in Appendix A is increased by more than twenty percent. If the Authority elects to exercise its option, the purchase price shall be equal to the Member Government's Actual Direct Cost to acquire and construct the Water Supply Facility.

**SECTION 3.03. OBLIGATION TO MEET WATER NEEDS.** (A) Except as otherwise expressly provided herein or in the Master Water Supply Contract, the Authority shall have the absolute and unequivocal obligation to meet the Quality Water needs of the Member Governments. Quality Water needs of the Member Governments shall be satisfied before Quality Water is delivered to any other customer of the Authority.

(B) The Authority shall oppose any permit, order, rule or other regulatory effort to reduce or limit the permitted capacity of its Water Supply Facilities, unless (1) the reduction or limitation results from an agreement to which all Member Governments are parties, or (2) the reduction or limitation will not become effective until adequate Replacement Capacity has been placed in service.

(C) The General Manager shall actively monitor the relationship between the quantity of Quality Water actually delivered by the Authority to the Member Governments and the aggregate permitted capacity of the Authority's production facilities.

(1) If the actual delivery of Quality Water by the Authority to the Member Governments during any twelve-month period exceeds 75 percent of the aggregate permitted capacity of the Authority's production facilities, the General Manager shall report to the Board and recommend that the Authority initiate preparation of Primary Environmental Permit applications necessary to ensure an adequate supply. The Authority shall initiate any such applications expeditiously.

(2) If the actual delivery of Quality Water by the Authority to the Member Governments during any twelve-month period exceeds 85 percent of the aggregate permitted capacity of the Authority's production facilities, the General Manager shall report to the Board and recommend that the Authority file Primary Environmental Permit applications to ensure an adequate supply. The Authority shall file any such applications expeditiously.

(D) It is acknowledged and agreed that the Water delivered by the Authority (1) from the South Central Hillsborough Wellfield to the Lithia Water Treatment Plant, (2) from the Starkey and North Pasco Wellfields to the Maytum Water Treatment Plant, (3) from the Starkey and North Pasco Wellfields to the Little Road Water Treatment Plant, (4) from the Eldridge-Wilde Wellfield to the Keller Water Treatment Plant, (5) from the Cosme-Odessa Wellfield to the Cosme Water Treatment Plant, (6) from the Morris Bridge Wellfield to the Morris Bridge Water Treatment Plant, and (7) from the Tampa Bypass Canal to the Hillsborough River Reservoir, will not meet the standards for Quality Water at the Point of Connection due to excessive concentrations of hydrogen sulfide currently being removed by Member Governments at their

own treatment facilities. In order to continue meeting Quality Water standards and maintain price equity upon implementation of the uniform rate pursuant to Section 3.04 hereof, the Member Governments receiving such Water (other than Water delivered to Tampa from the Tampa Bypass Canal that is not attributable to Authority augmentation projects such as the Hillsborough Bay Resource Exchange Project, which has been excluded from Section 3.04 pursuant to Section 3.08(D) hereof) will be entitled to a credit against the uniform rate, as set forth in Section 3.04(A)(1) hereof.

(E) Member Governments may agree, at their sole option, to accept Water not meeting the standards for Quality Water at any other Point of Connection. In such event, the Member Government shall also be entitled to a credit against the uniform rate, as set forth in Section 3.04(A)(1) hereof.

**SECTION 3.04. UNIFORM RATE.** (A) The Authority shall establish a single uniform rate for the sale of Quality Water to Member Governments, subject only to the adjustments set forth in this Section 3.04(A); provided however, that this Section 3.04 shall not apply to Quality Water delivered to Tampa from the Tampa Bypass Canal that is not attributable to Authority augmentation projects such as the Hillsborough Bay Resource Exchange Project, for which the rate is established in Section 3.08(D) hereof.

(1) If the Authority delivers Water that does not meet the standards for Quality Water either (a) to the Points of Connection at the facilities described in Section 3.03(D) hereof, or (b) at other Points of Connection with the express acknowledgment and consent of the receiving Member Government, the rate charged for such Water shall be reduced to reflect the Member Government's Actual Direct Cost to perform the additional treatment required to meet the standards for Quality Water. Any facilities and processes required to perform the additional treatment shall be consistent with generally accepted engineering guidelines.

(2) If a Member Government requests the Authority to provide any other treatment beyond that necessary to meet Quality Water standards and the Authority agrees to provide such additional treatment, in its sole discretion, the rate charged to such Member Government shall be increased to reflect the Authority's Actual Direct Cost to provide such additional treatment.

(3) Credits received by a Member Government in consideration of its conveyance of Transferred Assets will be applied to reduce the cost of purchasing Quality Water in equal monthly installments over a thirty-year period, assuming that such credits bear interest, compounded semiannually, at the rate borne by any Obligations issued by the Authority to finance a cash acquisition of Transferred Assets. If no Obligations are issued to finance a cash acquisition of Transferred Assets, credits shall accrue interest, compounded semiannually, at the rate borne by Obligations issued by the Authority to refinance its outstanding Capital Improvement Revenue Bonds, Series 1979, Refunding Revenue Bonds Series 1985, Refunding Revenue Bonds, Series 1989A, Capital Improvement Revenue Bonds, Series 1989B, Refunding Revenue Bonds, Series 1992, Refunding Revenue Bonds, Series 1995, Revenue Note, Series 1997, Cypress Creek Capital Lease Obligation, Starkey Wellfield Capital Lease Obligation, and Series 1991 Revenue Notes.

(B) The rate for the sale of Quality Water to Member Governments shall be established for each Fiscal Year in the Authority's annual budget. Except as provided in Section 3.04(C) hereof, the rate shall not be increased during the Fiscal Year.

(C) If the Authority is required to increase the rate by the terms of the Financing Documents, notice shall be provided by registered mail to each Member Government. The notice shall include the

proposed new rate and identify the time, date and place at which the Board intends to approve the increase. Any increase to the rate shall take effect on the date specified by the Board, which shall not be earlier than the sixtieth day following its adoption.

**SECTION 3.05. MASTER WATER SUPPLY CONTRACT.** Simultaneously with the execution of this Agreement, the Authority and each Member Government shall enter into the Master Water Supply Contract, in the form attached hereto as Appendix B.

**SECTION 3.06. ISOLATED WATER SUPPLY FACILITIES.** (A) If a new development within the jurisdiction of a Member Government cannot be served on an economically feasible basis with Quality Water supplied by the Authority because of the distance between the development and the Member Government's closest transmission facility, the Member Government may acquire or construct a Water Supply Facility consisting of one or more withdrawal points with a total capacity sufficient to serve the development, but in no event more than 1 mgd (on an annual average basis) for such purpose, upon compliance with the requirements set forth in this Section 3.06.

(1) The Member Government shall provide information demonstrating that the area in question cannot be served with Quality Water supplied by the Authority on an economically feasible basis. Within sixty days of its receipt of the information, the Authority may elect to acquire or construct Water Supply Facilities in a location that will provide service on an economically feasible basis.

(2) If no election is made within the sixty day period, the Member Government may proceed with acquisition or construction and shall own and operate the Water Supply Facility, subject to the Authority's option at any time to acquire such Water Supply Facility from the Member Government. If the Authority elects to exercise its option, the purchase price shall be equal to the Member Government's Actual Direct Cost to acquire and construct the Water Supply Facility.

(B) The parties acknowledge that Pasco applied to SWFWMD in April 1996 for a Primary Environmental Permit (applications 20025.06 and 2011480, as modified) to withdraw Water at an average annual rate of one mgd from a new Water Supply Facility consisting of 4 new wells and specified existing wells located near the Cypress Creek and Cypress Bridge Wellfields. Within thirty days of the date on which the conditions described in Sections 6.03(A) and (D) hereof have been satisfied, Pasco may modify its permit application to eliminate the new Water Supply Facility. If the permit application is not modified, as described above, within the thirty-day period, the Authority shall have a sixty-day period to either determine that the proposed Water Supply Facilities are not required to meet the Member Governments' needs, or elect to assume responsibility for construction, ownership and operation of the Water Supply Facility. If no determination or election is made within the sixty-day period, Pasco may proceed with construction and shall own and operate the Water Supply Facility, subject to the Authority's purchase option described in Section 3.06(B)(3) hereof.

(1) If the Authority determines that the proposed Water Supply Facilities are not required to meet the Member Governments' needs, Pasco agrees to withdraw its Primary Environmental Permit application or modify its Primary Environmental Permit, if issued, to eliminate the four new wells.

(2) If the Authority elects to construct, own and operate the Water Supply Facility, any plans, permits and specifications for construction, and the land upon which the Water Supply Facility is to be located, will be transferred to the Authority as follows:

(a) Pasco will transfer its rights to any plans and specifications to the Authority upon reimbursement by the Authority of Pasco's Actual Direct Cost therefor. From time to time and upon receipt of a written request from the Authority, Pasco shall assign in writing to the Authority all rights which Pasco may then possess against (A) any parties who prepared the plans and specifications for the Water Supply Facility and (B) all contractors, subcontractors and material suppliers for the Water Supply Facility, reserving to Pasco the right to subsequently prosecute any claims against said parties that may arise as a result of any claims, action, loss or damage sustained by Pasco arising out of any of the plans and specifications for the Water Supply Facility or construction of the Water Supply Facility.

(b) Pasco and the Authority will make joint application for transfer of any Environmental Permits.

(c) The land upon which the Water Supply Facility is to be located shall be appraised by two independent appraisers acceptable to the Authority and Pasco in their reasonable judgment, and the Authority will purchase the property upon payment of an amount equal to the average of the two appraised values.

(3) If the Authority fails to determine that the proposed Water Supply Facilities are not required to meet the Member Governments' needs and does not elect to construct, own and operate the Water Supply Facility, the Authority shall have the option at any time to acquire such Water Supply Facility from Pasco. If the Authority elects to exercise its option, the purchase price shall be equal to Pasco's Actual Direct Cost to acquire and construct such Water Supply Facility.

**SECTION 3.07. WALSINGHAM FACILITY.** The Member Governments acknowledge and agree that Pinellas shall be permitted to contract with Permasep, L.L.C. to acquire the Water produced at Permasep, L.L.C.'s proposed Walsingham reverse osmosis Water treatment plant, which will have a proposed average annual production capacity up to 10 mgd. It is understood and agreed that the location of the project may be subject to change; provided however, than any new location shall be wholly within the boundaries of Pinellas.

(A) Pinellas hereby grants an option to the Authority for purchase of all Water available to Pinellas from the Walsingham facility. Pinellas shall provide notice to the Authority not less than ninety days prior to the date on which the Walsingham facility will be placed in service. The notice will include (1) the date on which the Walsingham facility will begin to produce Water, (2) all available information regarding the quality of Water to be produced, and (3) the cost (or method of determining the cost) at which Pinellas has agreed to purchase the Water. On or prior to the initial production date specified in the notice, the Authority may exercise its option to purchase the Water. This option shall expire if not exercised by the Authority within sixty days of the notice.

(B) Upon timely exercise of the option, the Authority shall purchase Water produced at the Walsingham facility from Pinellas at the same price at which Pinellas purchases the Water from Permasep, L.L.C. If permitted under the terms of Pinellas's agreement with Permasep, L.L.C. and upon agreement

among Pinellas, Permasep, L.L.C. and the Authority, the right to purchase Water directly from the Walsingham facility may be assigned by Pinellas to the Authority.

(C) It is understood and agreed that any Water purchased by the Authority from the Walsingham facility will be delivered directly to Pinellas under the Master Water Supply Contract and that the rate payable by Pinellas to the Authority pursuant to Section 3.04 hereof may be more or less than the rate at which the Authority purchases the Water from Pinellas or Permasep, L.L.C.

**SECTION 3.08. SURFACE WATER SOURCES.** (A) The parties acknowledge that Tampa's historical use of surface Water sources constitutes a special circumstance justifying an exception to the exclusivity requirements of Section 3.02 hereof. In recognition of this special circumstance, the parties agree to

(1) reserve Tampa's existing permitted capacity for withdrawals from the Hillsborough River (82 mgd average annual day, 92 mgd peak month and 104 mgd maximum day). Withdrawals from Sulphur Springs (5 mgd average annual day, 10 mgd peak month and 20 mgd maximum day) and the Tampa Bypass Canal (20 mgd average annual day and 40 mgd maximum day) have also been permitted as augmentation quantities for the Hillsborough River in order to facilitate Tampa's withdrawals from the Hillsborough River at the permitted 82 mgd average annual day, 92 mgd peak month and 104 mgd maximum day rates;

(2) protect Tampa's priority access to the Tampa Bypass Canal as described in Section 3.08(D) hereof; and

(3) permit the Authority, on behalf of the region, to access Hillsborough River and Tampa Bypass Canal surface Water sources during High Flow Periods, as described in Section 3.08(D) hereof; provided however, that

(4) after the Authority has satisfied its need for Water from the Hillsborough River during High Flow Periods, Tampa may increase its rates of withdrawal up to 142 mgd peak month and 142 mgd maximum day, pursuant to 3.08(C) hereof, when such quantities are available and permitted for Tampa's use.

It is understood and agreed that Tampa's exception to the exclusivity requirements of Section 3.02 hereof is limited to the quantities described in Sections 3.08(A)(1) and 3.08(A)(4) and the use of Reclaimed Water, as set forth in Section 3.09 hereof.

(B) Tampa shall continue meeting a portion of its Water needs from surface Water sources, in the manner provided herein. Notwithstanding any other provisions of this Agreement to the contrary, the Authority's obligation to meet Tampa's Water needs shall be reduced by the amount of Water that can be derived from Tampa's use of such surface Water sources. It is understood and agreed that the Authority's current Water Supply Facilities and Master Water Plan do not contemplate the need to permanently replace the quantity of Water that Tampa is currently permitted to withdraw from surface Water sources, as set forth in Section 3.08(A)(1) hereof. However, upon the occurrence of an environmental or physical catastrophe that impairs Tampa's use of the Hillsborough River Reservoir, the Tampa Bypass Canal or Sulphur Springs (it being understood that an environmental or physical catastrophe excludes regulatory actions unrelated to specific events), Tampa shall request and the Authority shall assist Tampa with its unanticipated need for additional Quality Water as follows:

(1) the Authority agrees to seek an emergency increase in all interconnected regional system permits during such an emergency period;

(2) subject only to the physical limitations of the Authority's conveyance system and Tampa's receiving facilities, all Quality Water not required to meet the other Member Governments' needs will be delivered to Tampa; and

(3) the Authority will use its best efforts to increase its supply of Quality Water to meet Tampa's Quality Water needs.

It is understood and agreed that the foregoing measures may not compensate for the entire shortfall.

(C) Tampa will continue to hold its existing permit to withdraw Water from the Hillsborough River and Sulphur Springs at the quantities set forth in Section 3.08(A)(1) hereof. After the Authority has received a Primary Environmental Permit or Primary Environmental Permits to access Hillsborough River and Tampa Bypass Canal surface Water sources during High Flow Periods for regional purposes, Tampa may seek an increase in its rates of withdrawal up to 142 mgd peak month and 142 mgd maximum day; provided however, that the proposed increase by Tampa shall not reduce the quantities available to the Authority for the region under the aforementioned regional Primary Environmental Permit or Primary Environmental Permits. If for any reason the Authority is not granted the aforementioned permit or permits by December 31, 2010, Tampa may apply for an increase in its rates of withdrawal from the Hillsborough River Reservoir. Additionally, after the Authority's permitted withdrawals for regional use have been met, Tampa may seek an increase in the annual average withdrawal from the Hillsborough River Reservoir to satisfy environmental regulatory needs. The Authority agrees to support renewal for at least a 20 year period, pursuant to existing statutory guidelines, of Tampa's existing permit for the withdrawal of such quantities and the other Member Governments agree not to oppose the renewal of said permit. Tampa has the right to manage and use the Hillsborough River and the Tampa Bypass Canal as an integrated system as its primary sources of supply in preference to the Quality Water supplied by the Authority. Management of the Hillsborough River Reservoir and the Tampa Bypass Canal will be consistent with the current operations as identified in subsections (1), (2) and (3) of Section 3.08(D) hereof or as otherwise modified in the comprehensive management plans provided for in Section 3.08(G) hereof.

(D) The Authority will maintain ownership of the Tampa Bypass Canal pumping facility and will be sole permittee on Primary Environmental Permits for the Tampa Bypass Canal. Tampa agrees to support the Authority's application to become sole permittee provided the City's current operating procedures are not modified or restricted. Tampa is granted priority for delivery of Water from the Tampa Bypass Canal to augment the Hillsborough River Reservoir up to 20 mgd on an average annual basis and up to 40 mgd on a maximum daily basis, as set forth in subsections (1) and (2) of this Section 3.08(D). It is mutually understood that the Tampa Bypass Canal may be incapable of sustaining withdrawal rates up to 40 mgd under certain naturally occurring hydrologic conditions. As such the 40 mgd maximum day quantity represents a quantity that will be delivered for augmentation of the Hillsborough Reservoir only as available from the middle pool of the Tampa Bypass Canal. Notwithstanding the provisions of Section 3.04 hereof, the rate charged to Tampa for Water provided through the Tampa Bypass Canal pumping facility will be equal to the Authority's direct cost and Allocated Overhead. In the event that Authority withdrawals have precluded Tampa from obtaining its needed share from the Tampa Bypass Canal, (up to 20 mgd annual average daily and 40 mgd maximum day) the Authority shall supply Water to Tampa to compensate for any shortfall at the same rate Tampa would have paid for Water delivered from the Tampa Bypass Canal to the Hillsborough River Reservoir.

(1) The Authority's Harney Pumping Station on the Tampa Bypass Canal shall augment the Hillsborough River Reservoir within the permitted quantity range specified in Section 3.08(C) hereof when the draft from Tampa's Hillsborough River Treatment Plant exceeds the flow in the Hillsborough River as measured at the Morris Bridge Hillsborough River Flow gauge and the Hillsborough River Reservoir stage is below 22.5 feet MSL as measured at the Hillsborough River Reservoir dam.

(2) The Authority may pump the lower pool of the Tampa Bypass Canal at any time. Authority withdrawals from the middle pool of the Tampa Bypass Canal for regional use shall not be made when augmentation of the Hillsborough Reservoir from the Tampa Bypass Canal is ongoing. In addition, Authority withdrawals from the middle pool for regional use shall be in conformance with the comprehensive management plan provided for in Section 3.08(G) hereof, which may include the Tampa Water Resource Recovery Project.

(3) The Authority may divert withdrawals from the Hillsborough River to either or both of the Tampa Bypass Canal or the Hillsborough River Water Treatment Facility for use by the region during High Flow Periods.

(E) The Authority shall not apply for Primary Environmental Permits to withdraw Water from the Hillsborough River that are in conflict with Tampa's use of the Hillsborough River as set forth in Section 3.08(A) hereof. Tampa may exercise Host Member Government rights pursuant to Section 3.13 hereof to contest any such Primary Environmental Permit application. The Authority may apply for either a modification of the existing Primary Environmental Permit or an additional Primary Environmental Permit to allow its withdrawal of Water from the Tampa Bypass Canal to serve all of the Member Governments; provided, however, that any such application shall not modify or restrict Tampa's priority for delivery of Water from the Tampa Bypass Canal, as described in Section 3.08(D) hereof. Tampa may exercise Host Member Government rights pursuant to Section 3.13 hereof to contest any such permit application.

(F) The Morris Bridge Wellfield will be conveyed to the Authority, as required by Section 5.03 hereof. Tampa agrees to support transfer of the existing Primary Environmental Permit to the Authority at the current permitted quantities of withdrawal (15.5 mgd average day, 27 mgd peak month and 30 mgd maximum day); provided however, that Tampa may exercise Host Member Government rights pursuant to Section 3.13 hereof to contest any subsequent application for a Primary Environmental Permit renewal or modification for the Morris Bridge Wellfield.

(G) The Authority and Tampa will work in cooperation with SWFWMD to develop a unanimously agreed upon comprehensive management plan for the Hillsborough River, the Tampa Bypass Canal, Sulphur Springs and the Morris Bridge Wellfield.

(H) Tampa shall have the right to continue its ongoing studies and implementation of Aquifer Storage and Recovery. It will remain Tampa's option as to whether or not to continue its Aquifer Storage and Recovery programs at such time as the Authority can provide additional surface water to the region and Tampa.

(I) Tampa and the Authority agree to amend the Agreement for New Water Source Funding between the West Coast Regional Water Supply Authority and the City of Tampa for the TWRRP. The Authority shall pay Tampa's local share of the TWRRP. Tampa will administer the federal funding for the TWRRP as well as its design, construction and operations. If this project is selected by the Authority, the

Authority and Tampa shall enter into an operations agreement whereby Tampa is paid for operating the project. The Authority will administer SWFWMD funding for the Hillsborough Bay Resource Exchange Project. The SWFWMD funding will be apportioned between three main elements of the project proportionate to their design and construction costs. The Authority will administer the design, construction and operations of the surface water treatment plant.

**SECTION 3.09. RECLAIMED WATER.** Except as provided in Section 3.08(I), the Member Governments shall retain the exclusive right to develop, own, and/or operate all facilities for Reclaimed Water. However, in connection with the TWWRP, (A) all applicable permits required for the construction of the TWWRP must be issued to the Authority on or before December 31, 2008, and (B) the Authority must commence operation of the TWWRP on or before December 31, 2012. If the Authority fails to meet either one of the foregoing conditions, then all provisions of this Agreement pertaining to the TWWRP shall be deemed null and void and of no further force and effect. In such event, the Authority shall have no right, title or interest of any kind whatsoever in any of the tertiary treated wastewater produced by Tampa's Howard F. Curren Wastewater Treatment Plant and Tampa will retain the rights to develop, own and/or operate facilities for Reclaimed Water.

**SECTION 3.10. CLEARWATER FACILITIES.** Pinellas may construct Water Supply Facilities using reverse osmosis or other technology to replace facilities currently operated by the City of Clearwater upon compliance with all of the following requirements:

(A) The plans, specifications and permits for construction of the Water Supply Facility and an estimated operating cost projection shall be provided to the Authority. Within ninety days of its receipt thereof, the Authority may elect to assume responsibility for construction, ownership and operation of the Water Supply Facility. If no election is made within the ninety day period, Pinellas may proceed with construction and shall own and operate the Water Supply Facility, subject to the Authority's purchase option described in Section 3.10(C) hereof.

(B) If the Authority elects to construct, own and operate the Water Supply Facility, the plans, permits and specifications for construction, and the land upon which the Water Supply Facility is to be located, will be transferred to the Authority as follows:

(1) Pinellas will transfer its rights to the plans and specifications to the Authority upon reimbursement by the Authority of Pinellas' Actual Direct Cost therefor. From time to time and upon receipt of a written request from the Authority, Pinellas shall assign in writing to the Authority all rights which Pinellas may then possess against (A) any parties who prepared the plans and specifications for the Water Supply Facility and (B) all contractors, subcontractors and material suppliers for the Water Supply Facility, reserving to Pinellas the right to subsequently prosecute any claims against said parties that may arise as a result of any claims, action, loss or damage sustained by Pinellas arising out of any of the plans and specifications for the Water Supply Facility or construction of the Water Supply Facility.

(2) The Authority and Pinellas will make joint application for transfer of the Environmental Permits.

(3) The land upon which the Water Supply Facility is to be located shall be appraised by two independent appraisers acceptable to the Authority and Pinellas in their reasonable judgment,

and the Authority will purchase the property upon payment of an amount equal to the average of the two appraised values.

(C) If the Authority declines to construct, own and operate the Water Supply Facility, the Authority shall have the option at any time to acquire such Water Supply Facility from Pinellas. If the Authority elects to exercise its option, the purchase price shall be equal to Pinellas' Actual Direct Cost to acquire and construct such Water Supply Facility.

**SECTION 3.11. SERVICE DISRUPTIONS.** The Authority shall provide notice to the Member Governments not less than five days prior to closing any Water Supply Facility for scheduled maintenance or repair. Furthermore, the Authority shall provide, as necessary, alternative means for providing Quality Water supply services. Upon the occurrence of any unforeseen mechanical, equipment or other failure of a Water Supply Facility, the Authority shall provide notice to the Member Governments that is reasonable under the circumstances. Any service disruption that results from mechanical equipment or other failure shall be remedied as quickly as technically feasible.

**SECTION 3.12. PERMITS AND LICENSES.** (A) The Authority shall make timely application for all Primary Environmental Permits required to meet the Quality Water needs of the Member Governments in such a manner as will give priority to reducing adverse environmental effects of excessive or improper withdrawals of water from concentrated areas. The Authority shall provide the Member Governments with three day's notice of all preapplication meetings with the permitting agencies for Primary Environmental Permits and shall also provide the Member Governments, upon request, with copies of all applications, including modification or renewal applications, supplemental or clarifying information requested by the permitting agency, and the technical data and basis for such applications and filings. All applications and amendments to Primary Environmental Permit applications shall be approved by the Board before filing with the permitting agency and shall include proposed permit conditions.

(B) It is hereby stipulated and agreed that only a Host Member Government, in its individual capacity, has a substantial interest in any application made by the Authority for a Primary Environmental Permit. All disputes between a Host Member Government and the Authority related to a Primary Environmental Permit shall be resolved pursuant to Sections 3.13 hereof. All other Member Governments hereby waive their individual right to participate directly in disputes related to any application made by the Authority for a Primary Environmental Permit, and agree to participate solely through actions taken by the Authority.

(C) The Authority shall operate its Water Supply Facilities in compliance with the terms and conditions of all Primary Environmental Permits. If a Member Government asserts that the Authority is not in compliance with the terms and conditions of a Primary Environmental Permit, the Member Government shall initiate the dispute resolution procedure set forth in Section 6.06 hereof. If the issue remains unresolved following completion of the dispute resolution procedure, the Member Government may initiate a circuit court action against regulatory agencies and/or the Authority pursuant to Section 403.412(2), Florida Statutes. Except as provided in this Section 3.12(C), all Member Governments, including Host Member Governments, hereby waive their individual right to participate directly in any enforcement action related to Primary Environmental Permits and agree to participate solely through actions taken by the Authority; provided however, that a Member Government shall have the right to defend itself in any enforcement action brought against the Member Government by a regulatory agency, the Authority, another Member Government or any other party.

(D) Notwithstanding this Section 3.12 or any other provision of this Agreement to the contrary, the Member Governments shall continue to have full standing with regard to Division of Administrative Hearings Case Nos. 95-1520 through 95-1528, including but not limited to the current permit renewal administrative proceedings and any subsequent appeal thereof, whether judicial, administrative or quasi-judicial in nature.

(E) The parties acknowledge that on the date the conditions described in Section 6.03(A) hereof are satisfied, one or more Member Governments may be contesting or opposing Primary Environmental Permits sought by the Authority. Except as provided in Section 3.12(D) hereof, the provisions of this Section 3.12(E) shall control the resolution of all issues related to such contests.

(1) Within thirty days of the date on which the Authority provides written notice to all Member Governments that the conditions set forth in Section 6.03(A) hereof have been satisfied, any Member Government qualifying as a Host Member Government in connection with a Primary Environmental Permit may initiate the dispute resolution procedure set forth in Section 3.13 hereof. Host Member Governments initiating the dispute resolution procedure may continue to contest the Primary Environmental Permit until the arbitrators' decision has been issued. In addition, if the contested Primary Environmental Permit relates to a Transferred Asset, the Member Government required to convey the Transferred Asset may continue to contest the Primary Environmental Permit until (a) the arbitrators' decision has been issued or (b) the conditions described in Section 6.03(D) hereof have been satisfied, whichever shall occur first. All other Member Governments shall dismiss or otherwise withdraw from such proceedings.

(2) Upon satisfaction of the conditions described in Section 6.03(D) hereof, the Authority shall be substituted in such proceedings for the Member Government that has conveyed the Transferred Asset; provided however, that to the extent, if any, that such substitution is not possible or does not provide the Authority with the same rights in such proceedings as the Member Government would otherwise have, then such substitution shall not occur.

(3) If the arbitrators' decision is issued prior to the date on which the Primary Environmental Permit is issued, modified or renewed, the Authority shall amend or withdraw its Primary Environmental Permit application to conform with the arbitrators' decision. In such event, the Host Member Government shall dismiss or otherwise withdraw from such proceedings.

(4) If the Primary Environmental Permit is issued, modified or renewed prior to the date on which the arbitrators' decision is issued, the Authority shall file and diligently pursue an application with the permitting agency to modify the Primary Environmental Permit to conform with the arbitrators' decision and shall, to the extent permitted by law, operate the Water Supply Facility in conformance with the arbitrators' decision. In such event, there shall be no additional Host Member Government arbitration with respect to the application to modify the Primary Environmental Permit.

(F) It is expressly agreed that no Member Government shall fund the participation of any third-party in an administrative or judicial challenge to the matters described in this Section 3.12; provided however, that this Section 3.12(F) shall not apply to EPC.

(G) If SWFWMD issues a Consolidated Permit and a condition of the Consolidated Permit requires the Authority to file reports on conservation, per capita Water use, reuse or similar matters requiring

information from the Member Governments, the Member Governments agree to supply the Authority with data, reports and other information that will enable the Authority to comply with its reporting requirements on a timely basis.

**SECTION 3.13. PRIMARY ENVIRONMENTAL PERMIT DISPUTES.** (A) If any Host Member Government opposes an Authority application for a Primary Environmental Permit, such Host Member Government shall notify the Authority in writing within thirty days of the date on which the Board approves the application. If a Host Member Government opposes the quantity of withdrawal, the notice shall specify the quantity acceptable to the Host Member Government. If the Primary Environmental Permit is a Consolidated Permit, any Host Member Government may raise environmental issues affecting property located within its own jurisdiction. If more than one Host Member Government has raised environmental issues affecting property located within its own jurisdiction, a separate arbitration shall be held for each Host Member Government. The Authority will defer filing its application for a period of ninety days following approval by the Board; provided however, that if a notice of opposition is not filed within thirty days of the date on which the Board approves the application, the Authority may file its application at any time thereafter.

(B) Following the receipt of any such notice, a binding arbitration shall be conducted wherein the Authority shall have the burden of providing reasonable assurance that the Authority's Primary Environmental Permit application meets all applicable agency rules, policy and statutes. The Authority and each Host Member Government shall pay the fees, charges and expenses of its own counsel and witnesses. In addition, the Authority and each Host Member Government shall pay or reimburse equal shares of the fees, charges and expenses of the arbitrators and any experts engaged by the arbitrators.

(C) Except as provided in this Section 3.13(C), the Authority will amend or withdraw its Primary Environmental Permit application (or if the Primary Environmental Permit has been issued, apply for modification of the Primary Environmental Permit) to conform with the arbitrators' decision.

(1) If amendment or withdrawal of the Primary Environmental Permit modification or renewal application would result in a Production Failure, the Authority shall not be required to amend or withdraw the Primary Environmental Permit (or if the Primary Environmental Permit has been issued, apply for modification of the Primary Environmental Permit) until additional Water production facilities have been placed in service to supply a quantity of additional Quality Water that will permit compliance with the arbitrators' decision without creating a Production Failure. The Authority shall immediately initiate or accelerate its preparation of permit applications, final design and construction of such additional Water production facilities. If the Primary Environmental Permit is a Consolidated Permit with two or more separate Host Member Government arbitrations, an additional consolidated arbitration shall be conducted for the purpose of determining the extent to which the production from individual Water Supply Facilities will be reduced, without resulting in a Production Failure, prior to the date on which the additional Water production facilities are placed in service. Notwithstanding the consolidated arbitration, the Authority shall immediately reduce the production of the individual Water Supply Facilities to a level which, in the Authority's best judgment, constitutes the least amount of production possible without resulting in a Production Failure. The Authority and each Host Member Government shall each pay the fees, charges and expenses of its own counsel and witnesses for the consolidated arbitration. In addition, the Authority and each Host Member Government shall pay or reimburse equal shares of the fees, charges and expenses of the arbitrators and any experts engaged by the arbitrators for the consolidated arbitration.

(2) If the partnership agreement referenced in Section 3.21(D) hereof becomes effective and if amendment or withdrawal of the Primary Environmental Permit application would reduce the combined permitted withdrawal quantity of the Partnership Plan Wellfields, on an average annual basis, to a quantity less than 90 mgd prior to December 31, 2008, the Authority shall not be required to amend or withdraw the Primary Environmental Permit (or if the Primary Environmental Permit has been issued, apply for modification of the Primary Environmental Permit) unless the amendment or withdrawal is approved by all nine Directors. If the Primary Environmental Permit is a Consolidated Permit with two or more separate Host Member Government arbitrations, an additional consolidated arbitration shall be conducted for the purpose of determining the extent to which the production from individual Water Supply Facilities will be reduced, without reducing the combined permitted withdrawal quantity of the Partnership Plan Wellfields, on an average annual basis, to a quantity less than 90 mgd. The Authority and the Host Member Governments shall each pay the fees, charges and expenses of its own counsel and witnesses for the consolidated arbitration. The Authority shall pay the fees, charges and expenses of the arbitrators and any experts engaged by the arbitrators for the consolidated arbitration.

(D) The Member Governments have established binding arbitration, as described in this Section 3.13, as the sole and exclusive method of resolving all disputes between the Authority and a Host Member Government relating to Primary Environmental Permits.

**SECTION 3.14. OTHER PERMIT DISPUTES.** The Member Governments hereby retain their individual right to participate directly in disputes related to the issuance, modification, renewal or enforcement of any Environmental Permit that is not a Primary Environmental Permit. Notwithstanding the foregoing, all Member Governments shall be bound by the findings of fact and conclusions of law included in any arbitrators' decision issued pursuant to Section 3.13 hereof and waive any issue that could have been resolved in an arbitration proceeding pursuant to Section 3.13 hereof. Upon request of the Authority or any Member Government, the Authority and all Member Governments agree to execute a written stipulation to any findings of fact and conclusions of law included in any arbitrators' decision issued pursuant to Section 3.13 hereof, in a form sufficient for filing with the appropriate administrative or judicial officer in any subsequent dispute related to the issuance, modification, renewal or enforcement of any Environmental Permit.

**SECTION 3.15. RESOLUTION OF RECLAIMED WATER USE ISSUES.**

(A) If any Member Government determines that a proposed Authority Reclaimed Water Resource Project will have an adverse effect upon the public health and safety of its retail and wholesale customers, such Member Government shall notify the Authority in writing within thirty days of the date on which the Board approves the Reclaimed Water Resource Project; provided however, that any notice in connection with the TWRRP shall be provided within thirty days of the date on which the Board accepts the ecosystem team permit or within thirty days of the date on which the conditions described in Sections 6.03(A) and (D) hereof have been satisfied, whichever occurs later. Following the receipt of any such notice, a binding arbitration shall be conducted in accordance with this Section 3.15. Any and all issues related to the Authority's ownership and operation of the proposed Reclaimed Water Resource Project shall be raised and resolved in a single proceeding. If the Host Member Government has challenged any Authority Reclaimed Water Resource Project pursuant to Section 3.13 hereof, the arbitration authorized by this Section 3.15 shall be consolidated with the arbitration conducted pursuant to Section 3.13 hereof. The Authority will defer filing any Primary Environmental Permit application for a period of ninety days following approval by the Board; provided however, that if a notice of opposition is not filed within thirty days of the date on which the Board

approves the Reclaimed Water Resource Project, the Authority may file the Primary Environmental Permit applications at any time thereafter. The Authority will amend or withdraw all Primary Environmental Permit applications or Primary Environmental Permits to conform with the arbitrators' decision.

(B) The arbitrators shall proceed to determine if the proposed Reclaimed Water Resource Project threatens the public health and safety of the Member Governments' retail and wholesale customers. The arbitrators may, at their discretion, and shall, upon written request of the Member Government or the Authority, engage experts to provide peer review of any scientific and technical studies introduced by the parties.

(C) The fees, charges and expenses of the arbitrators, any experts engaged by the arbitrators, the respective counsel engaged by the parties, and any witnesses called by the parties shall be paid as follows:

(1) If a single Member Government opposes the Reclaimed Water Resource Project and the arbitrators determine that Reclaimed Water Resource Project does not threaten the public health and safety of the Member Governments' retail and wholesale customers, the Member Government shall pay or reimburse (a) the fees, charges and expenses of its own counsel and witnesses; (b) the fees, charges and expenses of the arbitrators and any experts engaged by the arbitrators; and (c) the fees, charges and expenses of the Authority's counsel and any witnesses called by the Authority.

(2) If a single Member Government opposes the Reclaimed Water Resource Project and the arbitrators determine that Reclaimed Water Resource Project does threaten the public health and safety of the Member Governments' retail and wholesale customers, the Authority shall pay or reimburse (a) the fees, charges and expenses of its own counsel and witnesses; (b) the fees, charges and expenses of the arbitrators and any experts engaged by the arbitrators; and (c) the fees, charges and expenses of the Member Government's counsel and any witnesses called by the Member Government.

(3) If more than one Member Government opposes the Reclaimed Water Resource Project and the arbitrators determine that Reclaimed Water Resource Project does not threaten the public health and safety of the Member Governments' retail and wholesale customers, each Member Government shall pay the fees, charges and expenses of its own counsel and witnesses. In addition, each Member Government shall pay or reimburse an equal share of (a) the fees, charges and expenses of the arbitrators and any experts engaged by the arbitrators; and (b) the fees, charges and expenses of the Authority's counsel and any witnesses called by the Authority.

(4) If more than one Member Government opposes the Reclaimed Water Resource Project and the arbitrators determine that Reclaimed Water Resource Project does threaten the public health and safety of the Member Governments' retail and wholesale customers, the Authority shall pay or reimburse (a) the fees, charges and expenses of its own counsel and witnesses; (b) the fees, charges and expenses of the arbitrators and any experts engaged by the arbitrators; and (c) the fees, charges and expenses of the Member Governments' counsel and any witnesses called by the Member Governments.

(D) The Member Governments have established binding arbitration, as described in this Section 3.15, as the sole and exclusive method of resolving all disputes between the Authority and a Member Government relating to the quality of Water provided from a Reclaimed Water Resource Project.

**SECTION 3.16. ARBITRATION PROCEDURE.** All binding arbitrations to be conducted pursuant to Sections 3.13 and 3.15 hereof shall be conducted in accordance with the procedure set forth in this Section 3.16.

(A) Arbitrators shall be appointed as follows:

(1) If there is a single Member Government, the Authority and the Member Government each shall appoint a person as arbitrator within sixty days of the date on which the Board approves the application. Each appointment shall be signified in writing to the counter-party and the arbitrators so appointed, within ten days of their appointment, shall appoint a third arbitrator, who shall chair the panel. If the arbitrators appointed by the parties are unable to agree upon a third arbitrator, the same shall be appointed by the American Arbitration Association from its qualified panel of arbitrators. If the Authority or the Member Government fails to appoint an arbitrator within sixty days of the date on which the Board approves the application, then an arbitrator shall be appointed by the American Arbitration Association from its qualified panel of arbitrators and the two so appointed shall appoint a third arbitrator to chair the panel. None of the arbitrators shall have a business or other pecuniary relationship with either party, except for payment of the arbitrators' fees and expenses.

(2) If there is more than one Member Government opposed to the application, the Authority, individually, and the Member Governments, collectively, shall each appoint a person as arbitrator within sixty days of the date on which the Board approves the application. Each appointment shall be signified in writing to the other parties and the arbitrators so appointed, within ten days of their appointment, shall appoint a third arbitrator, who shall chair the panel. If the arbitrators appointed by the parties are unable to agree upon a third arbitrator, the same shall be appointed by the American Arbitration Association from its qualified panel of arbitrators. If the Authority, individually, or the Member Governments, collectively, fail to appoint an arbitrator within sixty days of the date on which the Board approves the application, then an arbitrator shall be appointed by the American Arbitration Association from its qualified panel of arbitrators and the two so appointed shall appoint a third arbitrator to chair the panel. None of the arbitrators shall have a business or other pecuniary relationship with any party, except for payment of the arbitrators' fees and expenses.

(B) The three arbitrators shall be sworn to perform their duties with impartiality and fidelity. The arbitrators may, at their discretion, and shall, upon written request of a participating Member Government or the Authority, engage experts to provide peer review of any scientific and technical studies introduced by the parties. The arbitration hearing shall convene not earlier than 90 days and not later than 120 days of the appointment of the chair by the two arbitrators chosen by the parties unless the Member Government and the Authority agree to an earlier date. The arbitrators shall render a decision within sixty days of the date on which the arbitration hearing convenes, and such decision shall be in writing and in duplicate, one counterpart thereof to be delivered simultaneously to each of the parties. The decision shall contain findings of fact and conclusions of law and shall be final and binding upon the Authority and all participating Member Governments.

(C) Except to the extent inconsistent with this Section 3.16, the American Arbitration Association standards shall apply to any arbitration proceedings conducted under the provisions of Sections 3.13 and 3.15 hereof. Discovery shall be conducted pursuant to the rules set forth in Appendix N hereto

unless all parties to the proceeding agree to modify such rules. The venue for any such action shall be the county in which the Authority maintains its principal office.

**SECTION 3.17. LOCAL LAND USE DECISIONS.** In carrying out their statutorily conferred zoning, land use and comprehensive planning powers and responsibilities, the Member Governments shall not restrict or prohibit the use of land for Authority Water supply purposes, including ground Water supply and the facilities of third-parties supplying Water to the Authority.

**SECTION 3.18. TAXES, FEES, AND SPECIAL ASSESSMENTS.** The Member Governments shall not impose any taxes, fees, or special assessments on Quality Water produced by the Authority for delivery to the Member Governments. This Section 3.18 shall not be construed to prohibit any taxes, fees, or special assessments imposed by the Member Governments in connection with the sale of Quality Water to customers of the Member Governments.

**SECTION 3.19. PRODUCTION FAILURE.** Upon the occurrence of a Production Failure, each affected Member Government shall have the additional rights set forth in this Section 3.19.

(A) At its option, each Member Government may enter into standby agreements to purchase Water from suppliers other than the Authority. Member Governments shall accept all Quality Water delivered by the Authority and shall exercise their right to purchase Water from suppliers other than the Authority only in the event of a Shortfall and to the extent of a Shortfall Amount.

(1) If less than all of the Member Governments experience a Shortfall and any purchase agreement entered into in good faith by a Member Government requires payment of a purchase price that exceeds the uniform rate established pursuant to Section 3.04 hereof, the Member Government shall invoice the Authority for amounts actually paid in excess of the uniform rate and the Authority shall reimburse the Member Government for such amounts within 30 days of its receipt of such invoice.

(2) Any Member Government experiencing a Shortfall may Wheel Quality Water acquired by the Member Government from suppliers other than the Authority to the Member Government's Point of Connection.

(B) Each Member Government may elect, individually or in combination with other Member Governments, to acquire and construct Water Supply Facilities with a capacity necessary to protect itself against a Shortfall.

(1) If a Member Government acquires or constructs a Water Supply Facility pursuant to this Section 3.19(B) and a Shortfall occurs with respect to such Member Government, the Authority shall purchase the Water Supply Facility upon demand of such Member Government. The purchase price shall be equal to the Member Government's Actual Direct Cost to acquire and construct such Water Supply Facilities. Upon receipt of any such demand, the Authority shall use all reasonable efforts to issue Obligations at the earliest practical date in an amount sufficient to fund the purchase price and shall purchase the Water Supply Facility immediately upon issuance of such Obligations.

(2) If a Member Government acquiring or constructing a Water Supply Facility pursuant to this Section 3.19(B) elects not to demand its purchase by the Authority upon the occurrence of

a Shortfall or if the Authority is unable, after applying all reasonable efforts, to issue Obligations sufficient to purchase the Water Supply Facility, the Authority shall purchase the Quality Water produced at the Water Supply Facility. The Authority and the Member Government shall enter into a water supply agreement including, among others, the following terms:

(a) The rate in effect for each Fiscal Year shall be sufficient to pay the Member Government's estimate of its Actual Direct Cost for construction and treatment.

(b) All Quality Water produced at the Water Supply Facility shall be delivered to and purchased by the Authority; provided however, that if use of the Quality Water directly by the Member Government would avert a Shortfall in respect of such Member Government, the Member Government shall be entitled to use such Quality Water and Authority's right of purchase shall be reduced by such amount.

(c) The Member Government shall maintain accounts and records of its Actual Direct Cost. On or before each March 31, the Member Government shall complete an audit of those accounts and provide a copy to the Authority for review and comment. At its sole expense, the Authority may perform its own audit of the appropriate accounts to support the Quality Water charge. The Authority will notify the Member Government if it chooses to pay for a separate audit.

(d) Following the end of each Fiscal Year, an annual adjustment in the rate in effect during that Fiscal Year shall be computed on the basis of the specific Actual Direct Cost incurred by the Member Government in connection with the Quality Water delivered to the Authority during the Fiscal Year then ended.

(e) If the audit determines that an overpayment has been made by the Authority, the full amount of the overpayment shall be paid by the Member Government to the Authority in three equal monthly installments, the first of which shall be paid within thirty days of the date on which the Member Government receives the audit. If the audit determines that an underpayment has been made by the Authority, the full amount of the underpayment shall be paid by the Authority to the Member Government in three equal monthly installments, the first of which shall be paid within thirty days of the date on which the Authority receives the audit.

(3) Any Member Government experiencing a Shortfall may Wheel Quality Water produced by a Member Government's own Water Supply Facilities to the Member Government's Point of Connection.

**SECTION 3.20. REDUCTION OF ENVIRONMENTAL STRESS.** (A) On December 15, 1997, the Authority approved an agreement with Tampa that will allow an increase in the quantity of Water that can be purchased by the Authority from Tampa. Upon completion of the Tampa/Hillsborough Interconnect Project, the Authority shall purchase the maximum quantity of Water available from Tampa. Due to Tampa's reliance on surface Water sources, it is understood that Water will only be available from Tampa on a seasonal or otherwise interruptible basis. Subject to the limitations of the Authority's Water delivery system, 65 percent of all Rotational Capacity created by the purchase of Water from Tampa shall be applied immediately, on an average annual basis, to reduce the quantity of Water withdrawn from the Cross Bar Ranch Wellfield and Cypress Creek Wellfield and 35 percent of all Rotational Capacity created

by the purchase of Water from Tampa shall be applied immediately, on an average annual basis, to reduce the quantity of Water withdrawn from wellfields located in Hillsborough County. Pasco and Hillsborough acknowledge that this Section 3.20(A) creates an interim preferential reduction in the quantity of Water withdrawn from the Cross Bar Ranch Wellfield, the Cypress Creek Wellfield and wellfields located in Hillsborough County that will be superseded, on a gallon-for-gallon basis, to the extent the quantity of Water withdrawn is actually reduced by the Rotational Capacity and Replacement Capacity created by implementation of the Master Water Plan, as described in Section 3.20(E) hereof.

(B) The parties acknowledge that the Master Water Plan has multiple purposes, including: (1) development of a Quality Water supply that is sufficient to meet the current and future needs of the Member Governments, (2) development of Replacement Capacity to permanently reduce the permanent combined production from the Partnership Plan Wellfields, and (3) development of Rotational Capacity that can be used to periodically reduce the withdrawal of Water from Authority wellfields located in environmentally stressed areas. Recognizing the importance of developing Replacement Capacity and Rotational Capacity, the parties agree that the Authority shall make all reasonable efforts to implement a Master Water Plan prior to December 31, 2007, that produces 42.5 mgd of Replacement Capacity, on an average annual basis, and a total of at least 85 mgd of Quality Water, on an average annual basis, that is not available on the date hereof.

(C) If the Authority fails to develop 42.5 mgd of Replacement Capacity prior to December 31, 2007, any Member Government may acquire and construct Water Supply Facilities with a production capacity, on an average annual basis, less than or equal to the difference between 42.5 mgd and the Replacement Capacity theretofore created by the Authority. The Water Supply Facilities acquired or constructed pursuant to this Section 3.20(C) shall be sold to and purchased by the Authority at a purchase price equal to the Member Government's Actual Direct Cost to acquire and construct such Water Supply Facilities. Upon purchase, such Water Supply Facilities shall be used by the Authority, to the extent necessary, to meet its Replacement Capacity obligation.

(D) The Authority and the Member Governments are currently negotiating a partnership agreement with SWFWMD, pursuant to which SWFWMD is expected to provide up to \$183,000,000 to be used by the Authority for the development of new alternative Water Supply Facilities and regionally significant transmission pipelines. If the partnership agreement becomes effective and the Authority receives the anticipated funding:

(1) by December 31, 2002, the Authority shall reduce the combined production and permitted quantity from the Partnership Plan Wellfields to 121 mgd, on an average annual basis (to be measured from December 31, 2002 to December 31, 2003), and maintain production thereafter at or below 121 mgd, on an average annual basis; and

(2) by December 31, 2007, the Authority shall reduce the combined production and permitted quantity from the Partnership Plan Wellfields to 90 mgd, on an average annual basis (to be measured from December 31, 2007 to December 31, 2008), and maintain production thereafter at or below 90 mgd, on an average annual basis.

If the partnership agreement with SWFWMD imposes the same production limitations and includes provisions for extending the time required to comply with such production limitations, the time for compliance with this Section 3.20(D) shall be subject to extension in the same manner as the production limitations imposed by the partnership agreement.

(E) Replacement Capacity and Rotational Capacity will be used to reduce the quantity of Water withdrawn from wellfields in areas of environmental stress, in accordance with the priorities established in this Section 3.20(E).

(1) The Authority shall develop a Wellfield Operations Plan, which shall comply with all applicable requirements of this Agreement. Subject to the provisions of Section 3.20(E)(2) hereof, all Replacement Capacity and Rotational Capacity shall be applied in accordance with the wellfield operations plan approved by the Authority.

(2) Notwithstanding the provisions of Section 3.20(E)(1) hereof, prior to the date on which the Authority reduces the combined production from the Partnership Plan Wellfields to 121 mgd, on an average annual basis: (a) not less than forty percent of the Replacement Capacity shall be applied, on an average annual basis, to reduce the quantity of Water withdrawn from wellfields located in Pasco County; (b) not less than twenty percent of the Replacement Capacity shall be applied, on an average annual basis, to reduce the quantity of Water withdrawn from wellfields located in Hillsborough County; and (c) not less than ten percent of the Replacement Capacity shall be applied, on an average annual basis, to reduce the quantity of Water withdrawn from wellfields located in Pinellas County. The remaining thirty percent of the Replacement Capacity shall be applied, on an average annual basis, in accordance with the Wellfield Operations Plan.

(F) It is expressly acknowledged and agreed by the parties that Rotational Capacity will not be available to reduce the quantity of Water withdrawn from existing wellfields unless the Quality Water needs of the Member Governments have been fully satisfied.

(G) The parties acknowledge that the Authority's ability to implement the provisions of this Section 3.20 is subject in all respects to the regulatory power of SWFWMD and other State and federal agencies having jurisdiction over the Authority.

**SECTION 3.21. IMPACT FEES FOR AUTHORITY FACILITIES.** The parties acknowledge that Economic Impact Facilities will have a significant economic impact on the Member Government in which they are located and agree that the Authority should compensate such Member Governments for the financial loss in accordance with this Section 3.21. Prior to April 1 of each year, starting with April 1, 1999, the Authority shall make an economic impact payment for each Economic Impact Facility, which shall be computed by multiplying (1) the sum of (a) the actual initial construction cost of the Economic Impact Facility, and (b) the assessed value of the property on which the Economic Impact Facility is located for the last year in which such property was subject to ad valorem taxation, by (2) a factor of .0005; provided however, that the amount payable for any Economic Impact Facility shall not exceed \$500,000. If the Economic Impact Facility is located in an unincorporated area or within the corporate limits of a municipality that is not a Member Government, the full payment shall be made to the Member Government county in which the Economic Impact Facility is located. If the Economic Impact Facility is located within the corporate limits of a Member Government municipality, the economic impact payment shall be divided equally between the Member Government county and the Member Government municipality in which the Economic Impact Facility is located.

## **ARTICLE IV - OBLIGATIONS**

**SECTION 4.01. GENERAL AUTHORITY.** The Board shall have the power and is hereby authorized to provide, at one time or from time to time in series, for the issuance of Obligations of the Authority to fund the Project Cost of Water Supply Facilities. Other than Obligations described in Section 4.09 hereof, the principal of and interest on each series of Obligations shall be payable from Pledged Funds.

**SECTION 4.02. TERMS OF THE OBLIGATIONS.** The Obligations shall be dated, shall bear interest at such rate or rates, shall mature at such times as may be determined by the Board, and may be made redeemable before maturity, at the option of the Authority, at such price or prices and under such terms and conditions as may be fixed by the Board. Said Obligations shall mature not later than 30 years after their issuance and may, at the option of the Board, bear interest at a variable rate. The Board shall determine the form of the Obligations, the manner of executing such Obligations, and shall fix the denominations of such Obligations, the place or places of payment of the principal and interest, which may be at any bank or trust company within or outside of the State, and such other terms and provisions of the Obligations as it deems appropriate. The Obligations may be sold at public or private sale for such price or prices as the Board shall determine.

**SECTION 4.03. TEMPORARY OBLIGATIONS.** Prior to the preparation of definitive Obligations of any series, the Board may, under like restrictions, issue interim receipts, interim certificates, or temporary Obligations, exchangeable for definitive Obligations when such Obligations have been executed and are available for delivery. The Board may also provide for the replacement of any Obligations which shall become mutilated, destroyed or lost. Obligations may be issued without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this Agreement.

**SECTION 4.04. ANTICIPATION NOTES.** In anticipation of the sale of Obligations, the Board may issue notes and may renew the same from time to time. Such notes may be paid from the proceeds of the Obligations, the Pledged Funds, the proceeds of the notes and such other legally available moneys as the Board deems appropriate. Said notes shall mature within five years of their issuance and shall bear interest at a rate not exceeding the maximum rate provided by law. The Board may issue Obligations or renewal notes to repay the notes. The notes shall be issued in the same manner as the Obligations.

**SECTION 4.05. TAXING POWER NOT PLEDGED.** Obligations issued under the provisions of this Agreement shall not be deemed to constitute a pledge of the faith and credit of the Authority or any Member Government, but such Obligations shall be payable only from Pledged Funds in the manner provided herein and by the Financing Documents. The issuance of Obligations under the provisions of this Agreement shall not directly or indirectly obligate any Member Government to levy or to pledge any form of ad valorem taxation whatever therefor. No holder of any such Obligations shall ever have the right to compel any exercise of the ad valorem taxing power on the part of any Member Government to pay any such Obligations or the interest thereon or to enforce payment of such Obligations or the interest thereon against any property of the Authority, nor shall such Obligations constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Authority, except the Pledged Funds.

**SECTION 4.06. TRUST FUNDS.** Upon issuance of any series of Obligations, the Pledged Funds shall be deemed to be trust funds, to be held and applied solely as provided in the Financing Documents. The Pledged Funds may be invested by the Authority, or its designee, in the manner provided by the Financing Documents. The Pledged Funds upon receipt thereof by the Authority shall be subject to

the lien and pledge of the holders of any Obligations or any entity other than the Authority providing credit enhancement on the Obligations.

**SECTION 4.07. REMEDIES OF HOLDERS.** Any holder of Obligations, except to the extent the rights herein given may be restricted by the Financing Documents, may, whether at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the State or granted hereunder or under the Financing Documents, and may enforce and compel the performance of all duties required hereunder or under the Financing Documents, to be performed by the Authority.

**SECTION 4.08. REFUNDING OBLIGATIONS.** The Authority may issue Obligations to refund any Obligations then outstanding and provide for the rights of the holders hereof. Such refunding Obligations may be issued in an amount sufficient to provide for the payment of the principal of, redemption premium, if any, and interest on the outstanding Obligations to be refunded.

**SECTION 4.09. CONDUIT TRANSACTIONS.** In addition to the powers granted to the Authority hereunder, including the power to issue Obligations pursuant to this Article IV for the purpose of funding Project Costs of Water Supply Facilities, the Authority may issue Obligations for the principal purpose of loaning the proceeds thereof to a public or private entity, which shall finance or refinance the acquisition and construction of water treatment, production or transmission facilities, including, but not limited to, a desalination facility. Water from such facilities shall be purchased in whole or in part by the Authority for purposes of supplying Quality Water to the Member Governments. Such Obligations shall be secured in such manner as determined by the Board. Such security may include moneys received pursuant to a loan agreement between the Authority and such public or private entity. Such Obligations shall have the terms provided in Section 4.02 hereof.

**SECTION 4.10. MEMBER GOVERNMENT COOPERATION.** Each Member Government shall cooperate with the Authority when the Authority issues Obligations. In such connection, each Member Government and the Authority shall comply with reasonable requests of each other and will, upon request of the Authority: (A) make available general and financial information about itself; (B) consent to publication and distribution of its financial information; (C) certify that its general and financial information is accurate, does not contain any untrue statements of a material fact and does not omit to state a material fact necessary to make the statements in the information, in light of circumstances under which they were made, not misleading; (D) make available certified copies of official proceedings; (E) provide reasonable certifications to be used in a transcript of closing documents; and (F) provide and pay for reasonably requested certificates and/or opinions of counsel as to the validity of its actions taken in respect to and the binding effect of this Agreement and the Master Water Supply Contract, title to its Water supply system, pending litigation which could materially affect its performance hereunder.

## **ARTICLE V - TRANSFER OF ASSETS**

**SECTION 5.01. TRANSFER OF ST. PETERSBURG FACILITIES.** St. Petersburg agrees to convey its interest in the South Pasco Wellfield (including 16.90 mgd of production capacity and related wellhead sites), Section 21 Wellfield (including 12.00 mgd of production capacity and related wellhead sites), Cosme Odessa Wellfield (including 12.00 mgd of production capacity and related wellhead sites), and 42" Transmission Main at a purchase price of \$119,518,814. Pursuant to the St. Petersburg Transfer Agreement and without additional consideration, St. Petersburg will (A) convey any necessary access easements, easements for transmission facilities, and easements for monitoring wells, and (B) impose

restrictive covenants on any remaining wellfield property. The total purchase price for these Transferred Assets also includes a \$1,000,000 Disinfection Credit. The parties acknowledge and agree that the Disinfection Credit was negotiated as an integral part of the purchase price for the foregoing Transferred Assets. A specific description of the Transferred Assets to be conveyed and the terms and conditions of sale are set forth in the St. Petersburg Transfer Agreement attached as Appendix C. St. Petersburg and the Authority shall be bound by the terms and provisions of the St. Petersburg Transfer Agreement. It is understood and agreed that the purchase price set forth above includes consideration for any equity interest St. Petersburg may have in the Existing Authority System (other than any payments remaining under the agreements listed in Section 6.03(A)(7) hereof), which shall be relinquished without further action of St. Petersburg upon satisfaction of the conditions described in Section 6.03(D) hereof.

**SECTION 5.02. TRANSFER OF PINELLAS FACILITIES.** Pinellas agrees to convey its interest in the Eldridge-Wilde Wellfield (including 35.24 mgd of production capacity and related wellhead sites), and Cross Bar Ranch Wellfield (wellhead sites related to current production capacity) at a purchase price of \$140,007,394. Pursuant to the Pinellas Transfer Agreements and without additional consideration, Pinellas will (A) convey any necessary access easements, easements for transmission facilities, and easements for monitoring wells, and (B) impose restrictive covenants on any remaining wellfield property. The total purchase price for these Transferred Assets also includes a \$2,000,000 Disinfection Credit. The parties acknowledge and agree that the Disinfection Credit was negotiated as an integral part of the purchase price for the foregoing Transferred Assets. A specific description of the Transferred Assets to be conveyed and the terms and conditions of sale are set forth in the Pinellas Transfer Agreements attached as Appendices D-1 and D-2. Pinellas and the Authority shall be bound by the terms and provisions of the Pinellas Transfer Agreements. It is understood and agreed that the purchase price set forth above includes consideration for any equity interest Pinellas may have in the Existing Authority System (other than any payments remaining under the agreements listed in Section 6.03(A)(7) hereof), which shall be relinquished without further action of Pinellas upon satisfaction of the conditions described in Section 6.03(D) hereof.

**SECTION 5.03. TRANSFER OF TAMPA FACILITY.** Tampa agrees to convey its interest in the Morris Bridge Wellfield (including 15.50 mgd of production capacity) at a purchase price of \$35,430,365. Pursuant to the Tampa Transfer Agreement and without additional consideration, Tampa will (A) convey any necessary access easements, easements for transmission facilities, and easements for monitoring wells, and (B) impose restrictive covenants on any remaining wellfield property. The total purchase price for these Transferred Assets also includes a \$1,000,000 Disinfection Credit. The parties acknowledge and agree that the Disinfection Credit was negotiated as an integral part of the purchase price for the foregoing Transferred Assets. A specific description of the Transferred Asset to be conveyed and the terms and conditions of sale are set forth in the Tampa Transfer Agreement attached as Appendix E. Tampa and the Authority shall be bound by the terms and provisions of the Tampa Transfer Agreement. It is understood and agreed that the purchase price set forth above includes consideration for any equity interest Tampa may have in the Existing Authority System, which shall be relinquished without further action of Tampa upon satisfaction of the conditions described in Section 6.03(D) hereof.

**SECTION 5.04. TRANSFER OF PASCO FACILITY.** Pasco agrees to convey its interest in the North Pasco Wellfield (including 6.60 mgd of production capacity and related wellhead sites) at a purchase price of \$32,235,683. Pursuant to the Pasco Transfer Agreement and without additional consideration, Pasco will (A) convey any necessary access easements, easements for transmission facilities, and easements for monitoring wells, and (B) impose restrictive covenants on any remaining wellfield property. The total purchase price for these Transferred Assets also includes a \$3,000,000 Disinfection Credit. The parties acknowledge and agree that the Disinfection Credit was negotiated as an integral part

of the purchase price for the foregoing Transferred Assets. A specific description of the Transferred Assets to be conveyed and the terms and conditions of sale are set forth in the Pasco Transfer Agreement attached as Appendix F. Pasco and the Authority shall be bound by the terms and provisions of the Pasco Transfer Agreement. It is understood and agreed that the purchase price set forth above includes consideration for any equity interest Pasco may have in the Existing Authority System (other than any payments remaining under the agreements listed in Section 6.03(A)(7) hereof), which shall be relinquished without further action of Pasco upon satisfaction of the conditions described in Section 6.03(D) hereof.

**SECTION 5.05. TRANSFER OF HILLSBOROUGH FACILITIES.** Hillsborough agrees to convey its interest in the Crippenwood Well, Manors of Crystal Lake Well, Eagles Well, Truman Well, Bloomingdale Well and Highview Well (including 1.392 mgd of total production capacity and related wellhead sites) at a purchase price of \$19,325,973. Pursuant to the Hillsborough Transfer Agreement and without additional consideration, Hillsborough will (A) convey any necessary access easements, easements for transmission facilities, and easements for monitoring wells, and (B) impose restrictive covenants on any remaining wellfield property. The total purchase price for these Transferred Assets also includes a \$3,000,000 Disinfection Credit. A specific description of the Transferred Assets to be conveyed and the terms and conditions of sale are set forth in the Hillsborough Transfer Agreement attached as Appendix G. Hillsborough and the Authority shall be bound by the terms and provisions of the Hillsborough Transfer Agreement. It is understood and agreed that the purchase price set forth above includes consideration for any equity interest Hillsborough may have in the Existing Authority System, which shall be relinquished without further action of Hillsborough upon satisfaction of the conditions described in Section 6.03(D) hereof.

**SECTION 5.06. TRANSFER OF NEW PORT RICHEY FACILITY.** New Port Richey agrees to convey its interest in the North Pasco Wellfield (including 1.40 mgd of production capacity) at a purchase price of \$13,226,250. Pursuant to the New Port Richey Transfer Agreement and without additional consideration, New Port Richey will (A) convey any necessary access easements, easements for transmission facilities, and easements for monitoring wells, and (B) impose restrictive covenants on any remaining wellfield property. The total purchase price for these Transferred Assets also includes a \$500,000 Disinfection Credit. A specific description of the Transferred Assets to be conveyed and the terms and conditions of sale are set forth in the New Port Richey Transfer Agreement attached as Appendix H. New Port Richey and the Authority shall be bound by the terms and provisions of the New Port Richey Transfer Agreement. It is understood and agreed that the purchase price set forth above includes consideration for any equity interest New Port Richey may have in the Existing Authority System (other than any payments remaining under the agreements listed in Section 6.03(A)(7) hereof), which shall be relinquished without further action of New Port Richey upon satisfaction of the conditions described in Section 6.03(D) hereof.

**SECTION 5.07. PERMITS FOR TRANSFERRED ASSETS.** The Member Governments acknowledge that this Agreement will be terminated if the Transferred Assets are not conveyed to the Authority on or prior to the Full Implementation Date. In order to facilitate the completion of these conveyances, the Member Governments agree to support all Environmental Permits necessary to complete the conveyances.

**SECTION 5.08. OPTION TO REPURCHASE TRANSFERRED ASSETS.** The Authority shall not sell a Transferred Asset unless it is no longer used to supply Water. In such event, the Transferred Asset shall be appraised by two independent appraisers and, not less than ninety days prior to the date on which the Authority intends to offer the Transferred Asset for sale, the Authority shall provide notice (including copies of the appraisal reports) to the Member Government that conveyed the Transferred Asset

to the Authority. The Member Government that conveyed the Transferred Asset to the Authority shall have an option to repurchase the Transferred Asset upon payment of an amount equal to the lower of (A) the average of the two appraised values, and (B) the price paid by the Authority, after deducting that portion of the purchase price attributable to (1) the Disinfection Credit, and (2) any equity interest the member government may have had in the Existing Authority System (other than any payments remaining under the agreements listed in Section 6.03(A)(7) hereof). On or prior to the date on which the Authority intends to offer the Transferred Asset for sale, as specified in the notice, the Member Government may exercise its repurchase option. This option shall expire if not exercised by the Member Government in a timely manner.

**SECTION 5.09. TRANSFER OF AUTHORITY FACILITIES.** (A) The Authority agrees to convey to Hillsborough its interest in the South Central Hillsborough Transmission Main, the South Central Hillsborough Pump Station, the Cargill Interconnect, and that portion of the Tampa/Hillsborough Interconnect lying on the Hillsborough side of the pump station. A specific description of the foregoing Water Supply Facilities and the terms and conditions of transfer not included in this Section 5.09(A) are set forth in the Authority/Hillsborough Transfer Agreement attached as Appendix I. The Authority and Hillsborough shall be bound by the terms and provisions of the Authority/Hillsborough Transfer Agreement.

(B) The Authority agrees to convey to Pasco, without consideration, its interest in the West Pasco Transmission Main. A specific description of the West Pasco Transmission Main and the terms and conditions of transfer are set forth in the Authority/Pasco Transfer Agreement attached as Appendix J. The Authority and Pasco shall be bound by the terms and provisions of the Authority/Pasco Transfer Agreement.

(C) The Authority agrees to convey to Tampa, without consideration, its interest in that portion of the Tampa/Hillsborough Interconnect lying on the Tampa side of the pump station. A specific description of that portion of the Tampa/Hillsborough Interconnect lying on the Tampa side of the pump station and the terms and conditions of transfer are set forth in the Authority/Tampa Transfer Agreement attached as Appendix K. The Authority and Tampa shall be bound by the terms and provisions of the Authority/Tampa Transfer Agreement.

**SECTION 5.10. JOINT USE OF AUTHORITY EASEMENTS.** The Authority shall not unreasonably withhold joint use of an easement requested by a Member Government if the joint use is not in conflict with the Authority's existing and anticipated future use.

**SECTION 5.11. FORM OF PAYMENT FOR TRANSFERRED ASSETS.** It is understood and agreed that unless a Member Government has notified the Authority prior to July 1, 1998 or seven days following date on which it approves execution of this Agreement, whichever is later, of its election to be compensated in cash for the conveyance of Transferred Assets to the Authority, payment shall be made in the form of credits applied to reduce the cost or purchasing Quality Water from the Authority, as set forth in Section 3.04(A)(3) hereof. Member Governments may elect to be paid in cash for any specific Transferred Asset or for that portion of the purchase price that represents such Member Government's Disinfection Credit. Notwithstanding the foregoing, no cash payment to a Member Government shall adversely affect the federal tax exemption of interest on the Obligations issued by the Authority to finance a cash acquisition of Transferred Assets; all proposed cash payments shall be subject to review by the Authority's bond counsel as to whether such cash payment will adversely affect its opinion as to the federal tax exemption of interest on such Obligations. If any Member Government conveying Transferred Assets to the Authority elects to be compensated in cash, the purchase price for such Transferred Assets shall be reduced by a prorata share of the actual cost incurred by the Authority in connection with the issuance of Obligations to finance a cash acquisition of Transferred Assets.

## **ARTICLE VI - GENERAL PROVISIONS**

**SECTION 6.01. FILING.** A copy of this Agreement shall be filed for record with the Clerk of the Circuit Court in Hillsborough County, Pasco County and Pinellas County.

**SECTION 6.02. TERM OF AGREEMENT.** This Agreement shall become effective in the manner set forth in Sections 6.03(A) and (D) hereof and, unless terminated earlier pursuant to Section 6.03(E) or Section 6.04 hereof, expire upon the later of the following dates: (A) the fortieth anniversary of the commencement date hereof, or (B) the date on which no Obligations remain outstanding pursuant to the Financing Documents.

**SECTION 6.03. TRANSITION PROVISIONS.** (A) This Agreement shall become effective upon occurrence of the following events; provided however, that Sections 3.02 through 3.04 hereof shall not become effective until the events described in Section 6.03(D) have occurred:

(1) a final order has been entered by the Department of Environmental Protection approving this Agreement and the applicable time periods to request administrative hearings or to initiate appellate proceedings therefrom have expired;

(2) the specific legislation attached hereto as Appendix M, relating to enforceability of certain provisions hereof, has been enacted and become effective (other than the provisions relating the Authority's use of Part II, Chapter 159, Florida Statutes, the enactment of which shall not be a condition precedent to the effectiveness of this Agreement) either as an independent legislative act or as part of a broader legislative act;

(3) Pasco has repealed its desalination fee ordinance;

(4) Pasco has modified its comprehensive plan to eliminate provisions that permit Pasco to restrict or prohibit the use of land for Water supply purposes, including ground Water supply;

(5) the Authority and Member Governments have held public hearing, if required, pursuant to Sections 125.3401, 180.301 and 189.423, Florida Statutes prior to executing the Transfer Agreements;

(6) the Authority, the Member Governments and EPC have executed and delivered the EPC Agreement;

(7) either the following agreements between SWFWMD and the Authority and/or its Member Governments have been modified to the extent necessary to permit the transfer of the Member Governments' wellfield interests to the Authority and to eliminate any special rights to the delivery of Water that would be inconsistent with terms of this Agreement, or the Member Governments, with consent from SWFWMD, have transferred or assigned to the Authority their rights in those agreements which are in conflict or inconsistent with this Agreement and the Master Water Supply Contract:

(a) Morris Bridge Wellfield Agreement among SWFWMD, the Hillsborough River Basin Board and Tampa, dated April 22, 1970;

- (b) Easement Agreement (Morris Bridge Wellfield) between SWFWMD and Tampa, dated October 8, 1975;
- (c) Agreement for Development and Operation of the Cypress Creek Wellfield among SWFWMD, SWFWMD (Regulatory), Pinellas, Pasco and St. Petersburg, dated November 14, 1973;
- (d) Cypress Creek Wellfield Agreement between St. Petersburg and the Authority, dated November 22, 1976;
- (e) Cypress Creek Wellfield Agreement between Pinellas and the Authority, dated November 22, 1976;
- (f) Cypress Creek Wellfield Agreement between Pasco and the Authority, dated March 22, 1977;
- (g) License Agreement for the Cypress Creek Wellfield among SWFWMD, the Hillsborough River Basin Board, the Pinellas-Anclote River Basin Board and the Authority, dated July 10, 1979;
- (h) Cypress Creek Wellfield License Agreement between SWFWMD and the Authority, dated March 18, 1991; and First Amendment to Cypress Creek Wellfield License Agreement between SWFWMD and the Authority, dated March 1, 1993;
- (i) Starkey Wellfield Agreement between SWFWMD and New Port Richey, dated August 16, 1972;
- (j) Starkey Wellfield Agreement between SWFWMD and New Port Richey, dated March 26, 1974; Supplemental Starkey Wellfield Agreement between SWFWMD and New Port Richey, dated July 16, 1974; and Starkey Wellfield Addendum Agreement between SWFWMD and New Port Richey, dated March 2, 1977;
- (k) Starkey Wellfield Agreement between Pasco and New Port Richey, dated August 31, 1978;
- (l) Water Transfer and Management Agreement among SWFWMD, New Port Richey and the Authority, dated December 15, 1981;
- (m) Starkey Wellfield Water Supply Contract among Pasco, New Port Richey and the Authority, dated December 15, 1981; First Amendment to Starkey Wellfield Water Supply Contract among Pasco, New Port Richey and the Authority, dated October 29, 1982; and Second Amendment to Starkey Wellfield Water Supply Contract among Pasco, New Port Richey and the Authority, dated June 7, 1988;
- (n) Starkey Wellfield License Agreement between SWFWMD and the Authority, dated May 17, 1993; and

(o) South Pasco Wellfield License Agreement between St. Petersburg and SWFWMD, dated October 9, 1989.

Upon satisfaction of the conditions set forth in this Section 6.03(A), the Authority shall provide written notice to the Member Governments.

(B) It is understood and agreed that the Member Governments will support (1) approval of this Agreement by the Department of Environmental Protection; (2) enactment of the legislation attached hereto as Appendix M hereof; and (3) amendment of the agreements specified in Section 6.03(A)(7) hereof. It is further understood and agreed that no Member Government shall fund the participation of any third-party in opposition to such matters.

(C) Between the date on which the conditions described in Sections 6.03(A) hereof have been satisfied and the Full Implementation Date, the Member Governments agree to waive all termination rights and other remedies that otherwise would result from the reorganization of the Authority to be implemented hereunder under the terms of any prior agreements by and among the Authority, SWFWMD and the Member Governments, individually or collectively, including but not limited to the agreements listed below; provided however, that all other rights and obligations of the Authority and the Member Governments shall remain in full force and effect:

(1) St. Petersburg Cypress Creek Agreement between the Authority and St. Petersburg, dated November 22, 1976;

(2) Pinellas Cypress Creek Agreement between the Authority and Pinellas County, dated November 22, 1976;

(3) Pasco Cypress Creek Agreement between the Authority and Pasco County, dated March 22, 1977;

(4) Pinellas County Agreement between the Authority and Pinellas County, dated November 8, 1977;

(5) Hillsborough County Agreement between the Authority and Hillsborough County, dated August 28, 1980;

(6) St. Petersburg Contract between the Authority and St. Petersburg, dated September 17, 1980;

(7) Water Supply Contract for Hillsborough County between the Authority and Hillsborough County, dated November 10, 1981, and the First through Eleventh Amendments thereto;

(8) Water Transfer and Management Agreement for Starkey Wellfield between the Authority, New Port Richey and the Southwest Florida Water Management District, dated December 18, 1981;

(9) St. Petersburg Water Exchange Contract between the Authority and St. Petersburg, dated December 4, 1981 and the First Amendment thereto, dated April 14, 1984;

(10) Water Supply Contract for Tampa By-Pass Canal between the Authority and Tampa, dated January 17, 1985;

(11) Operation and Management Agreement for Cosme-Odesa and Section 21 Wellfields between the Authority and St. Petersburg, dated March 16, 1987;

(12) Second Amendment to Water Supply Agreement for Starkey Wellfield between the Authority, Pasco County and New Port Richey, dated June 7, 1988;

(13) South Central Pasco Water Supply Contract between the Authority and Pasco County, dated June 7, 1988;

(14) Pasco County Excess Water Supply Contract between the Authority and Pasco County, dated November 1, 1988;

(15) North Pasco Regional Wellfield Water Supply Contract between the Authority, Pasco County and New Port Richey, dated January 23, 1990;

(16) Cross Bar Ranch Wellfield Water Supply Contract between Pinellas and the Authority, dated April 11, 1979, and the amendment thereto dated January 29, 1980; and

(17) Regional System Water Supply Contract between Pinellas, Pasco, Hillsborough, Tampa, St. Petersburg and the Authority, dated July 24, 1991.

(D) As soon as practicable following the date on which the conditions described in Sections 6.03(A) hereof have been satisfied:

(1) the Authority shall issue tax-exempt Obligations (notwithstanding the prevailing rate of interest or other market factors) to refund its outstanding capital indebtedness, including but not limited to its Capital Improvement Revenue Bonds, Series 1979, Refunding Revenue Bonds Series 1985, Refunding Revenue Bonds, Series 1989A, Capital Improvement Revenue Bonds, Series 1989B, Refunding Revenue Bonds, Series 1992, Refunding Revenue Bonds, Series 1995, Revenue Note, Series 1997, Cypress Creek Capital Lease Obligation, Starkey Wellfield Capital Lease Obligation, and Series 1991 Revenue Notes; and

(2) subject to the post-closing rights and remedies provided therein, all conveyances required by the St. Petersburg Transfer Agreement, Pinellas Transfer Agreements, Tampa Transfer Agreement, Pasco Transfer Agreement, Hillsborough Transfer Agreement, New Port Richey Transfer Agreement, Authority/Hillsborough Transfer Agreement, Authority/Pasco Transfer Agreement and Authority/Hillsborough Transfer Agreement shall be closed simultaneously.

(E) If the conditions described in Sections 6.03(A) and (D) hereof are not satisfied on or prior to the Full Implementation Date, this Agreement shall be terminated. In such event, this Agreement and the Master Water Supply Contract shall be deemed void *ab initio* and all documents held in escrow pursuant to the St. Petersburg Transfer Agreement, Pinellas Transfer Agreements, Tampa Transfer Agreement, Pasco Transfer Agreement, Hillsborough Transfer Agreement, New Port Richey Transfer Agreement, Authority/Hillsborough Transfer Agreement, Authority/Pasco Transfer Agreement and Authority/Hillsborough Transfer Agreement shall be returned to the party providing such document. Unless modified by the Authority following the termination hereof, all actions taken by the Board between date on

which the conditions described in Sections 6.03(A) hereof have been satisfied and the Full Implementation Date shall remain in full force and effect. Notwithstanding any other provision of this Agreement to the contrary, the Board may extend the Full Implementation Date, from time to time, by unanimous vote.

(F) Unless otherwise approved by both Pasco and Pinellas, the Authority shall continue to provide chlorination and pH stabilization at the Cypress Creek Water Treatment Plant for a period of 30 months following satisfaction of the conditions described in Sections 6.03(A) and (D) hereof. During this period, the rate charged to Pasco and Pinellas for Quality Water delivered from the Cypress Creek Water Treatment Plant will be increased, as contemplated by Section 3.04(A)(2) hereof, to reflect the Authority's Actual Direct Cost of providing this additional treatment. For purposes of this Section 6.03(F), the parties stipulate that the Authority's Actual Direct Cost is \$0.02 per thousand gallons.

(G) The Authority will deliver chlorinated and stabilized water to Pasco from the Lake Bridge Water Treatment Plant for a period of 15 years following satisfaction of the conditions described in Sections 6.03(A) and (D) hereof. Pasco will pay a surcharge for chlorination and stabilization pursuant to Section 3.04(A)(2) hereof for all Quality Water delivered to it from the Lake Bridge Water Treatment Plant.

**SECTION 6.04. TERMINATION.** This Agreement may be terminated by unanimous agreement of all Member Governments, or upon direction of any two Member Governments if any material provision of this Agreement (including but not limited to the governance structure, Member Governments' voting rights, or any other material change in the relative rights and responsibilities of the Authority and the Member Governments) is substantively modified by the Florida Legislature (other than enactment of the legislation attached hereto as Appendix M) or any other person or entity that is not a party hereto. In either event, termination shall be effective only upon compliance with all of the following requirements:

(A) Upon receipt of (1) termination notices from all Member Governments if the Agreement is to be terminated by unanimous consent or (2) a termination notice from any two Member Governments if any material provision of this Agreement has been unilaterally and substantively modified by the Florida Legislature or any other person or entity that is not a party hereto, the General Manager shall provide a notice of pending termination to each Member Government.

(B) The Water Supply Facilities (including all appurtenant contracts, licenses and Environmental Permits) and other assets of the Authority shall be sold as follows:

(1) Each Member Government shall be entitled to purchase its respective Termination Option Share of each Water Supply Facility by notifying the Authority and the other Member Governments in writing within sixty days following the date on which the General Manager provides a notice of pending termination, as required by Section 6.04(A). If a Member Government elects to exercise its option, the Water Supply Facility shall be appraised by two independent appraisers selected by the Authority, and each Member Government shall have a period of sixty days following the receipt of such appraisals to purchase its respective Termination Option Share of such Water Supply Facilities upon payment of an amount equal to its Termination Option Share of the average of the two appraised values. The aggregate purchase price for Water Supply Facilities purchased by each Member Government shall be reduced by any portion of the purchase price for Transferred Assets that has not been paid or credited to the Member Government. Conveyance of the Water Supply Facilities shall be made in accordance with Section 6.04(B)(4).

(2) The remaining assets of the Authority and any Water Supply Facilities for which no option is exercised by a Member Government pursuant to Section 6.04(B)(1) shall be offered for sale by competitive bid or sold at auction, as directed by the Board. Conveyance of the Water Supply Facilities and other assets shall be made in accordance with Section 6.04(B)(4).

(3) Nothing herein shall be construed to prohibit any Member Government from assigning its right to the conveyance of Water Supply Facilities; provided however, that (a) any proposed assignment of conveyance rights to Water Supply Facilities to any entity other than a Member Government shall be subject to a right of first refusal in favor of the other Member Governments, and (b) if more than one Member Government exercises its right of first refusal, each Member Government shall be entitled to its Termination Option Share of the conveyance rights to the Water Supply Facility.

(4) Conveyance of the Water Supply Facilities and other assets of the Authority shall not occur prior to the date on which all Obligations of the Authority are defeased pursuant to Section 6.04(C).

(C) The Authority shall pay or cause to be paid to the owner of all outstanding Obligations the principal of and interest due and payable, and thereafter to become due and payable, upon such Obligations.

(1) Obligations shall be deemed to be paid when (a) payment of the principal of and premium, if any, on such Obligation, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Financing Documents), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing in trust and irrevocably setting aside exclusively for such payment (x) moneys sufficient to make such payment and/or (y) Governmental Obligations authorized for defeasance under the Financing Documents, maturing as to principal and interest in such amounts and at such time as will provide for the availability of sufficient moneys to make such payment, and (b) all other amounts payable in respect of such Obligations pursuant to the Financing Documents shall have been paid or the payment thereof provided for to the satisfaction of the Authority's bond counsel.

(2) Net proceeds from sale of the Water Supply Facilities and other assets of the Authority shall be applied to the payment of Obligations, as set forth in Section 6.04(C)(1) hereof.

(a) If the net proceeds are not sufficient to meet the requirements of Section 6.04(C)(1), the General Manager shall notify each Member Government of its respective Termination Funding Share of the shortfall and the date on which the Authority intends to provide for payment of the Obligations, which shall not be earlier than sixty days from the date of such notice. Each Member Government shall tender its Termination Funding Share of the shortfall to the Authority, in immediately available funds, on or prior to the date specified in the notice; provided however, that such amounts will be payable only from Net Utility Revenue.

(b) If the net proceeds exceed the requirements of Section 6.04(C)(1), the Authority shall tender to each Member Government its respective Termination Funding Share of the excess on the date provision is made for payment of the Obligations.

**SECTION 6.05. SCIENTIFIC PEER REVIEW.** The parties recognize that a significant number of important Authority actions will be taken in reliance upon scientific or technical studies commissioned by the Board, and that there may be a divergence of opinion regarding the findings contained in any such scientific or technical study. Scientific or technical issues shall be resolved in the manner set forth in this Section 6.05.

(A) Upon the affirmative vote of not less than five Directors, the Authority shall engage additional experts to provide a peer review of any scientific or technical study.

(B) Upon receipt of a resolution approved by the governing board of one or more Member Governments, the Authority shall engage additional experts to provide a peer review of any scientific or technical study.

(1) If the Board determines that the peer review is in the best interest of the Authority, the cost of additional experts shall be paid by the Authority.

(2) If the Board determines that the peer review is unnecessary, the cost of additional experts shall be paid by the Member Government or Member Governments requesting the peer review.

(C) Any Board decision specifically predicated upon the disputed study shall be held in abeyance pending receipt of the peer review report, unless the Authority would be prejudiced by the delay. The Board shall establish procedures to facilitate any peer review requested pursuant to this Section 6.05.

**SECTION 6.06. DISPUTE RESOLUTION.** (A) Other than (1) disputes between the Authority and a Host Member Government relating to Primary Environmental Permits necessary or convenient to the acquisition, construction or operation of a Water Supply Facility, which shall be resolved in accordance with Sections 3.13 hereof, (2) public health and safety issues related to the use of Reclaimed Water by the Authority, which shall be resolved in accordance with Section 3.15 hereof, (3) issues related to scientific and technical studies, which have been resolved pursuant to Section 6.05 hereof, and (4) resolution of disputes as provided in the Master Water Supply Contract, the Authority and Member Governments agree to resolve any dispute related to the interpretation or performance of this Agreement in the manner described in this Section 6.06. Either party may initiate the dispute resolution process by providing written notice to the other party.

(B) After transmittal and receipt of a notice specifying the area or areas of disagreement, the parties agree to meet at reasonable times and places, as mutually agreed upon, to discuss the issues.

(C) If discussions between the parties fail to resolve the dispute within 30 days of the notice described in Section 6.06(A) hereof, the parties shall appoint a mutually acceptable neutral third-party to act as a mediator. The mediation contemplated by this Section 6.06(C) is intended to be an informal and non-adversarial process with the objective of helping the parties reach a mutually acceptable and voluntary agreement. The decision-making shall rest solely with the parties. The mediator shall assist the parties in identifying issues, fostering joint problem-solving, and exploring settlement alternatives.

(D) If the parties are unable to reach a mediated settlement within 60 days of the mediator's appointment, either party may terminate the settlement discussions by written notice to the other party. In such event, either party may initiate litigation or, where applicable, a proceeding under Section 403.412(2),

Florida Statutes, within 30 days of the notice terminating the settlement discussions. The venue for any such action, other than proceedings under Section 403.412(2), Florida Statutes, shall be the county in which the Authority maintains its principal office. Failure by the party initiating the dispute resolution procedure to commence litigation or, where applicable, a proceeding under Section 403.412(2), Florida Statutes, within the 30 day period shall be deemed to constitute an acceptance of the interpretation or performance of the other party.

**SECTION 6.07. WAIVER OF CLAIMS.** The Member Governments hereby waive any and all claims against the Authority and the Authority hereby waives any and all claims against the Member Governments, arising under any statute, rule, ordinance, judicial decision, administrative order, the common law, contract or any other document or circumstance existing on the date of this Agreement, or for claims arising after the date of this Agreement that are not disclosed in writing to the Authority and all Member Governments prior to the satisfaction of the conditions described in Sections 6.03(A) and (D) hereof.

**SECTION 6.08. ACKNOWLEDGMENT OF EPC AGREEMENT.** The parties acknowledge that the Authority will be a party to the EPC Agreement and agree to the conditions under which EPC will participate in the alternative dispute resolution procedures set forth herein and therein.

**SECTION 6.09. INDEMNIFICATION.** (A) To the full extent permitted by law, the Authority shall indemnify each Director against and from any and all claims, costs, charges and expenses (including without limitation, fees and expenses of attorneys, expert witnesses and other consultants) which may be imposed in connection with his or her service as a Director, if such person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the Authority and, with respect to any criminal action or proceedings, had no reasonable cause to believe such conduct was unlawful. The termination of any proceedings by judgment, order, settlement, or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interest of the Authority, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(B) The Authority agrees to save harmless and assume the defense of and indemnify the Member Governments and their officers, employees, contractors and consultants against and from any and all claims, costs, charges and expenses (including without limitation, fees and expenses of attorneys, expert witnesses and other consultants) which may be imposed against the Member Governments and their officers, employees, contractors and consultants by reason of any of the following occurring during the term of this Agreement:

(1) Any negligent or tortious act, error or omission of the Authority or any of its personnel, employees, contractors or consultants in the construction, expansion, replacement, operation, and/or maintenance of the Authority's Water Supply Facilities; and

(2) Any failure by the Authority or any of its personnel, employees, consultants or contractors, to perform its obligations under this Agreement or any negligent act or tortious act, error or omission of the Authority its personnel, employees, consultants or contractors.

(C) In case any claim shall be made or action brought against any person in or entity respect of which indemnity may be sought against the Authority, such indemnified person or entity shall promptly notify the Authority in writing setting forth the particulars of such claim or action. The indemnified person or entity shall be entitled to select and retain counsel of his or her choice. The Authority shall be responsible

for the payment or immediate reimbursement for all reasonable fees and expenses incurred in the defense of such claim or action.

**SECTION 6.10. SOVEREIGN IMMUNITY.** The Member Governments intend to avail themselves of the benefits of Sections 768.28 and 163.01(9)(c), Florida Statutes, and of other statutes and the common law governing sovereign immunity to the fullest extent possible. In accordance with Section 163.01(5)(o), Florida Statutes, therefore, the Member Governments are not jointly liable for the torts of the officers or employees of the Authority, or any other tort attributable to the Authority, and that only the Authority shall be liable for torts attributable to it or for torts of its officers or employees, and then only to the extent of the waiver of sovereign immunity or limitation of liability specified in Section 768.28, Florida Statutes. The Member Governments intend the Authority to have all of the privileges and immunities from liability and exemptions from laws, ordinances, rules and common law which apply to the municipalities and counties of the State of Florida. Nothing in this Agreement is intended to inure to the benefit of any third-party for the purpose of allowing any claim which would otherwise be barred under the doctrine of sovereign immunity or by operation of law.

**SECTION 6.11. NOTICE.** All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given, if in writing and delivered in person to the following addresses or sent by certified or registered mail, postage prepaid with return receipt requested, at such addresses; provided, if such notices, demands, requests or other communications are sent by mail, they shall be deemed as given on the third day following such mailing which is not a Saturday, Sunday or a day on which United States mail is not delivered:

If to the Authority:	West Coast Regional Water Supply Authority 2535 Landmark Drive, Suite 211 Clearwater, Florida 33761 Attention: General Manager
If to Pinellas:	Board of County Commissioners 315 Court Street Clearwater, Florida 34616 Attention: County Administrator
If to Pasco:	Board of County Commissioners 7530 Little Road, Room 340 West Pasco Government Center New Port Richey, Florida 34654 Attention: County Administrator
If to Hillsborough:	Board of County Commissioners 601 East Kennedy Boulevard, 26th Floor Tampa, Florida 33602 Attention: County Administrator

If to St. Petersburg:

City of St. Petersburg  
One Fourth Street North  
St. Petersburg, Florida 33701  
Attention: City Administrator

If to Tampa:

City of Tampa  
315 East Kennedy Boulevard  
Tampa, Florida 33602  
Attention: Mayor

If to New Port Richey:

City of New Port Richey  
5919 Main Street  
New Port Richey, Florida 34652  
Attention: City Manager

Any party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notices hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

**SECTION 6.12. ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supercedes (except as expressly provided herein) all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

**SECTION 6.13. AMENDMENTS AND WAIVERS.** No amendment, supplement, modification or waiver of this Agreement, including but not limited to the admission of additional Member Governments or the withdrawal of any Member Government, shall be binding unless executed in writing by all parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, unless otherwise expressly provided. Each such amendment, supplement, modification or waiver of this Agreement shall be filed with the Clerk of the Circuit Court in Hillsborough County, Pasco County and Pinellas County.

**SECTION 6.14. BINDING EFFECT.** This Agreement shall be binding upon the parties, their respective successors and assigns and shall inure to the benefit of the parties, their respective successors and assigns.

**SECTION 6.15. SEVERABILITY.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof; provided however, that if any material provision of this Agreement (including but not limited to the governance structure, Member Governments' voting rights, or any other material change in the relative rights and responsibilities of the Authority and the Member Governments, but excluding initial enactment of the legislation attached hereto as Appendix M) is substantively modified by the Florida Legislature or any other person or entity that is not a party hereto, this Agreement may be terminated pursuant to Section 6.04 hereof.

**SECTION 6.16. EXECUTION IN COUNTERPARTS.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 6.17. APPLICABLE LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State.

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## **APPENDIX C**

### **Master Water Supply Contract**

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## **MASTER WATER SUPPLY CONTRACT**

**THIS MASTER WATER SUPPLY CONTRACT** (the "Contract"), entered into as of this 1st day of May, 1998, by and among the **WEST COAST REGIONAL WATER SUPPLY AUTHORITY**, an interlocal governmental agency created and existing pursuant to Sections 373.1962 and 163.01, Florida Statutes (the "Authority"), as reorganized by that certain Amended and Restated Interlocal Agreement, dated as of May 1, 1998 (the "Interlocal Agreement"); **HILLSBOROUGH COUNTY, FLORIDA**, a political subdivision of the State of Florida ("Hillsborough"); the **CITY OF NEW PORT RICHEY, FLORIDA**, a municipal corporation of the State of Florida ("New Port Richey"); **PASCO COUNTY, FLORIDA**, a political subdivision of the State of Florida ("Pasco"); **PINELLAS COUNTY, FLORIDA**, a political subdivision of the State of Florida ("Pinellas"); the **CITY OF ST. PETERSBURG, FLORIDA**, a municipal corporation of the State of Florida ("St. Petersburg") and the **CITY OF TAMPA, FLORIDA**, a municipal corporation of the State of Florida ("Tampa") (Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa may sometimes be collectively referred to herein as the "Member Governments" and individually referred to as a "Member Government").

**WHEREAS**, the Authority was created by Hillsborough, Pasco, Pinellas, St. Petersburg and Tampa on October 25, 1974, as amended, for the purpose of developing, recovering, storing and supplying water for county and municipal purposes in such manner as will give priority to reducing the adverse environmental effects of excessive or improper withdrawals from concentrated areas; and

**WHEREAS**, as of May 1, 1998, the Member Governments reorganized the Authority pursuant to the Interlocal Agreement in order to establish the Authority as a water utility; and

**WHEREAS**, the Authority and the Member Governments currently own or lease, control and manage various water production, treatment and transmission facilities for the supply of water to customers of the Member Governments; and

**WHEREAS**, the Member Governments have heretofore determined that the Authority shall own, license or lease and operate various water production, treatment and transmission facilities (collectively, the "System"), including certain facilities currently owned, licensed or leased by Member Governments, for the common use and benefit of the Member Governments, in the manner specified in the Interlocal Agreement; and

**WHEREAS**, on the Effective Date (as defined herein) of this Contract the Member Governments shall have certain water needs; and

**WHEREAS**, the Authority agrees that it shall satisfy the aforementioned water needs of the Member Governments in accordance with the terms hereof; and

**WHEREAS**, the Member Governments desire the Authority to expand the System to meet the common needs of all of the Member Governments, in the manner specified herein and in the Interlocal Agreement; and

**WHEREAS**, the Member Governments desire to share the costs of operating, developing, acquiring, constructing, equipping and expanding the Authority's System in the manner specified herein and in the Interlocal Agreement; and

**WHEREAS**, the Member Governments desire to purchase and the Authority desires to sell water produced by the Authority from the System at a rate, as specified herein; and

**WHEREAS**, the Member Governments agree that this Contract shall supersede and replace various existing agreements described herein between the Authority and each of the Member Governments relating to supplying water upon issuance of the herein-described Series 1998 Bonds by the Authority; and

**WHEREAS**, such Series 1998 Bonds shall be secured in the manner provided herein and pursuant to the instrument by which they shall be issued; and

**WHEREAS**, the proceeds of the Series 1998 Bonds shall be used principally (1) to restructure the Authority's outstanding debt so that the terms hereof shall pertain to all water supplied by the Authority to the Member Governments, (2) to fund certain capital improvements to the System, and (3) to acquire certain Transferred Assets (as defined herein) from Member Governments;

**NOW, THEREFORE**, for and in consideration of the above premises, which shall be deemed an integral part of this Contract, and of the mutual covenants and agreements hereafter set forth, the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa, intending to be legally bound, hereby agree as follows:

**SECTION 1. RECITALS.** The foregoing recitals are true and correct and are incorporated by reference herein and made a part hereof.

**SECTION 2. EXHIBITS.** Except as otherwise expressly provided herein, all Exhibits identified herein are made a part hereof and are incorporated herein by this reference to the same extent as if fully set forth herein. Exhibits A and F may be amended or supplemented from time to time by the Authority in accordance with the terms hereof without approval by any Member Government. Exhibit B shall not be amended to reflect any change or modification to the Master Water Plan as the same may be made from time to time. Exhibit B is attached hereto for informational purposes only. Amendments to Exhibit C shall require the written consent of the Authority and any affected Member Government. For purposes of Exhibit C, a Member Government shall be considered affected if the amendment or supplement thereto directly affects the point or location at which such Member Government receives Quality Water from the Authority. The standards for the arbitration process provided in Exhibit D may only be changed with the consent of the Authority and all Member Governments. Specific water quality parameters in Exhibit D may be changed by the Authority without consent of the Member Governments, subsequent to arbitration by any Member Government as provided in Exhibit D; provided, however, the Authority agrees to comply with the results of any arbitration determinations relating to Water quality standards. Exhibit E may only be amended or supplemented by the Member Government which is modifying its Water Service Area, provided Authority approval shall be required under the circumstances described in the last sentence of Section 9 hereof. Exhibits G, H, I and J shall not be amended without the written consent of all parties hereto. Exhibit K is attached hereto for informational purposes only. No Exhibit hereto may be amended or supplemented in contravention to the terms of this Contract. All Exhibits shall be construed amended or supplemented upon delivery of a new Exhibit by the Authority to each Member Government, with written consent where appropriate as described above. No amendment or supplement to the Exhibits hereto shall require the reexecution of this Contract.

**SECTION 3. DEFINITIONS.** Unless otherwise specifically set forth elsewhere in this Contract, the following words and phrases used in this Contract shall have the following meanings:

(A) **"Annual Estimate"** shall mean the estimate of the Authority Costs for a Fiscal Year, including the estimated amount thereof to be payable by each Member Government, and submitted to each Member Government on an annual basis, as required by Section 13 hereof. The Annual Estimate shall be based upon the Authority's proposed annual budget and estimated rate and shall consider the Annual Reports in determining the estimated amounts to be payable by the Member Governments.

(B) **"Annual Report"** or **"Annual Reports"** shall mean the report setting forth the next five (5) Fiscal Years of anticipated Water Service within the Water Service Areas for each of the Member Governments to be prepared by each such Member Government and submitted to the Authority as required by Section 12 hereof. The Annual Report may be amended by the Member Governments from time to time. The Annual Report shall be substantially in the form provided in Exhibit K hereto.

(C) **"Authority"** shall mean the West Coast Regional Water Supply Authority, an interlocal governmental agency created on October 25, 1974, and existing pursuant to Sections 373.1962 and 163.01, Florida Statutes, and pursuant to an interlocal agreement, among Hillsborough, Pasco, Pinellas, St. Petersburg and Tampa dated October 25, 1974, as amended, supplemented and reorganized pursuant to the Interlocal Agreement.

(D) **"Authority Costs"** shall mean Bond Coverage Costs, Capital Improvement Charges, Debt Service Charges, Operation, Maintenance and Administrative Costs, Operating Reserve Funds and Renewal and Replacement Charges.

(E) **"Authority's System"** or **"System"** shall mean the Authority's water production, transmission and treatment facilities, as they currently exist and as they may be modified or expanded in the future from time to time, which are owned, leased, licensed, operated and/or used by the Authority to provide Water. On the Effective Date hereof, the System shall consist of the facilities described in Exhibit A attached hereto. Such Exhibit A shall be amended or supplemented from time to time by the Authority to reflect any changes or modifications to such System.

(F) **"Bond Coverage Costs"** shall mean the costs of providing the coverage requirements established by the Financing Documents.

(G) **"Capital Improvement Charge"** shall mean the costs identified by the Authority for planning, designing, acquiring and constructing capital improvements to the System; provided such costs are not payable from proceeds of the Obligations (other than costs which are to be reimbursed from such proceeds) or from moneys received in relation to the Renewal and Replacement Charges.

(H) **"Debt Service Charges"** shall mean the principal, redemption premium, if any, and interest coming due on the Obligations and any recurring costs and expenses relating to the Obligations, including, but not limited to, paying agent, registrar and escrow agent fees, credit enhancement fees and other charges, but only to the extent such costs and expenses are not otherwise reflected in Operation, Maintenance and Administrative Costs.

(I) **"DEP"** shall mean the Florida Department of Environmental Protection, a department and agency of the State of Florida, and any successor thereto.

(J) **"Effective Date"** shall mean the date on which all conditions precedent described in Section 5 hereof have been satisfied.

(K) **"Environmental Permits"** shall mean all permits, licenses or other third-party approvals necessary for the acquisition, construction or operation of an Authority Water Supply Facility, including, but not limited to, Primary Environmental Permits.

(L) **"Existing Authority System"** shall have the meaning provided therefor in the Interlocal Agreement.

(M) **"Financing Documents"** shall mean any resolution or resolutions of the Authority, as well as any indenture of trust, trust agreement or similar document relating to the issuance or security of the Obligations.

(N) **"Fiscal Year"** shall mean a twelve (12) month period which commences on October 1 of each year and ends on the next succeeding September 30, or such other period as may be prescribed by law as the fiscal year for the Authority.

(O) **"Fixed Costs"** shall mean all costs and expenses incurred by the Authority for the operation, maintenance, management, security, development and financing of the System other than Variable Costs.

(P) **"Full Implementation Date"** shall have the meaning provided therefor in the Interlocal Agreement.

(Q) **"Hillsborough"** shall mean Hillsborough County, Florida, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners.

(R) **"Hillsborough's Water Service Area"** shall mean the geographic boundaries within which Hillsborough is permitted and authorized to provide Water Service.

(S) **"Inspection Report"** shall mean a report of the conditions and accuracy of the Metering Facilities which shall be prepared for the Authority by a representative of the manufacturer of the Metering Facilities or by a third-party selected by the Authority and which shall be submitted to the Member Governments as required by Section 11 hereof.

(T) **"Interlocal Agreement"** shall mean that certain Amended and Restated Interlocal Agreement, by and among the Member Governments, dated as of May 1, 1998, as the same may be amended or supplemented from time to time. Such Amended and Restated Interlocal Agreement shall be the successor instrument to the Interlocal Agreement, dated October 25, 1974, as amended, among Hillsborough, Pasco, Pinellas, St. Petersburg and Tampa.

(U) **"Long Term Forecast"** shall mean the forecast setting forth the next twenty (20) Fiscal Years of anticipated Water Service for each of the Member Governments for the development and use of their respective Water Service Areas, which Long Term Forecast shall be submitted to the Authority as of

the Effective Date hereof. The Long Term Forecast may be amended by the Member Governments from time to time as part of the Annual Report.

(V) **"Master Water Plan"** shall mean the Authority's plan for expansion, conservation, diversification and preservation of Water supply for the Water Service Areas, as set forth in Exhibit B attached hereto, as the same may be amended or superseded from time to time.

(W) **"Member Governments"** shall mean, collectively, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa.

(X) **"Metering Facilities"** shall mean, collectively, those certain water meters and appurtenant recording and transmitting devices to be installed and owned by the Authority, as required by Section 11 hereof, which are used to measure and bill the volume of Quality Water being delivered to each of the Member Governments.

(Y) **"New Port Richey"** shall mean the City of New Port Richey, Florida, a municipal corporation of the State of Florida, acting by and through its Mayor and City Council.

(Z) **"New Port Richey's Water Service Area"** shall mean the geographic boundaries within which New Port Richey is permitted and authorized to provide Water Service.

(AA) **"Obligations"** shall mean the Series 1998 Bonds and any other series of bonds or other evidence of indebtedness, including, but not limited to, notes, commercial paper, capital leases or any other obligations of the Authority heretofore or hereafter issued or incurred.

(BB) **"Operating Reserve Funds"** shall mean those funds which are deemed by the Authority as necessary to meet any cash flow and revenue collection shortfalls due to inaccuracies in the Annual Reports or Annual Estimates or due to the requirements of the Financing Documents. The amount of Operating Reserve Funds shall be established by Authority policy; provided such amount shall not exceed an amount equal to two times the monthly average Variable Costs as provided in the Authority's preliminary budget.

(CC) **"Operation, Maintenance and Administrative Costs"** shall mean any and all costs incurred by the Authority in operating, maintaining and administering the System, including, but not limited to, the general administrative and legal costs of the Authority related to operation, maintenance, management, security and development of the System; costs associated with tools, equipment, vehicles, supplies, materials, services and support for the operation, maintenance, management, security and development of the System; any costs of litigation or a legal judgment against the Authority; costs relating to Water conservation and public education activities; costs of purchasing any Water; development expenses relating to expansion of the System; all costs incurred in planning or applying for, obtaining, maintaining and defending Environmental Permits which shall not be paid from the Capital Improvement Charge; accounting, legal and engineering expenses; ordinary and current rentals of equipment or other property; refunds of moneys lawfully due to others; pension, retirement, health and hospitalization funds; payments in lieu of taxes and facility impact fees; moneys to be deposited to a rate stabilization fund; and fees for management of the System or any portion thereof.

(DD) **"Pasco"** shall mean Pasco County, Florida, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners.

(EE) **"Pasco Water Service Area"** shall mean the geographic boundaries within which Pasco is permitted and authorized to provide Water Service.

(FF) **"Pinellas"** shall mean Pinellas County, Florida, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners.

(GG) **"Pinellas Water Service Area"** shall mean the geographic boundaries within which Pinellas is permitted and authorized to provide Water Service.

(HH) **"Points of Connection"** shall mean those points where the Member Governments' water utility systems connect to the Authority's System for the purpose of delivering Quality Water from the Authority's System to the Member Governments, which Points of Connection are more particularly described on Exhibit C to this Contract.

(II) **"Primary Environmental Permit"** shall have the meaning provided therefor in the Interlocal Agreement.

(JJ) **"Quality Water"** shall mean Water which (1) meets State and federal drinking water regulations and standards as defined in Rule 62-550, Florida Administrative Code, as it may be amended or superseded from time to time, including regulations pertaining to surface water or groundwater under the direct influence of surface waters, but excluding regulations pertaining to disinfection and corrosivity, and (2) would not cause a particular Member Government utility to adopt new treatment techniques beyond modified chemical dosages and/or optimization of existing unit processes to meet a moderately altered source of Water. Except as otherwise provided herein, the provisions of this definition are not intended as permission for a Member Government to reject the type of Quality Water to be provided by the Authority to such Member Government; provided, however, the Authority shall pay for any additional treatment costs required to meet the standards for Quality Water as described herein. In addition, Quality Water shall meet the standards provided in Exhibit D attached hereto. The term "Quality Water" also includes Water delivered to the Points of Connection identified in Section 3.03(D) of the Interlocal Agreement or to Points of Connection at which a Member Government agrees, at its sole option, to accept Water not meeting the standards for Quality Water pursuant to Section 3.03(E) of the Interlocal Agreement.

(KK) **"Production Failure"** shall have the meaning provided therefor in the Interlocal Agreement.

(LL) **"Renewal and Replacement Charges"** shall mean those certain charges to be deposited to any renewal and replacement fund or account established pursuant to the Financing Documents.

(MM) **"Series 1998 Bonds"** shall mean the Authority's Utility Revenue Bonds, Series 1998. The Series 1998 Bonds may be issued in more than one series.

(NN) **"St. Petersburg"** shall mean the City of St. Petersburg, Florida, a municipal corporation of the State of Florida, acting by and through its Mayor and City Council.

(OO) **"St. Petersburg Water Service Area"** shall mean the geographic boundaries within which St. Petersburg is permitted and authorized to provide Water Service.

(PP) **"State"** shall mean the State of Florida.

(QQ) **"SWFWMD"** shall mean the Southwest Florida Water Management District, an agency of the State of Florida, created pursuant to Chapter 373, Florida Statutes, or any successor agency.

(RR) **"Tampa"** shall mean the City of Tampa, Florida, a municipal corporation of the State of Florida, acting by and through its Mayor and City Council.

(SS) **"Tampa Water Service Area"** shall mean the geographic boundaries within which Tampa is permitted and authorized to provide Water Service.

(TT) **"Transferred Assets"** shall mean the Water Supply Facilities (including real property, tangible personal property and intangible personal property) conveyed to the Authority pursuant to Sections 5.01, 5.02, 5.03, 5.04, 5.05 and 5.06 of the Interlocal Agreement; provided, however, that any equity interest of the Member Governments in the Existing Authority System that is relinquished pursuant to Sections 5.01, 5.02, 5.03, 5.04, 5.05 and 5.06 of the Interlocal Agreement shall not constitute a "Transferred Asset."

(UU) **"Variable Costs"** shall mean all costs and expenses of the Authority for the operation, maintenance and management of the System that change in direct proportion to changes in the volume of Water produced by the Authority, including, but not limited to, power, chemical and Water purchases.

(VV) **"Water"** shall mean Quality Water and any other water to be used by a Member Government in its public water supply system.

(WW) **"Water Service"** shall mean the provision of Water as required in the Interlocal Agreement to any and all of the Member Governments at the locations described in Exhibit C attached hereto and provision of Water by the Member Governments to their customers.

(XX) **"Water Service Areas"** shall mean, collectively, the Hillsborough Water Service Area, the New Port Richey Water Service Area, the Pasco Water Service Area, the Pinellas Water Service Area, the St. Petersburg Water Service Area and the Tampa Water Service Area. The Water Service Areas are described in Exhibit E attached hereto, as the same may be amended or supplemented from time to time pursuant to the terms hereof.

(YY) **"Water Supply Facilities"** shall mean Water production, treatment and transmission facilities. The term "Water Supply Facilities" does not include facilities for local distribution.

**SECTION 4. TERM.** The term of this Contract shall begin on the Effective Date and shall end on the later of (A) the date the Interlocal Agreement is terminated in accordance with the provisions thereof, or (B) the date on which no Obligations shall remain outstanding pursuant to the Financing Documents.

**SECTION 5. CONDITIONS PRECEDENT.** This Contract shall become effective upon satisfaction of the following conditions precedent:

(A) Execution of Contract. This Contract shall be duly authorized, executed and delivered by the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa.

(B) Series 1998 Bonds. The Authority shall have issued the Series 1998 Bonds.

(C) The Transferred Assets. The Transferred Assets shall have been conveyed to the Authority as provided in the Interlocal Agreement.

(D) Interlocal Agreement. All conditions described in Sections 6.03(A) and (D) of the Interlocal Agreement shall have been satisfied or waived in writing by the Member Governments.

(E) Certification of Representations. Each of the parties hereto shall certify that the representations described in Section 7 hereof are true and accurate in all material respects as of the Effective Date.

**SECTION 6. SATISFACTION OF THE CONDITIONS PRECEDENT.** The Authority and each Member Government shall provide a written statement acknowledging the satisfaction of conditions of Section 5 hereof; provided, however, no Member Government shall be required to acknowledge satisfaction of any condition of which such Member Government has no knowledge. Receipt of such statements shall be conclusive evidence of the satisfaction of such conditions. All conditions precedent must be satisfied by the Full Implementation Date, otherwise all provisions hereof shall be void ab initio.

**SECTION 7. REPRESENTATIONS OF THE PARTIES.** As of the Effective Date, the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa each make the following representations as it relates to itself (no representation is made by any party for any other party):

(A) Status of the Parties. The Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa are each duly organized, validly existing and in good standing under the laws of the State and are each duly qualified and authorized to satisfy their responsibilities pursuant to this Contract.

(B) Authority to Enter the Contract. The Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa each have the power, authority and legal right to enter into and perform the obligations set forth in this Contract, and the execution, delivery and performance hereof by the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa: (i) has been duly authorized by the Board of Directors in the case of the Authority, by the Board of County Commissioners in the case of Hillsborough, Pasco and Pinellas, by the Mayor and City Council in the case of New Port Richey and Tampa and by the City Council in the case of St. Petersburg; (ii) does not require any consent or referendum of the voters; and (iii) does not constitute a default under, or result in the creation of any lien, charge, encumbrance or security interest upon, the assets of the Authority or any of the Member Governments under any agreement or instrument to which the Authority or any of the Member Governments is a party or by which the Authority or any of the Member Governments and their assets may be bound or affected, except as otherwise provided herein.

(C) Validity of the Contract. This Contract has been duly entered into and delivered by the Board of the Directors in the case of the Authority, the Board of County Commissioners in the case of Pasco, Hillsborough and Pinellas, by the City Council and Mayor in the case of New Port Richey, St. Petersburg and Tampa and, as of the Effective Date, constitutes a legal, valid and binding obligation of the Authority and the Member Governments, fully enforceable in accordance with its terms, except to the extent that the enforceability of this Contract may be limited by any applicable bankruptcy, moratorium, reorganization or other similar laws affecting creditor's rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(D) Pending Litigation. Other than matters previously disclosed in writing to the parties hereto, there is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending against the Authority or any of the Member Governments, wherein any unfavorable decision, ruling or finding would materially and adversely affect the performance by the Authority or any of the Member Governments of their obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Contract, or any other agreement or instrument entered into by the Authority in connection with the transactions contemplated hereby.

## **SECTION 8. AUTHORITY'S AGREEMENT TO PROVIDE WATER SERVICE.**

(A) Provision of Water Service. The Authority shall sell and deliver sufficient Quality Water to the Member Governments to meet their need for Quality Water and the Member Governments shall purchase and receive the Quality Water delivered by the Authority to meet their needs in accordance with the terms of this Contract; subject, however, to the representations, conditions, limitations and restrictions set forth in this Contract and the Interlocal Agreement. Except as provided in the Interlocal Agreement, Water Service obtained by the Member Governments from the Authority may be utilized to serve only the Member Governments or their customers within their respective Water Service Areas. Nothing herein shall be construed to prohibit the Member Governments from temporarily exchanging or purchasing Water, either among themselves or with other public or private utilities, for emergency or maintenance purposes in the ordinary course of business.

(B) Insufficient Water. The Authority shall be in default hereunder should it fail to provide to each Member Government a supply of Quality Water sufficient to meet its needs, except where the Authority's failure to supply the Quality Water needs of each Member Government is due to force majeure, as described in Section 21(E) hereof. In the event that there is, at any time, an insufficient supply of Quality Water available to fulfill the needs of the Member Governments due to force majeure described in Section 21(E) hereof, the Authority shall not be in default hereunder, if, in such circumstances, it shall furnish and deliver to the Member Governments, their pro rata share (or a share that as closely approximates their pro rata share as is reasonably practicable in the circumstances) of available supply, unless otherwise required by law, court order, or appropriate regulatory authorities. Each Member Government's pro rata share shall be based on the average of the actual amount of Quality Water supplied each month by the Authority to such Member Government over the previous twelve (12) month period. The Authority shall use its best efforts to prevent an insufficiency of Quality Water and to remedy any such insufficiency and shall take all necessary actions to supply the Quality Water needs of each Member Government in accordance with the terms of the Interlocal Agreement.

(C) Water Use Restrictions. In the event of an insufficiency in the supply of Quality Water described in the preceding paragraph, the Authority may request the Member Governments to implement water use restrictions which shall be applied on a uniform basis among all Member Governments. In the event a Member Government does not implement such a request within thirty (30) days of the request and the insufficiency in available Quality Water is still present, the Member Governments agree to implement water use restrictions upon request of the Authority. The purposes of such restrictions shall be to reduce demand for Quality Water among Member Governments and to ensure that a particular Member Government or Governments does not unduly suffer as a result of such insufficiency.

(D) Member Government's Rights During Production Failure. Nothing in this Section 8 shall affect a Member Government's rights under Section 3.17 of the Interlocal Agreement in the event of a Production Failure.

**SECTION 9. MEMBER GOVERNMENTS' WATER SERVICE.** Except as otherwise provided herein or in the Interlocal Agreement, all Water required to service the customers within the respective Water Service Areas shall be supplied by the Authority. Nothing herein shall be construed to prohibit the Member Governments from temporarily exchanging or purchasing Water, either among themselves or with other public or private utilities, for emergency or maintenance purposes in the ordinary course of business. A Member Government shall notify the Authority in writing of any change in its Water Service Area. Authority approval of a change in a Member Government's Water Service Area is not required except if such change involves providing Water outside its boundaries in the case of a Member Government which is a county or the boundaries of the county where the Member Government is located in the case of a Member Government which is a municipality. The parties hereto agree that Pasco may provide Water Service in Hillsborough to customers in the Wyndham Lakes Subdivision.

**SECTION 10. POINTS OF CONNECTION AND METER LOCATIONS.** (A) Points of Connection. The Points of Connection and the location of the Metering Facilities (which shall include master meters) that will be used to connect the Member Governments' water utility systems and the Authority's System, for Quality Water, shall be as provided in Exhibit C hereto. Each Member Government may have more than one Point of Connection with the Authority's System. Any change in the Points of Connection for a Member Government shall be incorporated by reference in Exhibit C hereto. The parties may, by mutual written agreement, more specifically identify or modify said Points of Connection or the location of the Metering Facilities, and any such additional legal description or modifications shall be considered to be a part of this Contract, as if initially set forth herein. After thirty (30) days written notice to the Authority, and with the Authority's prior written approval, not to be unreasonably withheld, delayed or conditioned, the Member Governments may, at any time, at their sole cost and expense, relocate or modify the location of the Points of Connection, as long as said relocation does not unreasonably interrupt, impair or interfere with the ability of the Authority to provide Water Service to the respective Water Service Area or service to other customers of the Authority. At the request and expense of a Member Government, the Authority may relocate or modify the location of a Point of Connection. In the event the Authority on its own initiative desires to modify a Point of Connection for a Member Government, it must receive the approval of such Member Government, which approval shall not be unreasonably withheld, and it must pay the expenses of such modification.

(B) Conveyance of Easements. It shall be the duty of the Authority to install, operate and maintain any required Metering Facilities at the Points of Connection, as set forth in Section 11 hereof. The Member Governments shall convey to the Authority, as and when the Authority requests, at no cost and expense to the Authority, an appropriate non-exclusive easement over, under or above such portions of the Water Service Areas as may be reasonably requested by the Authority for the installation, operation and maintenance of such Metering Facilities at the Points of Connection. Such grants of non-exclusive easements shall be adequate to meet the Authority's needs but need not be more than the minimum required, according to generally accepted engineering standards, in order to perform the functions requiring said non-exclusive easements. No other easement granted by the respective Member Government over, under or above such portions of the Water Service Areas shall unreasonably interfere with the ability of the Authority to duly and properly install, operate or maintain the Points of Connection and Metering Facilities. The Authority shall acquire any property it requires for easements at the metering location and Points of Connection if not already owned by a Member Government.

(C) Pumping Stations. If a booster pump station is required to meet pressure described in Exhibit C hereto at a Point of Connection, the booster pump station shall be constructed, owned and operated by the Authority or, in the alternative at the option of the Authority, a Member Government may construct, own and

operate such booster pumping station, provided a credit shall be issued to such Member Government reflecting the Authority's avoided cost or the Member's actual cost, whichever is less. The Member Governments agree to provide available sites for future pump stations to the Authority at fair market value so that the Authority can carry out its obligations to provide adequate pressure to all Member Governments.

**SECTION 11. METERING FACILITIES.** (A) Installation of Metering Facilities. The Authority shall acquire and install such Metering Facilities as are adequate in view of the Member Governments' right to receive Water Service and as will accurately measure the volume of Quality Water delivered to Member Governments by the Authority. The Authority shall retain ownership of the Metering Facilities, together with any appurtenances thereto. The type of Metering Facilities selected shall be at the discretion of the Authority, subject to compliance with industry standards for similar Metering Facilities.

(B) Inspection of Metering Facilities. Visual inspection and routine maintenance of the Metering Facilities and appurtenances thereto shall be performed annually by the Authority, and the Authority shall prepare or shall have prepared an Inspection Report regarding the condition, accuracy and state of the Metering Facilities. The Inspection Report shall be prepared at the Authority's expense by a representative of the manufacturer of the Metering Facilities or a third-party reasonably acceptable to the Authority and the Member Governments, and a copy of each such Inspection Report shall be furnished to the Member Governments. The Authority shall perform or have performed annually at its expense a certified calibration test of the Metering Facilities and submit the results thereof to the Member Governments.

Upon request and at the expense of a Member Government, the Authority shall make arrangements for a meter test to be conducted by an independent testing facility. The Authority shall be responsible for negotiating and paying to the independent meter testing facility any fees charged for such a test. Such independent meter testing facilities shall conform to the manufacturer's standards. Where appropriate, the meter may be field tested. The Member Governments shall have the right to observe any field test, and the Authority shall provide the Member Governments with a written report of the results of each such test.

(C) Inaccurate Meters. The Authority shall employ water meters that register within the accuracy limits provided by the manufacturer. Should the accuracy of any of the Metering Facilities be determined to be inaccurate beyond limits prescribed in applicable Environmental Permits, such Metering Facilities will be assumed to have been inaccurate since the last annual Inspection Report, calibration or the last field test or for a period of six (6) months, whichever is less, and the following month's billing will be adjusted taking into account the nature of the inaccuracy to show a credit or additional charge to the respective Member Governments for metered flow for that period. Inaccuracies which are not beyond the limits prescribed in applicable Environmental Permits shall not be credited or charged to the affected Member Governments.

**SECTION 12. ANNUAL REPORT.** Commencing on the Effective Date hereof and by February 1 of each year thereafter, each Member Government shall supply the Authority with an updated Annual Report, in the form provided in Exhibit K attached hereto, setting forth the next five (5) Fiscal Years of projected Water Service demand within their respective Water Service Areas. Such projected Water Service demand shall state its projected average day and maximum day Water Service requirements. The Annual Report shall include a Long Term Forecast. The Long Term Forecast shall set forth the next twenty (20) Fiscal Years of projected Water Service demand within the respective Water Service Areas. At the Authority's request, such Member Government shall furnish to the Authority its back-up and supporting information, data and projections that form the basis of any Annual Report or Long Term Forecast. The Annual Reports shall be utilized by the Authority in formulating its capital improvement program; provided

the Authority agrees that such Annual Reports are only one factor in formulating its capital improvement program and it further agrees not to rely exclusively on such Annual Reports in its determination of the Quality Water needs of the Member Governments.

**SECTION 13. RATE.** (A) Authority's Annual Estimate. No later than April 15 of each year during the term of this Contract, the Authority shall submit to the Member Governments the Annual Estimate which shall set forth the anticipated cost to the Authority of providing Water Service to the Member Governments for the forthcoming Fiscal Year. The Annual Estimate shall be based upon the Authority's proposed budget for such Fiscal Year. The Annual Estimate shall describe the Fixed Costs and Variable Costs of the Authority. The Annual Estimate may be revised from time to time to reflect changes to the Authority's budget. The Authority's budget shall be approved as provided in the Interlocal Agreement.

(B) Rate. The rate in effect each Fiscal Year shall be sufficient to pay the Annual Estimate established by the Authority. During the term of this Contract, the Member Governments irrevocably agree to pay to the Authority, as compensation for the Water Service received by such Member Governments, a monthly charge for such Water Service based on the rate approved by the Authority and total volume of Quality Water delivered to such Member Governments by the Authority. In addition, the Authority's rate structure may provide for debits and credits for different levels of treatment of Quality Water required of the Authority or a Member Government as described in Section 3.04 of the Interlocal Agreement. The Authority shall also provide for credits to those Member Governments who do not elect to take cash, in whole or in part, for the sale of their Transferred Assets to the Authority as provided in the Interlocal Agreement. The Authority and the Member Governments agree that the rate for Water delivered to Tampa from the Tampa Bypass Canal shall be established pursuant to the provisions of Section 3.08(D) of the Interlocal Agreement. The Member Governments shall be billed on a monthly basis in accordance with bills rendered by the Authority to each Member Government. The monthly bills delivered by the Authority to the Member Governments shall consist of two components. The first component shall be a charge for the Fixed Costs of the Authority. Each Member Government shall pay monthly an amount equal to one-twelfth of the Fixed Costs provided in the Annual Estimate times  $\frac{A}{B}$ , whereby A equals the amount of Quality Water delivered to such Member Government during the previous Fiscal Year and B equals the total amount of Quality Water delivered to all of the Member Governments during such Fiscal Year. The amount of Fixed Costs payable by the Member Governments shall be subject to a true-up pursuant to Section 13(E) hereof. The second component of each monthly bill shall be the charge for the Variable Costs. Each Member Government shall pay an amount equal to the amount of Quality Water consumed by the Member Government during the prior month times the rate then in effect times  $\frac{C}{D}$ , whereby C equals the Variable Costs and D equals the Annual Estimate then in effect. All bills shall become due within thirty (30) days of receipt thereof by a Member Government.

(C) Rate Setting. The initial rate for Water Service to be charged by the Authority to the Member Governments is contained in Exhibit F to this Contract. Between April 15 and August 1 of each Fiscal Year, the Authority may prepare and approve an adjustment to the Water Service rate then in effect, if appropriate, based on the Authority's Annual Estimate of providing Water Service to the Member Governments during such period during which the adjustment will be in effect. Any rate adjustment put into effect as part of the Authority's budget process described above shall become effective no earlier than the next succeeding October 1. The Authority may also prepare and approve an adjustment to the rate at such other time or times as shall be required by the Financing Documents.

The rate to be charged in a Fiscal Year to the Member Governments for Water Service may include the following components:

(i) Operation, Maintenance and Administrative Costs. Operation, Maintenance and Administrative Costs shall be based on the cost of service provided by the Authority in such Fiscal Year.

(ii) Debt Service Charges. Debt Service Charges relating to any Authority's Obligations shall be based upon the payment of, redemption premium, if any, and interest coming due on the Obligations in such Fiscal Year.

(iii) Renewal and Replacement Charges. Renewal and Replacement Charges shall be based on an engineering estimate by the Authority's consulting engineer of amounts to be deposited into the renewal and replacement fund or account at a level sufficient to satisfy in such Fiscal Year all requirements of covenants given or undertaken by the Authority in the Financing Documents.

(iv) Bond Coverage Costs. Bond Coverage Costs shall be based upon coverage requirements established by the Financing Documents.

(v) Capital Improvement Charges. Capital Improvement Charges shall be based upon the amount identified therefor in the Authority's Annual Estimate for such Fiscal Year.

(vi) Operating Reserve Funds. Operating Reserve Funds shall be based upon the amount identified therefor in the Authority's Annual Estimate for such Fiscal Year.

The Member Governments agree that the Authority may establish a rate stabilization fund. Operation, Maintenance and Administrative Costs and/or Operating Reserve Funds may be utilized by the Authority to fund such rate stabilization fund.

(D) Procedure for Rate Adjustments. Prior to the adoption of any proposed new or adjusted rate, the Authority shall provide to the Member Governments its proposed rate, with supporting data and calculations. Any disagreements in the proposed rate shall be submitted for determination in the manner and mode set forth in Section 19 hereof. Notwithstanding any disagreement by any such Member Government of the proposed rate, the Authority may, nonetheless, implement said proposed rate at any time not less than sixty (60) days after receipt thereof by the Member Governments. Upon completion of the determination regarding the propriety of the proposed rate, pursuant to the procedures set forth in Section 19 hereof, the rate so determined to be proper shall become the adopted and approved adjusted rate. If the proposed rate is determined to have been in excess of the rate permitted under this Contract, in whole or in part, then the Authority shall, within thirty (30) days of said determination, refund to such Member Government the difference between the proposed rate collected by the Authority and the rate found to be proper pursuant to the determination made under Section 19 hereof.

A copy of the Authority's rate, as it may be adjusted or proposed from time to time, is intended to be incorporated herein by this reference, and shall be considered to be attached hereto as Exhibit F.

(E) Annual True-Up. Following the end of each Fiscal Year, an annual adjustment in the Fixed Costs component of bills paid during that Fiscal Year shall be computed on the basis of (i) the Fixed Costs which are provided in the Annual Estimate in effect during the Fiscal Year then ended and (ii) the actual amount of Quality Water delivered to each of the Member Governments during the Fiscal Year then ended. The Authority shall determine the amount of Fixed Costs payable by each Member based upon actual delivery of Quality Water during the previous Fiscal Year. Such determination shall be made within forty-

five (45) days of the end of the Fiscal Year. In the event the determination reflects that an underpayment has been made by a Member Government as a result of consumption of an increased amount of Water by such Member Government, then the full amount due and owing for said underpayment shall be paid by the Member Government to the Authority within sixty (60) days of the Member Government's receipt of the determination. In the event the determination reflects that an overpayment has been made by a Member Government as a result of consumption of a lesser amount of Quality Water by such Member Government, then the amount of said overpayment shall be paid to the Member Government within sixty (60) days following distribution of the determination. Neither underpayments nor overpayments shall bear interest. Each such adjustment in payments shall be verified by the Authority's annual audit. The annual audit shall be distributed to the Member Governments on or before March 1 of the year following the end of each Fiscal Year. The Authority shall adjust any overpayments or underpayments to reflect the Quality Water consumption amounts provided in the annual audit.

(F) Carry-Forward. Any unencumbered moneys of the Authority present at the end of a Fiscal Year shall be budgeted by the Authority for the succeeding Fiscal Year and shall be utilized for the same purposes for which rates are charged by the Authority to the Member Governments pursuant to this Section 13.

**SECTION 14. PLEDGE OF CONTRACT REVENUES.** The Authority is hereby authorized to pledge all payments due, owing or received by Member Governments pursuant to the terms hereof, any interest or other income derived from moneys received under this Contract and any other moneys of the Authority for the purpose of securing the Obligations issued by the Authority.

**SECTION 15. DEVELOPMENT OF NEW WATER SUPPLY SOURCES.** Unless prevented by force majeure, as described in Section 21(E) hereof, the Authority will develop new Water Supply Facilities as provided in the Interlocal Agreement in order to meet the Quality Water supply needs of the Member Governments. The Authority and the Member Governments realize that the development of new water supply sources and the implementation of the Master Water Plan are paramount to the Authority's ability to fulfill its Water Service obligations under this Contract, and the parties hereby agree to work together toward accomplishing the objectives set forth in the Master Water Plan and the Interlocal Agreement.

**SECTION 16. MEMBER GOVERNMENTS' RIGHTS TO DEVELOP AND SUPPLY WATER.** Member Governments may develop Water Supply Facilities or purchase Water from persons other than the Authority only to the extent provided in the Interlocal Agreement.

**SECTION 17. ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AUTHORITY.** The Authority hereby represents, warrants and covenants to the Member Governments as follows:

(A) Water Quality. The Authority shall deliver to the Member Governments Quality Water from the Authority's System at the Points of Connection. Upon the request, and at the expense, of a Member Government and upon the conditions described in Section 3.04 of the Interlocal Agreement, the Authority may provide additional treatment to the Quality Water.

(B) Environmental Permits. The Authority shall obtain, renew, maintain and modify, if necessary, all Environmental Permits necessary to provide Water Service to the Water Service Areas in

accordance with the terms of the Interlocal Agreement. The Authority further agrees to comply with all Environmental Permit conditions and applicable rules and regulations.

(C) Financing Water Supply Facilities. The Authority shall from time to time issue such Obligations as it deems necessary to cover the costs incurred in constructing, acquiring, operating, replacing and expanding the Authority's System; provided any Obligations issued to finance operating expenses shall mature no later than one year from the date of their issuance.

(D) Accounting. The Authority shall maintain accounts and records for all funds received and disbursed by it with respect to Water Service. On or before each March 1, beginning on the March 1 immediately following the date upon which all conditions precedent in Section 5 hereof are satisfied, the Authority shall complete an audit of the aforesaid accounts. Said audit shall be conducted by a nationally recognized certified public accounting firm.

(E) Adequate Water and Environmental Effects. The Authority shall supply Water Service to the Member Governments and reduce adverse environmental effects of excessive or improper withdrawals of Water from concentrated areas as provided herein and in the Interlocal Agreement.

(F) Conservation. The Member Governments shall have primary responsibility for implementing means, methods and techniques relating to Water conservation; provided, however, the Authority may continue to plan and coordinate the conservation efforts of the Member Governments.

(G) Operation of System. The Authority shall at all times operate and maintain the System in accordance with prudent utility practices.

(H) Compliance with Laws. The Authority shall comply with all laws, rules and regulations applicable to this Contract and its obligations arising hereunder.

(I) Equitable Treatment of Member Governments. The Authority shall treat all Member Governments equitably without preference for any one Member Government over another Member Government, all in accordance with the terms of this Contract and the Interlocal Agreement.

(J) Rate. The rate charged by the Authority to the Member Governments for Water Service shall be reasonable.

**SECTION 18. ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE MEMBER GOVERNMENTS.** The Member Governments hereby represent, warrant and covenant to the Authority as follows:

(A) Irrevocable Commitment to Pay. The Member Governments shall pay their respective monthly bills for Water Service to their respective Water Service Areas for every Fiscal Year throughout the term of this Contract in the manner provided in Section 13 hereof. Said payments by the parties shall be made without notice or demand and without set-off, counterclaim, abatement, suspension or deduction. The Authority is undertaking the acquisition, construction, operation, replacement and expansion of the Authority's System on the representations, warranties and covenants of the Member Governments set forth in this Section 18.

(B) Acquisition of Real Property. The Member Governments shall cooperate with the Authority in acquiring all interests in real property necessary to acquire, construct, manage, operate and expand the Authority's System.

(C) Member Governments' Water Utility System Charges. The Member Governments shall fix, revise, maintain and collect such fees, rates, tariffs, rentals, or other charges for the use of products, services and facilities of their respective Member Government's water utility systems to the extent necessary to fund the timely payment of their respective obligations and liabilities under this Contract.

(D) Member Governments' Water Utility System Operation and Maintenance Account. Except as otherwise provided herein, the Member Governments shall maintain their Member Governments' water utility system operation and maintenance accounts throughout the term of this Contract for the purpose of paying their obligations and liabilities under this Contract. At all times during the term of this Contract, the parties' obligations and liabilities under this Contract shall be considered an operating expense of their water utility systems and shall be paid from their water utility systems operation and maintenance accounts; provided, however, that such obligations and liabilities of a Member Government shall not be considered an operating expense of its water utility system nor need it be paid from the operation and maintenance account to the extent the Member Government has budgeted and appropriated legally available moneys for such purpose and is current on all its obligations arising hereunder.

(E) Member Government Payment Obligation. A Member Government shall not be liable under this Contract for the obligations of any other Member Government. A Member Government shall be solely responsible and liable for performance of its obligations under this Contract. The obligation of a Member Government to make payments under this Contract is a severable obligation and not a joint obligation with the other Member Governments.

(F) Cooperation on Issuance of Authority Obligations. Each Member Government shall cooperate with the Authority in issuance of the Authority's Obligations. In such connection, each Member Government and the Authority shall comply with reasonable requests of each other and will, upon request, do as follows: (i) make available general and financial information about itself; (ii) consent to publication and distribution of its financial information; (iii) certify that its general and financial information is accurate, does not contain any untrue statements of a material fact and does not omit to state a material fact necessary to make the statements in the information, in light of circumstances under which they are made, not misleading; (iv) make available certified copies of official proceedings; (v) provide reasonable certifications to be used in a transcript of closing documents; and (vi) provide and pay for reasonable requested opinions of counsel as to the validity of its actions taken in respect to and the binding effect of the Interlocal Agreement and this Contract, title to its Water supply system, as applicable, and pending litigation which could materially affect its performance hereunder. In addition, each Member Government agrees to take no action which shall adversely affect the exclusion from gross income of interest on the Authority's Obligations for purposes of federal income taxation. Each Member Government shall provide the Authority reasonable assurance that no actions taken by it shall adversely affect the exclusion from gross income of interest on the Authority's Obligations for purposes of federal income taxation. Each Member Government further agrees that it shall pay any arbitrage rebate liability arising pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, from the use or investment of proceeds of the Series 1998 Bonds which are paid to such Member Government for acquisition of its Transferred Assets by the Authority.

**SECTION 19. ARBITRATION.** (A) Arbitration. Except as otherwise provided in this Section 19, any disputes respecting monetary defaults committed by the Authority or any of the Member Governments, any disputes regarding Water quality as provided in Exhibit D hereto, and any disputes between the Authority and any Member Government involving fiscal matters arising under this Contract, which are not otherwise resolved after due diligent effort by the parties, shall be resolved through binding arbitration in accordance with the following provisions of this Section 19. Such binding arbitration shall be the sole and exclusive method of resolving disputes described above.

(i) Arbitration shall be commenced by one party serving written notice upon on the other parties of its demand to arbitrate. Within sixty (60) days after actual receipt of a written demand to arbitrate, the parties shall proceed with arbitration. Within said sixty (60) days, the Authority and the Member Government each shall appoint a person as arbitrator. Each appointment shall be signified in writing by each party to the other, and the arbitrators so appointed shall, within ten (10) days of their appointment, appoint a third arbitrator and who shall chair the panel. If the arbitrators appointed by the parties are unable to agree upon a third arbitrator, the third arbitrator shall be appointed by the American Arbitration Association from its qualified panel of arbitrators. If the Authority or the Member Government fails to appoint an arbitrator within sixty (60) days after receipt from the other party of a written demand to arbitrate, then the arbitrator appointed by the party not in default hereunder shall appoint a second arbitrator and the two so appointed shall appoint a third arbitrator to chair the panel. None of the arbitrators shall have a business or other pecuniary relationship with either party, except for payment of the arbitrator's fees and expenses.

(ii) In the event a dispute arises involving the Authority and more than one Member Government in regard to the same subject matter, such parties may agree to one arbitration proceeding to settle such a dispute. Within sixty (60) days of such agreement, the Authority, individually, and the Member Governments, collectively, shall each appoint a person as arbitrator. Each appointment shall be signified in writing by each party to the other parties and the arbitrators so appointed shall, within ten (10) days of their appointment, appoint a third arbitrator who shall chair the panel. If the arbitrators appointed are unable to appoint a third, such third arbitrator shall be appointed by the American Arbitration Association from its qualified panel of arbitrators. If either the Authority or the Member Governments fail to appoint an arbitrator within sixty (60) days after agreement to proceed with a single arbitration, then the arbitrator appointed shall appoint a second arbitrator and the two so appointed shall appoint a third arbitrator to chair the panel. None of the arbitrators shall have a business or other pecuniary relationship with any of the parties, except for payment of the arbitrator's fees and expenses.

(iii) The three arbitrators, after being duly sworn to perform their duties with impartiality and fidelity, shall proceed to determine the questions submitted. The arbitrators may, at their discretion, and shall, upon the written request of either the Authority or the Member Government(s), engage experts to provide peer review of any scientific and technical studies introduced by parties. The arbitration hearing shall convene not earlier than ninety (90) days and not later than one hundred twenty (120) days of the appointment of the chair by the arbitrators, unless the parties agree to an earlier date. The arbitrators shall render an award within sixty (60) days of the conclusion of the arbitration hearing, and such award shall be in writing and in duplicate, one counterpart thereof to be delivered simultaneously to each of the parties. The award shall contain findings of fact and conclusions of law and shall be final and binding upon the parties involved.

(iv) The fees, charges and expenses of such arbitrators and any experts engaged by the arbitrators shall be borne equally by the parties. The fees of respective counsel engaged by the parties, and the fees of expert witnesses and other witnesses called by the parties shall be paid by the respective party engaging such counsel or engaging such witnesses.

(v) Except to the extent inconsistent with this Section 19, the American Arbitration Association standards shall apply to any arbitration proceedings conducted under the provisions of this Section 19. The venue for any such action shall be the county in which the Authority maintains its principal office. Discovery shall be conducted pursuant to the rules set forth in Exhibit L attached hereto unless all parties to the proceeding agree to modify such rules.

(B) Continuation of Payments. The Member Governments agree that during any such period of arbitration, they shall continue to promptly make all payments due to the Authority, pursuant to the terms of this Contract, and the Authority shall continue to provide Water Service to such Member Governments in accordance with the terms hereof.

(C) Exclusive Remedy. Other than as provided herein, the Authority and the Member Governments hereby establish binding arbitration, as described in this Section 19, as the sole and exclusive method of resolving the disputes arising hereunder which are subject to arbitration. It is expressly agreed that no Member Government shall fund the participation of, or provide in-kind contributions to, any third-party in an administrative or judicial review of any matter which is the subject of arbitration hereunder; provided, however, that this Section 19(C) shall not apply to the Hillsborough County Environmental Protection Commission while in compliance with the agreement between itself, the Authority and the Member Governments.

(D) Events Not Subject to Arbitration. Other than disputes regarding monetary defaults, disputes regarding Water quality as provided in Exhibit D hereto and disputes regarding fiscal matters arising under this Contract, no other disputes arising hereunder shall be subject to the mandatory arbitration provisions of this Section 19; provided the parties hereto may avail themselves of such arbitration procedures for other disputes on a voluntary basis.

**SECTION 20. AUTHORITY'S SOURCES OF WATER.** Subject to any rights a Member Government may have pursuant to the Interlocal Agreement, the Authority may provide Water Service to satisfy its obligations hereunder from any component of its System or such other source deemed appropriate by the Authority and the Authority may use any component of its System or such other source to transport water to the Points of Connection.

**SECTION 21. DEFAULT AND REMEDY.** (A) Defaults. In the event any of the parties default under any of the terms or provisions of this Contract and such default is not subject to the provisions of Section 19 hereof, the parties may avail themselves of any rights or remedies available under applicable law. Notwithstanding the commission of an act of default by a Member Government under any of the terms or provisions of this Contract, none of the parties hereto shall be relieved from their obligations under the terms of this Contract to provide, receive or pay for timely and sufficient Water Service in accordance with the provisions of this Contract. The parties, however, shall not be assumed to have waived any such default by the continuation of the provision or payment of said Water Services. The parties hereto acknowledge that this Contract may not be terminated except as provided in Section 4 hereof.

(B) Reliance by Holders of Obligations. The parties acknowledge that to finance the acquisition and construction of improvements and expansion of the System, the Authority will issue Obligations from time to time and, by reason of such issuance by the Authority, it is essential that the Authority be paid in a timely fashion all sums due from Member Governments pursuant to this Contract. In light of the obligations of the Authority to holders of Obligations, and the Authority's reliance on Member Governments' representation and covenant that payment of all sums due to the Authority under the terms of this Contract shall be prompt in their remittal, the parties hereby agree to resolve any disputes over the correct amount of monthly billings in accordance with Section 19 hereof. During the pendency of such dispute resolution proceedings, the Authority agrees to continue to provide Water Service to the Member Governments, and the Member Governments agree to continue to pay in full, as billed, for such service, but subject to the Authority's obligation to refund to the Member Governments any amount collected in excess of the amount ultimately determined to have been proper with interest on such excess amount from the date of payment at the rate then prevailing for investments in the Local Government Surplus Funds Trust Fund.

(C) Failure to Pay Monthly Bills. In the event that a Member Government fails to pay the full amount of a bill for monthly service or for any other amount coming due to the Authority under this Contract within thirty (30) days of receipt of said bill, then such Member Government shall pay interest on the unpaid balance from the original due date to the date of payment at the rate then prevailing for investments in the Local Government Surplus Funds Trust Fund.

(D) Bankruptcy by Member Government. In the event a Member Government becomes insolvent, or voluntary or involuntary bankruptcy proceedings are instituted against such Member Government, or a Member Government becomes unable or fails to meet its obligations to its creditors as they come due, the Authority shall thereupon become entitled to seek the appointment of a receiver for the revenues of such Member Government's water utility system (but not for the operation of a Member Government's water utility system). In the event a receiver is appointed for the revenues of such Member Government's water utility system in accordance with this Section 21, said receiver shall, subject to orders of the appointing court, have the exclusive right to obtain, collect and deposit or invest all revenues payable to or received by a Member Government from its water customers, to pay to the Authority from such revenues all amounts due or becoming due to the Authority under this Contract, and to make payments under the provisions of resolutions or indentures pertaining to outstanding debt of a Member Government that is secured by the revenues of the water utility system.

The Authority's right to seek the appointment of a receiver under the provisions of this Section 21 shall be subordinate to any right to the appointment of a receiver that may be conferred upon the holders of debt obligations secured by the revenues of a Member Government's water utility system. By virtue of the treatment of amounts due to the Authority under this Contract as operating expenses of a Member Government (except as otherwise provided in Section 18(D) hereof), it is acknowledged that the Authority's right to receive payments hereunder will be prior to the right of the holders of the debt obligations of a Member Governments water utility system. A Member Government shall have the right to contest the appointment of a receiver only in the event that such Member Government is not in default on any payment obligations to the Authority hereunder at the time of the filing of the Authority's petition for the appointment of such a receiver. Such Member Government shall be entitled to have the receivership discharged at any time upon demonstration to the court that the Authority is current in the payment of all amounts then due and owing to the Authority hereunder and in substantial compliance with the material covenants and agreements of the Member Government hereunder.

(E) Force Majeure. In the event that the performance of this Contract by any party is prevented or interrupted in consequence of any cause strictly beyond the control of such party including, but not limited to, Acts of God; war; national emergency; allocation or other governmental restrictions upon the use or availability of labor or materials; shortages of energy sources or supplies; failure to obtain electricity or telephone service; shortages of raw materials; rationing; civil insurrection, riot, disorder or demonstration; strike; lock out; embargo; flood; tidal wave; fire; explosion; bomb detonation; nuclear fallout; windstorm; hurricane; earthquake; a casualty, disaster or catastrophe; unforeseeable failure or breakdown of pumping, transmission, processing or other facilities; governmental rules, acts, orders, restrictions, regulations or requirements (other than denial of an Environmental Permit); discretionary acts or actions of any government, public, governmental authority, commission, board, agency, agent, official or officer (except for the acts or actions of the Authority or Member Governments or its agents or officers and affecting this Contract or the denial of an Environmental Permit); the enactment of any statute, ordinance, resolution, regulation, rule, ruling or order (other than denial of an Environmental Permit); a decree, judgment or injunction of any court; or the failure to obtain any required permit or governmental approval after making its best efforts to obtain same; said party shall not be liable for such nonperformance, but only for the duration of or to the extent of said force majeure and only if said party is not directly or indirectly responsible therefor. Any party claiming to be relieved of any duty pursuant to this Section 21 shall give prompt written notice thereof to the other parties. The parties agree, however, to remedy with all reasonable dispatch the cause or causes preventing a party from carrying out its agreement.

**SECTION 22. DISPOSITION OF ASSETS UPON TERMINATION OF AUTHORITY.** Upon termination of the Authority, all assets and property of the Authority shall be disposed of as provided in Section 6.04 of the Interlocal Agreement.

**SECTION 23. APPLICABLE LAW AND VENUE.** The laws of the State of Florida shall govern the validity, interpretation, construction and performance of this Contract and venue for any suit involving this Contract shall be in the county where the Authority's principal office is located.

**SECTION 24. ASSIGNMENT.** No assignment, delegation, transfer or novation of this Contract or any part hereof shall be made unless approved in writing by all parties.

**SECTION 25. NOTICES.** All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given, if in writing and delivered in person to the following addresses or sent by certified or registered mail, postage prepaid with return receipt requested, at such addresses; provided, if such notices, demands, requests or other communications are sent by mail, they shall be deemed as given on the third day following such mailing which is not a Saturday, Sunday or a day on which United States mail is not delivered:

If to the Authority:	West Coast Regional Water Supply Authority 2535 Landmark Drive, Suite 211 Clearwater, Florida 33761 Attention: General Manager
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If to Pinellas:	Board of County Commissioners 315 Court Street Clearwater, Florida 34616 Attention: County Administrator
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If to Pasco:	Board of County Commissioners 7530 Little Road, Room 340 West Pasco Government Center New Port Richey, Florida 34654 Attention: County Administrator
If to Hillsborough:	Board of County Commissioners 601 East Kennedy Boulevard, 26th Floor Tampa, Florida 33602 Attention: County Administrator
If to St. Petersburg:	City of St. Petersburg One Fourth Street North St. Petersburg, Florida 33701 Attention: City Administrator
If to Tampa:	City of Tampa 315 East Kennedy Boulevard Tampa, Florida 33602 Attention: Mayor
If to New Port Richey:	City of New Port Richey 5919 Main Street New Port Richey, Florida 34652 Attention: City Manager

Any party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notices hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

**SECTION 26. THIRD-PARTY BENEFICIARIES.** The Authority, St. Petersburg, Tampa, New Port Richey, Pasco, Pinellas and Hillsborough agree the holders of any Obligations issued by the Authority to finance or refinance the acquisition, construction, improvement, replacement or operation of the Authority's System shall be third-party beneficiaries of this Contract and the rights, obligations, representations and warranties of the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa pursuant to this Contract and the Interlocal Agreement. No right or cause of action shall accrue upon or by reason hereof, or for the benefit of any other person not expressly named as a party in this Contract.

**SECTION 27. WAIVER.** Unless otherwise specifically provided by the terms of this Contract, no delay or failure to exercise a right resulting from any breach of this Contract shall impair such right or shall be construed to be a waiver thereof, but such right may be exercised from time to time and as often as may be deemed expedient. Any waiver shall be in writing and signed by the party granting such waiver. If any representation, warranty or covenant contained in this Contract is breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive, either expressly or impliedly, any other breach under this Contract.

**SECTION 28. CAPTIONS AND REFERENCES.** The title page, table of contents, section headings and captions contained herein are included for convenience of reference only and shall not be considered part of this Contract or affect in any manner its construction or interpretation. Except as otherwise indicated, all references herein to sections are to sections of this Contract.

**SECTION 29. SEVERABILITY.** In the event that any provision of this Contract shall, for any reason, be determined invalid, illegal or unenforceable in any respect, the parties hereto shall negotiate in good faith and agree to such amendments, modifications or supplements of this Contract or such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the parties as reflected herein, and the other provisions of this Contract, as amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

**SECTION 30. AMENDMENT.** This Contract may only be amended by a written document duly executed by the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa. The parties hereto agree to make no amendment hereto or to the Interlocal Agreement which will materially adversely affect the rights or security of the holders of the Obligations.

**SECTION 31. NO OTHER AGREEMENTS.** This Contract shall constitute the entire agreement of the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa with respect to the matters provided herein.

**SECTION 32. EXISTING AGREEMENTS.** The agreements for the supply of water by the Authority to a Member Government described in Exhibit G hereto shall be terminated and shall no longer be in effect upon the Effective Date hereof. The agreements described in Exhibit H hereto shall remain in full force and effect. The parties hereto agree to modify the agreements described in Exhibit I as specified therein and further agree that the agreements described in Exhibit I shall be superseded to the extent they are not expressly modified. The agreements described in Exhibit J hereto shall be superseded to the extent of any conflict or inconsistency with the Interlocal Agreement or this Contract. Any other agreement of the Authority or Member Government relating to Water production, transmission, treatment, delivery or sale not specifically described in Exhibit G, H, I or J shall be superseded by the Interlocal Agreement and this Contract to the extent of any conflict or inconsistency with such Agreement or this Contract.

**SECTION 33. SUCCESSORS AND ASSIGNS.** This Contract shall be binding upon and inure to the benefit of the respective successors, permitted assigns, administrators and trustees of the Authority, Hillsborough, New Port Richey, Pasco, Pinellas, St. Petersburg and Tampa.

**SECTION 34. EXECUTION OF DOCUMENTS.** This Contract shall be executed in multiple duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute one and the same instrument.

**SECTION 35. INTERLOCAL AGREEMENT.** This Contract shall constitute an interlocal agreement pursuant to Section 163.01, Florida Statutes. A true and correct copy of this Contract and any subsequent amendments shall be filed with the Clerk of the Circuit Court in Pinellas, Pasco and Hillsborough Counties.

**SECTION 36. OBLIGATIONS OF MEMBER GOVERNMENTS.** All monetary and fiscal obligations of a Member Government arising under this Contract shall be payable solely as described in Section 18(D) hereof.

**SECTION 37. CONFLICT WITH INTERLOCAL AGREEMENT.** To the extent any provision herein shall conflict with a provision in the Interlocal Agreement, the provision in the Interlocal Agreement shall be controlling.

**SECTION 38. GOOD FAITH.** The parties hereto agree to exercise good faith and fair dealing in respect to all matters relating to this Contract.

**SECTION 39. MISCELLANEOUS PROVISIONS.** (A) Whenever the singular is used in this Contract and when required by the context, the same shall include the plural, and the masculine, feminine and neuter genders shall each include the others.

(B) Whenever approvals of any nature are required by any of the parties to this Contract, it is agreed that same shall not be unreasonably withheld, delayed or conditioned, unless the Contract indicates that said approval is within the discretion of one of the parties. Said approval shall promptly be communicated to the requesting party not more than sixty (60) days after its request (or, as to those provisions in this Contract expressly requiring action within a shorter period, then within such period). In the event that the party being called upon for the approval fails to either approve, deny or approve with conditions within said sixty (60) day period (or such shorter period), the request made to the delaying party shall be deemed to be automatically approved, without any further action or notice required by either party, unless the delaying party shall have requested an extension of time for good cause prior to the expiration of the sixty (60) day period (or such shorter period).

(C) It is agreed by and between the parties hereto that all words, terms and conditions contained herein are to be read in concert, each with the other, and that a provision contained under one heading may be considered to be equally applicable under another in the interpretation of this Contract.

(D) Failure to insist upon the strict compliance of any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such terms, covenants, or conditions, nor shall any waiver or relinquishment of any right or power hereunder at any one time, or times, be deemed a waiver or relinquishment of such right or power at any other time or times or of any other right or power.

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## **APPENDIX D**

### **Tampa Bay Water's Financial Statements**

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Tampa Bay Water  
(A Regional Water Supply Authority)  
Florida

2024

Fiscal Year Ended  
September 30, 2024

# Annual Comprehensive Financial Report

**TAMPA  
BAY**   
**WATER**

**Annual Comprehensive  
Financial Report  
for the Fiscal Year Ended  
September 30, 2024**



**Prepared by the Finance Department of  
Tampa Bay Water**

2575 Enterprise Road

Clearwater, FL 33763-1102

Phone: 727.796.2355/Fax: 727-791-2388

<https://www.tampabaywater.org/>

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# Introductory Section

- ◆ Letter of Transmittal
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Board of Directors: Harry Cohen, Lisset Hanewicz, Chopper Davis, Dave Eggers, Jack Mariano, Charlie Miranda, Ron Oakley, Brian Scott, and, Joshua Wostal

General Manager Charles Carden

General Counsel Kelly M. Fernandez, *Persson, Cohen, Mooney, Fernandez & Jackson*.

2575 Enterprise Road, Clearwater, FL 33763-1102

Phone: 727.796.2355 / Fax: 727.791.2388

[www.tampabaywater.org](http://www.tampabaywater.org)



02/17/2025

The Honorable Board of Directors and the Citizens of the Tampa Bay Region,

Tampa Bay Water

2575 Enterprise Road

Clearwater, FL 33763

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for Tampa Bay Water (Agency) for the fiscal year ended September 30, 2024, in accordance with section 5.06 of the Agency's Utility System Revenue Bond Resolution, Resolution number 98-07. The purpose of this report is to provide the Board of Directors (Board), member agencies, investors, the public and other interested parties with reliable financial information about the Agency.

Management assumes full responsibility for the completeness and reliability of the information contained in the ACFR, which is based upon a comprehensive framework of internal controls that was established for this purpose. Because the costs of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements.

Agency policy requires that an independent certified public accounting firm, approved by the Board, audit the financial statements on an annual basis. Mauldin & Jenkins have issued an unmodified (or clean) opinion on the Agency's financial statements for fiscal year ended September 30, 2024.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report in the Financial Section and provides an overview, summary and analysis of the financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

## Tampa Bay Water Profile

Tampa Bay Water, A Regional Water Supply Authority (the Agency), formerly the West Coast Regional Water Supply Authority (the Predecessor Authority), was created on October 25, 1974, by enabling state legislation under *Florida Statute* Sections 163.01, 373.713, and 373.715. Hillsborough, Pasco, and Pinellas counties and the cities of New Port Richey, St. Petersburg, and Tampa comprise the Member Governments of the Agency. A Governance Study was adopted by the Florida Legislature in 1997 (the 1997 Legislation) amending Section 373.1963, *Florida Statutes*.

As part of the 1997 Legislation, the Agency became governed by the Amended and Restated Interlocal Agreement and the Master Water Supply Contract. The Amended and Restated Interlocal Agreement expires upon the later of the following dates: the fortieth anniversary of the commencement date or the date on which no Obligations remain outstanding pursuant to the Financing Documents, currently these dates align in 2038. Pursuant to the Amended and Restated Interlocal Agreement and Master Water Supply Contract, the Agency is required to meet the Quality Water needs of the Member Governments and to charge a uniform per-1,000 gallons wholesale rate to Member Governments for the wholesale supply of drinking water; with one exception for the City of Tampa. The Agency charges a separate rate to the City of Tampa for water delivered from the Tampa Bypass Canal.

The Agency provides quality drinking water to its six-member governments whose water service areas serve more than 2.6 million residents in the Tampa Bay region. The region is served by a combination of groundwater, surface water and desalinated seawater. Since the Agency's inception in 1998, groundwater pumping has been reduced by more than 50 percent.

## Tampa Bay Water Mission

To reliably provide clean, safe water to the Tampa Bay region now and for future generations.

## Tampa Bay Water Vision

Tampa Bay Water's vision is to be the leader in supplying sustainable, quality water.

## Tampa Bay Water Value Statements

- A trained and engaged staff, adaptable processes, and a focus on safety are keys to the agency's success.
- Integrity and accountability create trust and credibility with our stakeholders.
- We strive to be forward-thinking and innovative and seek improvement in everything we do.
- We fulfill our mission in partnership with our stakeholders in a reliable, efficient, and responsible manner.

## Board of Directors

The Board of Directors (the "Board") of Tampa Bay Water is composed of two directors each from Hillsborough, Pasco, and Pinellas counties and one director each from the cities of New Port Richey, St. Petersburg, and Tampa. Each member of the Board is an elected official. In the case of Hillsborough, Pasco and Pinellas counties, the members of the Board are appointed by their respective Board of County Commissioners and serve at the pleasure of their respective Boards. In the case of the cities of St. Petersburg and Tampa, their representatives are currently chosen by their respective Mayors. In the case of the city of New Port Richey, its representative is currently the Mayor.

## Organizational Structure - Fiscal Year 2024

**The General Counsel** is appointed by and serves at the pleasure of the Agency's Board of Directors and is responsible for managing the legal representation of the Agency, employing necessary legal staff with Board approval, providing legal advice and support to the Board, General Manager and Agency staff, and performing other duties as directed by the Board. The General Counsel position is currently outsourced to an outside law firm.

**The General Manager** is appointed by and serves at the pleasure of the Agency's Board of Directors and is responsible for providing the leadership to develop and expand the organization in a multitude of activities in the areas of business strategies, finance, administration, information technology, planning & projects, science, water production, and ensuring that Board policies and programs are implemented in accordance with the Board's direction. The General Manager oversees six agency divisions.

### Divisions:

**Business Strategies Division** oversees the agency's strategic and business planning; ensures employee and facility safety and security; trains and develops agency staff; directs change management throughout the agency; and builds and maintains relationships with stakeholders. The Chief of Staff/Chief Strategy Officer leads the division which includes the Government Affairs, Public Communications, Continuous Improvement, Safety Services and Human Resources departments.

**The Finance & Administration Division** oversees the Agency's finances, cash management, payroll, debt management, financial reporting, procurement, inventory, risk management and records. The Chief Financial Officer leads the division which includes the Finance, Purchasing, and Administrative Services departments.

**The Information Technology Division** oversees the efficient management and security of the Agency's data and digital technologies. The Information Technology Director leads the division which includes the Applications, Systems & Security, and Supervisory and Control and Data Acquisition (SCADA) teams.

**The Science Division** oversees and supports environmental and water quality data collection and analysis, permit compliance, systems modeling to support agency decision-making, and coordinates water conservation activities and implements water saving rebate programs to reduce water demands across the region. The Chief Science Officer leads the division which includes the Water Use Permitting, Environmental Monitoring, System Decision Support, Water Quality Services, Laboratory and Source Water Assessment departments.

**Planning & Projects Division** oversees the planning and delivery of projects to ensure reliability of our existing and future water supply infrastructure. The Planning and Projects Director leads the division which includes the Engineering, Surveying, Construction, Real Property and Project Management departments.

**The Water Production Division** operates, supports, monitors, and maintains Agency facilities to continuously provide high quality drinking water to our members. The Chief Operating Officer leads the division which includes the Operations, Maintenance, Maintenance Planning & Reliability, Reservoir Compliance and Building-Grounds & Fleet departments.

### Executive Team

The Executive Team of Tampa Bay Water provides strategic and operational leadership and is composed of the General Manager, General Counsel, Chief of Staff/Chief Strategy Officer, Chief Financial Officer, Chief Operating Officer, Chief Science Officer, Information Technology Director, Continuous Improvement Director, and Planning and Projects Director. The Executive Team develops goals, strategic plans, company policies and is responsible for the overall direction of the Agency, as directed by the Board of Directors.

## Economic Conditions and Outlook

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which Tampa Bay Water resides.

Tampa Bay Water provides water to its members which consist of three counties, Hillsborough, Pasco, and Pinellas and one city within each of those counties, New Port Richey, St. Petersburg, and Tampa. More than 2.6 million people receive water from Tampa Bay Water through its members.

According to Moody's Corporation each of the three counties has seen an increase in total population, per capita income, single-family permits, and multifamily permits from calendar year 2023 to 2024. Hillsborough County had the highest percentage increase in population at 1.94 percent and biggest decrease of 1.35% in the unemployment rate. Pasco County led the way in the increase in per Capita Income at 4.51 percent, single-family building permits at 1.00 percent, and multi-family building permits at 0.50 percent.

The positive trends are expected to continue over the next few years for all three counties with Hillsborough County leading the way in population and single-family building permits, while Pasco County expects to have the highest increase in per capita income and largest decrease in the unemployment rate.

## Long-Range Planning

To achieve the mission and vision of the agency, a strategic plan was created for use as a five-year road map. The Agency completed the new Strategic Plan which was approved by the Board of Directors in January 2022 and updated in the spring of 2023.

The updated 2022-2027 Strategic Plan was developed to meet the Board's three overarching responsibilities: reliable water supply, environmental stewardship, and cost-effective rate, and includes six goals:

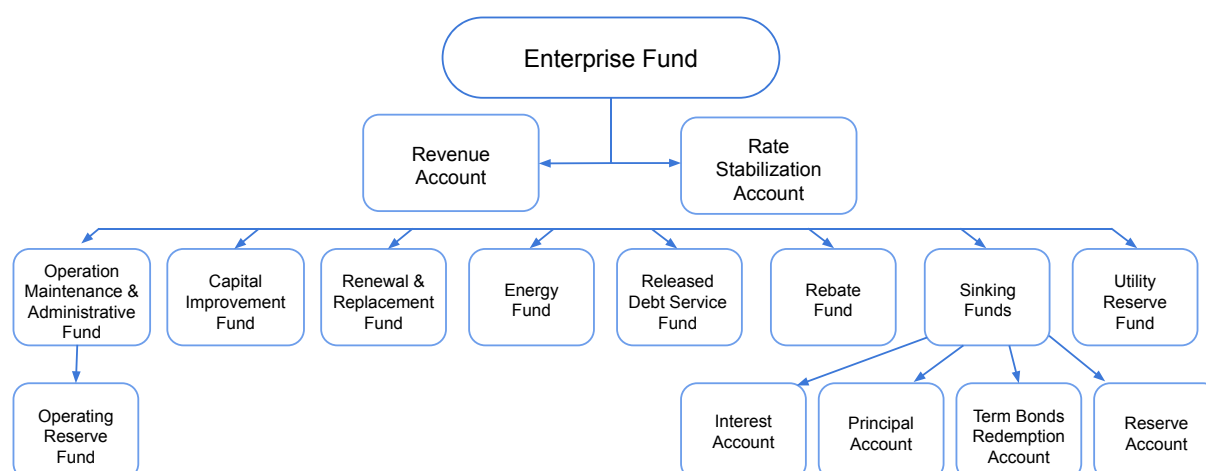
- Enhance system reliability and sustainability.
- Continuously improve agency operations.
- Optimize financial stability and sustainability.
- Promote open, collaborative relationships with stakeholders.
- Ensure an engaged, skilled and adaptable workforce..
- Safeguard agency infrastructure.

The agency strives to continually improve and become more efficient in operating and maintaining the supply system and planning for the region's future water needs. The updated 2022 -2027 Strategic Plan can be found at:

<https://www.tampabaywater.org/wp-content/uploads/2022-2027-Tampa-Bay-Water-Strategic-Plan-Updated-2023.pdf>

## Fund Structure Overview

Tampa Bay Water consists of one major Enterprise Fund, which is further broken down into additional funds and accounts for accounting purposes.



**Revenue Account** - the initial depository for all Agency revenue and is transferred to other funds as required.

**Rate Stabilization Account** - funded/used by the annual budget and/or Board approved transfers, including funding of the Revenue Account.

**Operation, Maintenance, and Administration Fund** - pays all operating and administrative costs of the Agency and includes the **Operating Reserve Fund**.

**Renewal and Replacement Fund** - pays costs for repairs and replacement of the system, as needed, and approved by the Board.

**Capital Improvement Fund** - pays costs of various capital projects as designated and approved by the Board.

**Energy Fund** - pays costs of various energy program projects as designated and approved by the Board.

**Released Debt Service Fund** - pays costs of various capital projects as designated and approved by the Board.

**Rebate Fund** - used for rebatable arbitrage to the IRS, whenever interest on tax-exempt bond construction funds exceeds allowable earnings under IRS arbitrage regulations.

**Sinking Funds** - holds all Agency funds restricted for payment of Agency debt. These consist of the **Interest Account**, **Principal Account**, and **Term Bonds Redemption Account**, which are funded annually from revenues and used to pay annual debt service, and the **Reserve Account**, which is funded from bond proceeds and changes with debt issuance or redemption.

**Utility Reserve Fund** - is for any unexpended funds remaining at the end of a fiscal year. The fund balance is maintained at a balance sufficient to meet bond coverage requirements and operating capital needs. The Utility Reserve may be used for any lawful purpose relating to the System, including funding of the Rate Stabilization Account.

## Financial Management Policies

The financial management policies are intended as a guide to financial stewardship of Tampa Bay Water. The policies will guide essential decisions affecting budget and financial matters to ensure the Agency is financially prepared to meet the Board's immediate and long-term service objectives.

### Utility Reserve Fund Policy

To provide adequate operating capital at all times, Tampa Bay Water shall maintain, at a minimum, a Utility Reserve Fund sufficient to cover 10% of yearly budgeted Gross Revenue (as defined in Tampa Bay Water's Bond covenants), exclusive of revenue from government grants, whether such grants are received for capital improvement

or operating purposes. The balance in the Utility Reserve Fund shall also be maintained at levels sufficient to ensure that Tampa Bay Water complies with its bond covenant requirements including a requirement that Net Revenues plus Fund Balance (unencumbered monies on deposit in the Utility Reserve Fund on the preceding September 30th) be equal to or greater than 125% of annual debt service coming due in the fiscal year. A higher coverage may be established by the Board if circumstances warrant such coverage.

To ensure compliance with Master Water Supply requirements, any Gross Revenues which remain on deposit at the end of the fiscal year, and which are not required to pay liabilities existing at the end of the fiscal year (unexpended funds) shall be deposited to the Utility Reserve Fund. The Chief Financial Officer will evaluate the adequacy of the Utility Reserve Fund balance as it relates to both the current year and the succeeding budget year debt covenant calculations. Monies deposited to the Utility Reserve Fund will remain in the Utility Reserve Fund to the extent they are needed to maintain compliance with bond covenants and as required by the Utility Reserve Fund Policy.

### **Rate Stabilization Account Policy**

The purpose of this policy is to assure that revenues collected by the Agency through the Uniform Rate, and which remain unexpended at the end of any fiscal year are applied in accordance with the Agency's bond covenants and the Master Water Supply Contract.

The bond covenants, section 4.08, permit the transfer into the Rate Stabilization Account such moneys which are on deposit in the Utility Reserve Fund as it deems appropriate. The Master Water Supply Contract, section 13C, allows the Agency to establish a rate stabilization fund/account and section 13F, provides any unencumbered moneys present at the end of the fiscal year shall be budgeted for the succeeding fiscal year and utilized for the same purposes for which rates are charged to the member governments. To accomplish this within the constraints imposed by Generally Accepted Accounting Principles and the Bond Covenants, the unencumbered monies must flow from the Utility Reserve Fund to the Rate Stabilization Account at year end to be deferred to the year in which they will be used.

After meeting the Utility Reserve Fund requirements, any additional funds deposited to the Utility Reserve Fund at the end of the fiscal year shall be transferred to the Rate Stabilization Account and accounted for as deferred inflows of resources of the fiscal year in which the revenues were accrued. Such transfer and accounting must be made no later than 90 days after the end of the fiscal year in which the funds were accrued and must be approved by the General Manager.

The lesser of (a) 3% of budgeted revenue of the year just ended or (b) the dollar amount of encumbrances being carried forward or (c) the amount of funds deposited to the Rate Stabilization Account may be applied as Revenue in the first succeeding fiscal year, with the approval of the General Manager; such funds are to be used for purposes of funding encumbrances carried forward and/or other approved activities. Encumbrances which exist at the end of the fiscal year just ended and which are being funded from the Uniform Rate may also be carried to the first succeeding fiscal year with the approval of the General Manager to allow for completion of tasks that were budgeted and approved in the fiscal year just ending.

Any monies placed in the Rate Stabilization Account in excess of the 3% of budgeted revenue amount will be applied to the first succeeding fiscal year either to pay expense of the first succeeding fiscal year for which rates are collected or to remain in the Rate Stabilization Account for use in a subsequent year. Any application of these monies in excess of 3% requires approval of the Board of Directors.

To the extent that any monies are utilized from the Rate Stabilization Account to fund expense currently provided for in the Uniform Rate, the rate being charged will be modified to take this funding into account.

## Capital Assets Policy

The Chief Financial Officer is responsible for establishing the policies and procedures necessary to provide adequate internal control over capital assets. Policies and procedures shall be approved by the General Manager. Statements of policy shall be submitted to the Board of Directors for review. All capital assets acquired by the Agency shall be titled to the Agency and recorded in the capital assets records system. At a minimum, the capital assets records system shall contain the applicable information required by regulatory bodies. (Department of Financial Services Rule, Chapter 69I-73). An annual physical inventory of all movable equipment shall be taken under the direction of the finance department and reconciled to the capital asset records and general ledger control accounts in accordance with Department of Financial Services Rule, Chapter 69I-73. 7. The Agency's capitalization threshold is \$5,000, following the Government Finance Officers Association best practices.

## Debt Policy

The Agency's debt policy permits the following: (a) issuance of debt obligations on behalf of Tampa Bay Water to finance the construction or acquisition of infrastructure and other assets for the purpose of meeting its governing obligations to the member governments; (b) issuance of debt obligations to refund outstanding debt when indicated by market conditions of at least a 3% present value savings or management consideration recommended by the agency's financial advisor; (c) the debt obligations be issued and administered in such a manner as to ensure and sustain the long-term financial integrity of Tampa Bay Water, to achieve the highest possible credit rating and to preserve and enhance the quality of the product delivered to our members; (d) the debt obligations are consistent with the Board's Derivative Policy; and (e) such debt obligations shall not be issued or debt proceeds used to finance current operations of the Agency without specific action of the Board and concurrence of the agency's Bond Counsel as to the appropriateness of that action.

There is no legal limitation on the amount of debt that the Agency can issue. However, the Agency must be able to demonstrate that it can repay the debt from the revenues generated from water sales or other approved sources. It is the Agency's desire and direction to assure that its debt obligations are issued and administered in such a manner to obtain the best long-term financial advantage to the agency and there its member governments, while making every effort to maintain and improve the agency's bond ratings and reputation in the investment community.

Tampa Bay Water's procedures for effective management of debt are as follows:

- Comply with all debt covenants and requirements of the bond resolutions, and State and Federal laws authorizing and governing the issuance and administration of debt obligations.
- Evaluate potential refinancing of debt when market conditions indicate at least a 3% present value savings.
- Issue debt obligations when required for financing projects in the Capital Improvement Program and to take advantage of refunding opportunities to either help offset the cost of capital projects or to reduce the cost of outstanding debt.
- Maintain favorable bond ratings by effectively communicating the financial condition of Tampa Bay Water to rating agencies, bond holders and the public.
- Utilize cooperative funding through grant programs whenever possible to reduce borrowing.
- Structure debt service payments to provide for gradual impacts on the uniform rate charged to the member governments, with a maximum maturity not to exceed the lesser of the estimated useful life of the project or thirty years, but not beyond thirty years in any instance.

## Investment Policy

The objectives of the Agency's investment policy are safety of principal, maintenance of liquidity and return on investment. The foremost objective is the safety of principal. The second objective is maintenance of liquidity,

so funds are available to meet reasonably anticipate cash flow requirements in an orderly manner. Return on investment is of least importance compared to the safety of principal and maintenance of liquidity objectives, but investment portfolios shall be designated with the objective of attaining a market rate of return throughout budgetary and economic cycles within the constraints of the first two objectives. The investment policy also establishes allowable investments, investment providers, and investment concentrations in furtherance of these objectives. The Agency currently maintains all of its deposit accounts in accounts that qualify as Public Deposit accounts as defined by Florida Statutes or have been purchased from Securities Investor Protection Corporation (SIPC) brokers/dealers with a long-term issuer rating in the “A” category or higher from both Standard & Poor’s and Moody’s Rating Services.

### **Accounting, Auditing and Financial Reporting Policies**

Tampa Bay Water maintains a system of financial monitoring, control, and reporting for its operations and resources, to provide an effective means of ensuring that Agency goals and objectives are met.

#### **Basis of Accounting and Accounting Systems**

Under Section 17 (D) of the Master Water Supply Contract, the Agency shall maintain accounts and records for all funds received and disbursed by it with respect to Water Service. The Agency’s financial records and the annual financial statements are maintained on the accrual basis of accounting, consistent with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) pronouncements applicable to an enterprise fund. In addition, the Agency follows the rules of the Auditor General of the State of Florida which are applicable to the Agency and utilizes the State of Florida Uniform Accounting System. The Agency’s accounting system also includes an encumbrance system for tracking purchase commitments.

#### **Auditing**

According to the Master Bond Resolution under Section 5.06 Annual Audit; the Agency shall, after the close of each Fiscal Year, cause the books, records and accounts relating to the System to be properly audited by a recognized independent firm of certified public accountants. According to the Master Water Supply Contract under Section 17 (D); on or before each March 1 the Agency shall complete an audit of the aforesaid accounts and said audit shall be conducted by a nationally recognized certified public accounting firm. The results of this audit are included within the Agency’s Annual Comprehensive Financial Report and are reported to the Board upon completion in the subsequent year. The Agency’s independent auditors are selected in accordance with the Agency’s Selection Policy and applicable Florida Statutes.

The Annual Comprehensive Financial Reports along with the Popular Annual Financial Reports are available on the Tampa Bay Water website, <https://www.tampabaywater.org/agency/tampa-bay-water-budget-and-financial-information/>

#### **Performance Audit**

Section 2.10, Article II, *Creation and Governance*, of the Amended and Restated Interlocal Agreement requires the Agency to conduct a performance audit and management study at five-year intervals. The performance audit and management study reviews program result and makes recommendations regarding the Agency’s governance structure and the proper, efficient, and economical operation and maintenance of the Agency’s water supply facilities. The latest performance audit and management study completed was in fiscal year 2020 by CliftonLarsonAllen LLP. The Agency’s staff is currently working on implementing the recommendations made by CliftonLarsonAllen LLP.

## Capital Improvement Program

### Highlights

Tampa Bay Water's Capital Improvement Program (CIP) main objectives are:

- To improve Tampa Bay Water's financial stability by identifying capital needs, establishing funding needs including future bond issues, and identify the effects on the operating budget;
- To maintain and improve Tampa Bay Water's infrastructure through the maintenance, repair, and replacement of existing assets; and
- Identify and implement short- and long-term infrastructure needs/projects to meet the regions' future water demands.

The CIP is a comprehensive ten-year plan and portfolio of previously approved and new proposed capital projects and is updated annually as the scope, needs and timing for specific projects change. Tampa Bay Water's Board of Directors annually accepts the CIP for implementation by agency staff and adopts the upcoming proposed expense when adopting the Annual Budget. The CIP is subject to changes as the needs for specific projects become better defined and final approval of individual projects is provided by the Board. The CIP includes funding from multiple sources and the annual plan is the basis for budgeted expenses when developing the upcoming Annual Budget.

### Goals

The following goals are used by Tampa Bay Water staff to update the Capital Improvement Program Plan:

- Identify and prioritize capital projects through a coordinated departmental effort that integrates planning, project management, engineering, construction delivery strategies, financing requirements, and future operating and maintenance costs..
- Develop a duration-based schedule and budget for each project..
- Develop a funding scenario for each project that identifies a funding source, projected planned expenditures cash flow, and future operating and maintenance costs estimates..

## Energy Management Program

Tampa Bay Water developed an Energy Management Program roadmap with a programmatic approach to improve energy efficiency through implementation of emerging technology and operational changes. The Energy Roadmap:

- Aligns with the Agency's Strategic Plan;
- Identifies elements of technology and energy infrastructure to enhance financial stability and sustainability of Tampa Bay Water operations; and
- Identifies gap/key projects necessary to bridge or connect on-going and planned capital projects with the steps and goals of the Energy Management Program.

## Renewal and Replacement Program

Tampa Bay Water's Renewal and Replacement Program includes a prioritized long-term plan for renewal, repair, or replacement of assets that will result in a sustainable infrastructure. The Program identifies the required projects and their timing based on a risk-based approach that considers criticality, remaining useful life, and risk.

## Major Goals and Initiatives for Fiscal Year 2024

The Fiscal Year 2024 budget was put together with important agency policy goals and initiatives in mind. Those goals and initiatives included:

- Meeting the performance requirements of the Master Water Supply Contract to provide high-quality water to our six- member governments.
- Operating our water supply facilities to Improve supply delivery while also maintaining full compliance with all regulatory permits.
- Achieving the goals specified in the Agency’s updated 2022-2027 Strategic Plan.
  - Deliver Quality Water and Enhance System Reliability and Sustainability
  - Continuously Improve Agency Operations
  - Optimize Financial Stability and Sustainability
  - Promote Open, Collaborative Relationships with Stakeholders
  - Ensure an Engaged, Skilled and Adaptable Workforce
  - Safeguard Agency Infrastructure
- Addressing key recommendations from the 2020 Performance and Management Audit Report and allocating our staff and financial resources to meet the Boards’ objectives for a sustainable and affordable water supply system.
- Continuing to balance and blend our multiple supplies of water sources to deliver high quality, affordable water to our member governments.
- Continuing to work on the Surface Water Treatment Plant Expansion Project to meet water demands by year 2028.
- Performing the future needs analysis to support the next update of the Long-Term Master Water Plan.
- Refining the models used to accurately predict the need for new water supplies in the future.
- Safeguarding the public’s investment in the region’s water supply and delivery system to ensure that both the water quality and water quantity meet the needs of the more than 2.6 million people in our region. Protecting that investment includes:
  - Focusing on the safety and security of our employees and our water supply facilities by preparing and exercising emergency preparedness plans for the staffing and operations of our water production facilities in disaster events.
  - Renewing and replacing existing infrastructure to ensure the optimal operation of our facilities over time.
  - Continuing to engage with community, environmental and educational organizations on projects that promote the protection of our drinking water sources through the Source Water Protection Mini-Grant Program.
- Implementing the Agency’s 2020 Succession Plan designed to proactively respond to shifts in staff attrition, address emerging recruitment challenges, and capitalize on development opportunities in a way that ensures business continuity and supports both immediate and longrange agency priorities.
- Addressing the safety and security of both physical assets and information technology systems.
- Expanding the agency’s outreach and education program to underscore the importance of a reliable, sustainable water supply for economic and regional growth and development.
- Working with our member governments on the coordination and sharing of utility best management practices.
- Creating a framework and implementing a continuous improvement program throughout the agency.
- Working with our colleagues around the country on continuing research into changes weather patterns and the impact of climate change upon the surface water systems serving our area.

- Maintaining a strong relationship with the Southwest Florida Water Management District, the Florida Department of Environmental Protection, and other regulatory agencies to ensure open and honest communication on regulatory, planning, and financial matters.

## Planning for the Future

### Long-term Master Water Supply Plan

Planning for the future is an on-going process at Tampa Bay Water that includes more than potential new supplies. Our long-term planning process is a comprehensive examination of supply, demand, system hydraulics, water quality, reliability, public engagement, conservation and more.

This 20-year plan is a framework for meeting the region's future drinking water needs. The Long-term Master Water Plan identifies future water needs and potential water supply projects that could be designed and built to meet those needs for the region. The plan, which was instated in 1998, is updated every five years; each update must be approved by the Agency's board of directors.

The planning process includes data from a comprehensive demand forecasting model that helps us predict future water demands by analyzing water use data, weather, demographic, and economic data. Our Demand Management Plan quantifies potential water savings from passive and active conservation efforts. Planning for dry times is also part of the process. Operational and supply uncertainty is forecasted and modeled, to help understand how to mitigate and manage that risk.

Altogether, these models and plans forecast how much water will be needed in the future and when, so we can plan new supplies at the right time to keep our region growing and thriving. Projections show the Tampa Bay region will need an additional 10 million gallons per day (mgd) by 2028 and another 10 to 20 mgd by 2033.

In August 2022, the Agency's board of directors voted to expand the Tampa Bay Regional Surface Water Treatment Plant. The expansion increases the plant's average production by 10 mgd to meet 2028 regional demands. This project is currently under design and its selection marked the close of the 2018 Long-term Master Water Plan planning cycle and the 2023 planning cycle kicked off in October 2022. Projects from previous Long-term Master Water Plans, which all include public input, and ideas from Tampa Bay Water and its member governments were considered in the 2023 planning cycle.

The 2023 Long-term Master Water Plan update was approved by the Agency's board of directors in November 2023. This updated plan recommended the evaluation of seven water supply concepts for further feasibility in a 3-year Feasibility Program.

### South Hillsborough County Water Supply Projects

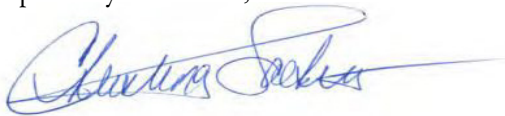
Southern Hillsborough County is experiencing rapid development and growth that is driving demand for more drinking water. This year we continued to implement solutions to bring more water to fast-growing southern Hillsborough County. These solutions include:

- Completed the Brandon Booster Station project, sending an additional 5-7 mgd to Hillsborough County's Lithia Water Treatment Plant through the existing Brandon Transmission Main.
- The Agency's board of directors approved the route for segments A and B of the new South Hillsborough Pipeline to deliver up to an additional 65 mgd of water to Hillsborough County by 2028. Segment A of the pipeline will connect Tampa Bay Water's regional water plant in Brandon to the County's Lithia Water Treatment Plant, offering system redundancy between these two facilities in addition to more water. Segment B will branch out from Segment A and end at a new point of connection in south Hillsborough. This project is currently between the 60% and 90% design milestones. Property acquisition is underway and permitting

activities are on-going. The Agency's board of directors also contracted with a Construction Manager at Risk to provide preconstruction services.

- Permitted the conversion of a test well in South Hillsborough County to a production well at an average annual quantity of 2.3 mgd. Tampa Bay Water is designing the well infrastructure and working with Hillsborough County on their transmission main and water treatment system to directly deliver the water to customers in this service area.
- Tampa Bay Water acquired 590,100 gallons per day of unneeded permit capacity from a landowner in South Hillsborough County as their property partially converted from agriculture to residential land use. This water was transferred to Tampa Bay Water's Balm Farm Water Use Permit and used as a future potable water supply source. The annual average permit limit increased to 775,000 gallons per day.
- Tampa Bay Water is working to acquire unneeded permit capacity from Hillsborough County and the Tampa Electric Company and transfer those quantities to increase the average quantity at the South-Central Hillsborough Regional Wellfield. This permit application will be submitted to the regulatory agency in early 2025 and increase the annual average yield of the existing wellfield by approximately 1,9 mgd of additional water supply for South Hillsborough County.

Respectfully Submitted,



Christina Sackett - Chief Financial Officer



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Florida**

For its Annual Financial Report  
For the Fiscal Year Ended

September 30, 2023

*Christopher P. Merrill*

Executive Director/CEO



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Financial Report  
For the Fiscal Year Ended

September 30, 2023

*Christopher P. Morill*

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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PRESENTED TO

**Tampa Bay Water  
Florida**

For the Fiscal Year Beginning

**October 01, 2023**

*Christopher P. Morill*

Executive Director

## Tampa Bay Waters Board of Directors as of September 30, 2024

Tampa Bay Water is often cited as a model of regional cooperation, thanks to the spirit of regionalism that created the utility and the continual regional efforts of our board of directors. Each elected official on our nine-member board represents an individual city or county that we serve but, at the dais, each also represents the Tampa Bay region. The policy decisions and directives of our board ensure our region has adequate and sustainable drinking water to support our economy, environment and way of life.



**Chairman**  
Commissioner  
Harry Cohen  
Hillsborough County



**Vice Chair**  
Council Member  
Lisset Hanewicz  
City of St. Petersburg



Mayor  
Chopper Davis  
City of New Port Richey



Commissioner  
Dave Eggers  
Pinellas County



Commissioner  
Jack Mariano  
Pasco County



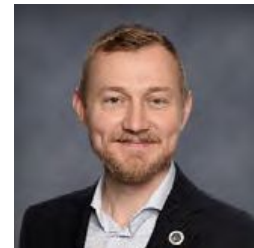
Council Member  
Charlie Miranda  
City of Tampa



Commissioner  
Ron Oakley  
Pasco County



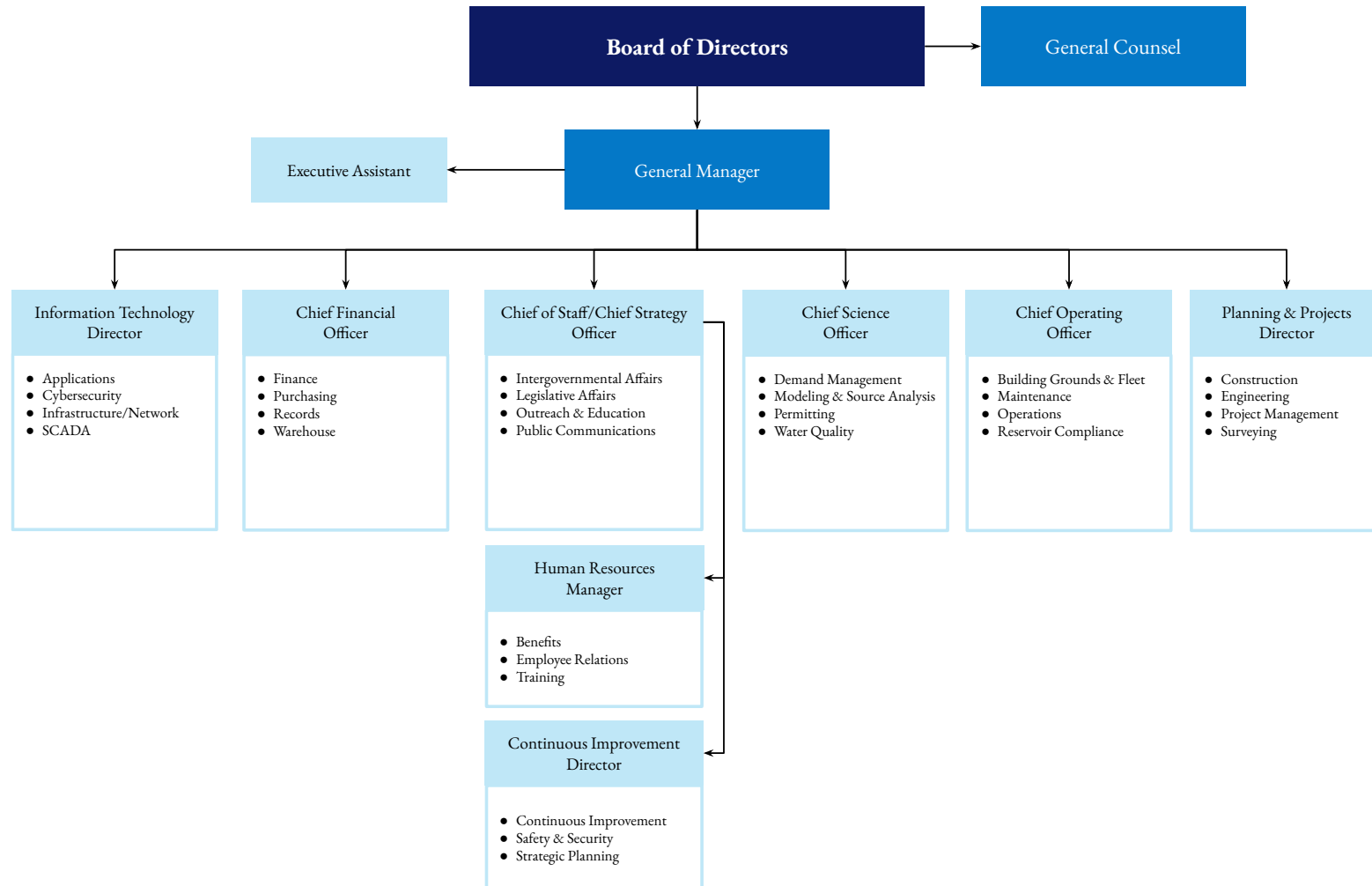
Commissioner  
Brian Scott  
Pinellas County



Commissioner  
Joshua Wostal  
Hillsborough County



### Tampa Bay Water Organizational Chart as of September 30, 2024





# Financial Section

- ◆ **Report of Independent Certified Public Accountants**
- ◆ **Management's Discussion and Analysis**
- ◆ **Financial Statements**
  - Statement of Net Position
  - Statement of Revenue, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements
- ◆ **Required Supplementary Information**
  - Pension
  - Other Post-Employment Benefits



## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of  
Tampa Bay Water, A Regional Water Supply Authority  
Clearwater, Florida**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of September 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 28 through 36), the Schedule of Agency Proportionate Share of the Net Pension Liability – Florida Retirement System, the Schedule of Agency Contributions – Florida Retirement System, the Schedule of Agency Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program, the Schedule of Agency Contributions – Health Insurance Subsidy Program, and the Schedule of Changes in the Total OPEB Liability and Related Ratios – Other Post-Employment Benefits Plan (on pages 80 through 86) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information noted as the Schedule of Debt Service Coverage – Utility System Revenue Bonds as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

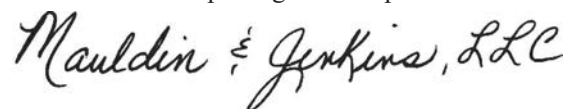
***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, budgetary comparison schedule for fiscal year 2024 and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Bradenton, Florida  
February 12, 2025



# Management's Discussion and Analysis

Annual Comprehensive Financial Report 2024

## Management's Discussion and Analysis

### Year Ended September 30, 2024

This section of Tampa Bay Water, A Regional Water Supply Authority's (the Agency) annual financial report presents management's analysis of the Agency's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the financial statements, which follow this section.

### Financial Highlights

- The Agency owns and operates facilities having a net book value of \$1.50 billion to provide water to its six Member Governments. Financial data for the fiscal year ended September 30, 2024, reflects the Agency's operations and maintenance of its existing facilities, as well as the development of new facilities to meet the region's future water needs. The facilities operating in 2024 included 13 wellfield systems, the Seawater Desalination Facility and Enhanced Surface Water System. The Enhanced Surface Water System is comprised of Regional Surface Water Treatment Plant, High Service Pumping Station, Tampa Bypass Canal Pump Station and Pipeline, Alafia River Intake and Pump Station, and C.W. Bill Young Regional Reservoir. Additionally, operating facilities include Cypress Creek Pump Station, Keller Hydrogen Sulfide Treatment Facility and Lithia Hydrogen Sulfide Treatment Facility, as well as various booster stations, water treatment facilities, and approximately 270 miles of collection mains and large diameter potable water transmission mains. The Agency also has administrative, laboratory, and infrastructure management facilities in Cypress Creek and an administrative facility in Clearwater. The Agency is focused on the efficient and cost-effective management of this integrated system through improved processes, use of new technologies, and appropriate staffing.
- The Agency's net position increased \$46.9 million or 5% in fiscal 2024.
- Decreased water demand from its six members due to water restrictions in place, resulted in a decrease in water production from 202.2 mgd in 2023 to 199.1 mgd in 2024.
- During 2024, the Agency's revenue from water sales was \$189.5 million. In addition, \$11.7 million in revenue was deferred to the Rate Stabilization Account in accordance with contractual obligations with the Agency's members and Agency accounting policies, resulting in a net decrease of \$10.5 million in revenue recognized from 2023 to 2024.
- The Agency's operating expense increased by 4.3 million, or 4.3%, from 2023 to 2024 because of increase in costs for chemicals and electricity.

### Overview of the Financial Statements

This annual report consists of two parts: management's discussion and analysis of the financial statements plus the financial statements. The financial statements also include notes that explain the information contained in the financial statements in greater detail.

### Required Financial Statements

The financial statements of the Agency use accounting methods similar to those used by private sector companies. The statement of net position includes all of the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources, and provides information about the nature and amounts of investment in resources (assets) and the obligations to Agency creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and noncurrent assets and liabilities. Current assets are those assets expected to be converted to cash or used to pay current liabilities within 12 months. Current liabilities are those expected to be paid within 12 months. Conversely, noncurrent assets and liabilities are those expected to extend beyond a 12-month period. The statement of net position also provides the basis for computing the

rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency.

All of the current year's revenues and expense are accounted for in the statement of revenues, expense, and changes in net position. This statement reports information about the Agency's activities and measures the success of the Agency's operations over the past year.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Agency's sources and uses of cash during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting period.

In addition, the annual report includes required supplementary information related to pensions and other post-employment benefits as required by GASB.

### Financial Analysis of the Agency

Our analysis of the Agency begins with a measure of the Agency's financial position or financial health by reporting its assets and deferred outflows of resources and liabilities and deferred inflows of resources and the difference between them, as "net position." Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as new water supply facilities, water demand, economic conditions, population growth, state and federal regulation, and changes in government legislation must also be considered in evaluating the Agency's financial health. Consideration also needs to be given to the terms of the Agency's agreements with its members under which water rates are established based on budgeted operating and capital costs, as well as certain reserve requirements. The statement of revenues, expense, and changes in net position provides information that is useful in evaluating whether the Agency has successfully recovered all its costs through its water rates and other charges, as well as its credit worthiness.

## Net Position

A summary of the Agency's statements of net position is presented in Table A-1.

**Table A-1**  
**Condensed Statements of Net Position**  
*(In Millions of Dollars)*

	2024	2023
<b>Assets</b>		
Unrestricted current assets	\$ 98.5	\$ 88.9
Restricted current assets	209.9	250.9
Capital assets, net	1,497.1	1,470.8
Noncurrent assets	120.0	97.2
<b>Total Assets</b>	<b>1,925.5</b>	<b>1,907.8</b>
<b>Deferred outflows of resources</b>		
Refunding of debt	2.0	3.2
FRS	3.5	3.4
HIS	0.3	0.4
<b>Total Deferred outflows of resources</b>	<b>5.8</b>	<b>7.0</b>
<b>Liabilities</b>		
Long-term debt, net of current portion	764.6	822.4
Other liabilities	121.9	107.3
<b>Total Liabilities</b>	<b>886.5</b>	<b>929.7</b>
<b>Deferred inflows of resources</b>		
Rate stabilization	61.9	50.2
FRS	0.9	-
HIS	0.8	0.7
<b>Total Deferred inflows of resources</b>	<b>63.6</b>	<b>50.9</b>
<b>Net position</b>		
Net investment in capital assets	851.1	774.7
Restricted	120.2	132.0
Unrestricted	9.8	27.5
<b>Total Net position</b>	<b>\$ 981.1</b>	<b>\$ 934.2</b>

As shown in table A-1, total net position increased \$46.9 million or 5%, to \$981.1 million in fiscal 2024 from \$934.2 million in fiscal 2023.

## Change in Net Position

**Table A-2**  
**Condensed Statements of Revenues, Expenses**  
**and Changes in Net Position**  
*(In Millions of Dollars)*

	2024	2023
<b>Operating revenues</b>	<b>\$ 177.8</b>	<b>\$ 188.3</b>
<b>Operating expenses</b>		
Operating expenses	(104.5)	(100.2)
Depreciation and amortization expenses	(29.4)	(29.4)
<b>Total Operating expenses</b>	<b>(133.9)</b>	<b>(129.6)</b>
<b>Operating income</b>	<b>43.9</b>	<b>58.7</b>
<b>Non-operating revenues (expenses)</b>		
Investment revenue, net of realized and realized gain (loss) *	20.9	11.2
Interest expense, gross	(31.6)	(34.0)
Gain (Loss) on disposal of capital assets	1.8	(7.2)
Litigation and insurance recoveries	5.0	-
<b>Total Non-operating revenues (expenses)</b>	<b>(3.9)</b>	<b>(30.0)</b>
<b>Income before contributions</b>	<b>40.0</b>	<b>28.7</b>
Capital contributions	6.9	5.6
<b>Change in net position</b>	<b>46.9</b>	<b>34.3</b>
<b>Total net position - beginning</b>	<b>934.2</b>	<b>899.9</b>
<b>Total net position - ending</b>	<b>\$ 981.1</b>	<b>\$ 934.2</b>

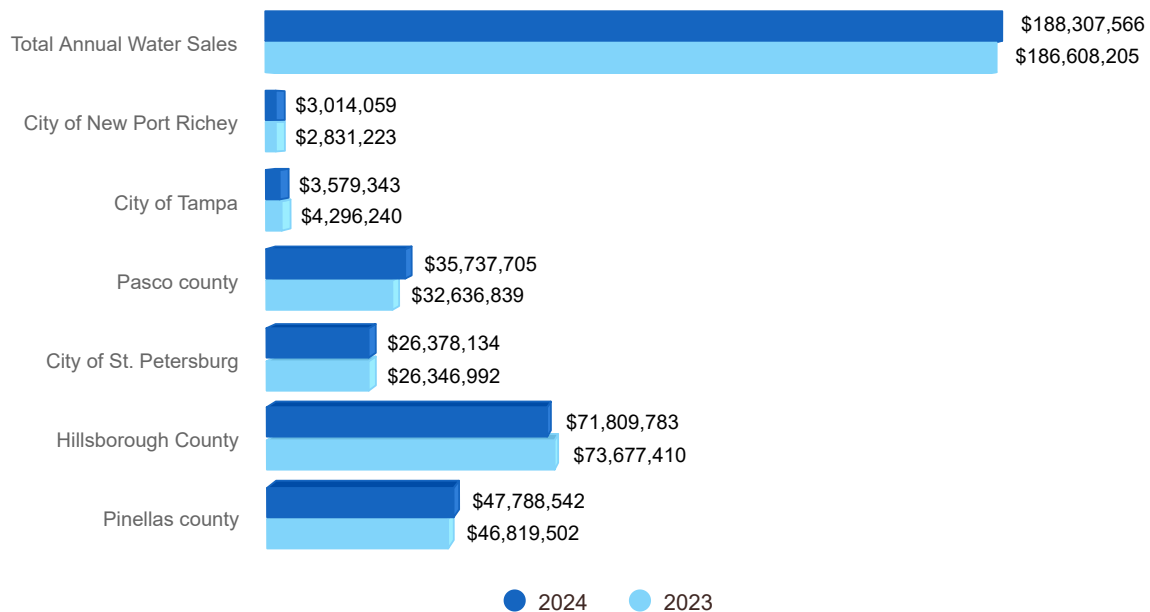
\* Investment revenue, net of realized and unrealized gain (loss) of \$6.4 and \$1.8 in 2024 and 2023, respectively  
 Table A-2 reflects the statements of revenues, expenses, and changes in net position and provides information as to the nature and source of these changes.

As shown in Table A-2, the net position increased \$46.9 million or 5% in 2024 from 2023.

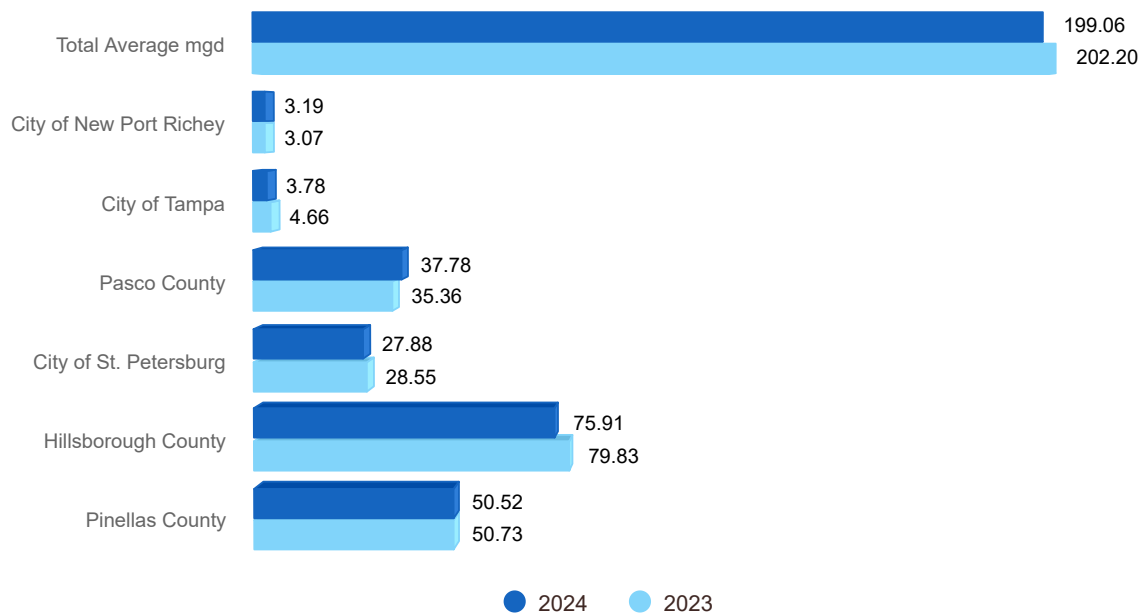
As illustrated in the following charts, total water sales billed to Member Governments under the Uniform Rate was \$188.3 million in 2024 compared to \$186.6 million in 2023. Demand decreased by 1.55% to 199.1 mgd (millions of gallons per day) in 2024 from 202.2 mgd in 2023. The decrease in demand is largely a result of water restrictions by the Southwest Florida Water Management District, due to dry conditions in the region.

Amounts billed under the Uniform Rate differ from the total revenue from water sales by the amount of other water utility revenue, operating grants and largely the water sales revenue from the Tampa Bypass Canal.

### Annual Water Sales Under Uniform Rate



### Annual Average Water Production (mgd) Under the Uniform Rate



The Agency's operating expenses increased by \$4.3 million, or 4.3% from 2023 to 2024. This results from a \$1.5 million increase in variable expenses due to an increase in costs for chemicals and electricity. An increase of \$0.5 million for agency insurance. An increase of \$3.7 million for professional services and repairs and maintenance. These are offset by a decrease of \$1.4 million in personnel services, resulting mostly from a decrease in the GASB 68 retirement expenses requirement.

Investment revenue increased by \$9.7 million from 2023 to 2024. The Agency continues to work with its Investment Advisors to diversify the Agency's investment portfolio helping the Agency earn more in investment revenue.

Interest expense decreased by \$2.4 million in 2024, largely due to a decrease in interest on the bond payments.

Gain or loss on disposal of capital assets consists of the net gain or loss from sale or disposal of obsolete, damaged, or surplus equipment and property and the write-off of costs of discontinued projects. In 2024 the net gain is \$1.8 million.

### Capital Assets and Long-term Debt

The Agency has a net investment of \$1,497.1 million and \$1,470.8 million at September 30, 2024, and 2023, respectively, in a broad range of infrastructure, including wellfields, water treatment and pumping facilities, transmission mains, buildings, a reservoir, other maintenance and administration equipment, and water capacity rights as shown in Table A-3.

**Table A-3**  
**Capital Assets**  
*(In Millions of Dollars)*

	2024	2023
<b>Capital assets, depreciable</b>		
Land improvements	3.3	3.3
Wells and wellfield improvements	137.7	137.7
Water treatment and pumping facilities	728.2	708.5
Transmission mains	339.2	339.2
Buildings	21.9	21.9
Reservoir	304.6	304.6
Other equipment and software	27.0	25.9
Total Capital assets, depreciable	1,561.9	1,541.1
Accumulated depreciation	(559.8)	(531.4)
<b>Capital assets, depreciable, net</b>	<b>1,002.1</b>	<b>1,009.7</b>
<b>Capital assets, non-depreciable</b>		
Land	83.5	80.0
Water capacity rights	316.4	316.4
Construction-in-progress		
Transmission mains	5.9	0.5
Surface water sources and pumping facilities	52.3	23.9
Wellfields and improvements	21.7	24.6
Desalination facilities	-	8.0
Other supply and infrastructure	15.2	7.7
<b>Capital assets, non-depreciable</b>	<b>495.0</b>	<b>461.1</b>
<b>Total Capital assets</b>	<b>\$ 1,497.1</b>	<b>\$ 1,470.8</b>

More information about the Agency's capital assets is disclosed in the Notes to Financial Statements under note 9, title Capital Assets.

Agency's management decided to include the water capacity rights as part of capital assets to follow Government Accounting Standard Boards best practices.

The Agency has several projects in various stages of development to improve or expand existing facilities and to meet future demand for water. In 2024, construction-in-progress increased by \$30.5 over 2023.

Bond Ratings	Limitations of Debt
Agency ratings from Moody's, Standard & Poor's and Fitch are Aa1, AA+, and AA, respectively. The outstanding bonds for Series 2001A and 2005 bonds carry insurance with National Public Finance Guarantee Corp. The Series 2011, 2015A, 2015B, 2016A, 2016B, 2016C, Master Bond 2020, and 2022 Bonds do not carry insurance.	Bond covenants allow for the issuance of additional debt, on parity, as to lien, on the net revenues of the Agency provided certain net earnings ratios are met. The major criteria are (1) that the net revenues (as defined in the covenants) for any 12 consecutive months selected by the issuer, of the 24 months immediately preceding the issuance of the additional bonds, together with the fund balance (as defined in the covenants) on the last day of such 12-month period, were equal to at least 125% of the debt service on the outstanding bonds during such 12-month period and (2) the net revenues for such 12-month period were equal to at least 100% of (a) the debt service due on the outstanding bonds for the 12-month period, (b) any required deposit to the Renewal and Replacement Fund, and (c) any required deposit to the Reserve Fund. The Agency is in compliance with all required financial and nonfinancial debt covenants.

**Table A-4**  
**Cost of Capital**  
*(In Millions)*

	Debt Balance	Average Coupon Rate %
2001A bonds	\$ 50.0	5.93
2005 bonds	26.2	5.50
2015A bonds	180.8	4.09
2015B bonds	88.6	3.14
2016A bonds	96.6	4.40
2016B bonds	30.9	3.52
2016C bonds	55.3	5.00
Master Bond 2020 Tranche 1	6.2	2.31
Master Bond 2020 Tranche 2	15.8	2.31
Master Bond 2020 Tranche 3	76.0	2.31
2022 Bonds	122.1	5.06
	<u><u>\$ 748.5</u></u>	

Under the Agency's budgetary process, rates are established to provide adequate coverage for existing and planned additional debt. This is demonstrated by the Agency's debt service coverage ratios, which are 1.69 and 1.50 at September 30, 2024, and 2023, respectively. These coverage ratios are another indicator of the Agency's financial strength and future borrowing capability.

**Table A-5**  
**Debt Coverage Ratio**  
*(In Millions of Dollars)*

	2024	2023
Revenue from sales	\$ 177.82	\$ 188.30
Less: Purchase price amortization credit	(10.23)	(10.20)
Investment revenue	13.22	3.30
Total revenue	<b>180.81</b>	<b>181.40</b>
Operation and maintenance expense	(103.53)	(104.40)
Net revenue for coverage calculation	<b>77.28</b>	<b>77.00</b>
Total debt service on bonds	<b>73.70</b>	<b>72.30</b>
Debt coverage with fund balance (times)	<b>1.05</b>	<b>1.07</b>
Fund balance	31.84	31.30
Net revenue plus fund balance	<b>\$ 109.12</b>	<b>\$ 108.30</b>
Debt service coverage (times)	<b>1.48</b>	<b>1.50</b>

Note 1: Investment revenue does not include interest on construction and capital project funds of \$7.8 million and \$5.6 million in 2024 and 2023, respectively, or unrealized loss of \$0.2 million in 2024 and unrealized gain of \$2.2 million in 2023.

Note 2: Operation and maintenance expense includes capital expense for improvement of the existing system offset with the cash received on disposals of capital assets, for a net total of (\$1.0) million and \$3.4 million in 2024 and 2023, respectively.

Note 3: Fund balance is defined by the Master Bond Resolution and is calculated as of the prior year-end in accordance with the Master Bond Resolution.

Note 4: Per the Master Bond Resolution, the required Debt service coverage is 1.00 and the required Debt service coverage with fund balance is 1.25.

More information about the Agency's Long-Term Debt is disclosed in the Notes to Financial Statements under note 11, title Long-Term Debt and Other Noncurrent Liabilities.

## Economic Factors and Next Year's Budget and Rates

The Agency's rate structure consists of a fixed cost portion to ensure funding of necessary activities and debt service and a variable cost portion to provide funding for costs, which fluctuate directly with production.

The Agency's Board of Directors and management considered many factors when developing the annual budget and setting the fiscal year water rates (Uniform Rate). These factors include the estimated demands provided by the Agency's Member Governments, which in turn consider such factors as anticipated population growth, environmental conditions, and the economy of the region as a whole. Budgeted demand for fiscal year 2025 is 209.7 million gallons per day, which is an increase of 12.0 million gallons per day over the fiscal year 2024 budgeted demand. The 2025 budgeted expense increased by 13 million or 6.5%. The largest reason for the increase in budgeted expenses is due to increased demands and an increase in costs for chemicals and electricity. The budgeted Uniform Rate for 2025 is \$2.6177 per thousand gallons, which is an increase of 0.72%.

The Agency uses surveys of its Member Governments and local employment market rates when establishing its job classifications and pay plan. These indicators were also taken into consideration when adopting the Agency budget for fiscal year 2025.

## Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for those having an interest therein. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer at 2575 Enterprise Road, Clearwater, FL, 33763. Information about the Agency is also available on its website at [www.tampabaywater.org](http://www.tampabaywater.org).





# Financial Statements

Annual Comprehensive Financial Report 2024

## Statement of Net Position

### September 30, 2024

**Assets**

## Current assets:

## Unrestricted current assets:

Cash and cash equivalents	\$ 70,779,314
Accounts receivable from sale of water	14,471,268
Interest receivable	1,412,829
Investments	9,303,692
Inventories	1,212,983
Other accounts receivable	136,422
Other current assets	1,137,153
<b>Total Unrestricted current assets</b>	<b>98,453,661</b>

## Restricted current assets:

Cash and cash equivalents	169,267,683
Investments	39,882,211
Grants receivable	737,045
<b>Total Restricted current assets</b>	<b>209,886,939</b>

**Total Current assets**

308,340,600

## Noncurrent assets:

Investments, unrestricted	21,067,632
Investments, restricted	98,933,334
Capital assets, non-depreciable	495,064,819
Capital assets, depreciable, net	1,002,037,665
Bond insurance costs, net of accumulated amortization	28,797
<b>Total Noncurrent assets</b>	<b>1,617,132,247</b>

**Total Assets****1,925,472,847****Deferred outflows of resources**

Refunding of debt	2,042,734
FRS	3,498,490
HIS	262,203

**Total Deferred outflows of resources****5,803,427****Total Assets and Deferred outflows of resources****\$ 1,931,276,274****Liabilities**

## Current liabilities:

## Current liabilities payable from unrestricted assets:

Accounts payable and accrued expenses	\$ 29,781,455
Credits due to customers	2,817,022
Lease and SBITA liability	465,925
Accrued interest payable-SBITA	11,614
<b>Total Current liabilities payable from unrestricted assets</b>	<b>33,076,016</b>

*The accompanying notes are an integral part of these financial statements.*

**Statement of Net Position (continued)**  
**September 30, 2024**

Current liabilities payable from restricted assets:	
Construction funds accounts payable	1,639,881
Accrued interest payable	15,690,721
Current portion of long-term debt	52,916,915
Total Current liabilities payable from restricted assets	70,247,517
Total Current liabilities	103,323,533
Noncurrent liabilities:	
Long-term debt, net of current portion	764,645,465
Total other post-employment benefits liability	463,821
Net pension liability - FRS	11,681,788
Net pension liability - HIS	5,030,956
Lease and SBITA liability	1,357,699
Total Noncurrent liabilities	783,179,729
<b>Total Liabilities</b>	<b>886,503,262</b>
<b>Deferred inflows of resources</b>	
Rate stabilization	61,946,261
Deferred lease revenue	28,938
FRS	926,241
HIS	764,793
<b>Total Deferred inflows of resources</b>	<b>63,666,233</b>
<b>Net position</b>	
Net investment in capital assets	851,113,988
Restricted:	
Debt Service Principal Sinking Fund	44,509,000
Renewal and Replacement Fund	22,320,440
Capital Improvement Fund	23,624,108
Operating & Maintenance Reserve	6,163,862
Released Debt Service Fund	15,367,841
Energy Savings Fund	1,392,945
Grants Receivable	737,045
Desal - Reserves	2,442,373
SWTP - Reserves	3,377,110
Hillsborough County JPA Fund	228,869
Unrestricted	9,829,198
<b>Total Net position</b>	<b>981,106,779</b>
<b>Total Liabilities, Deferred inflows of resources and Net position</b>	<b>\$ 1,931,276,274</b>

*The accompanying notes are an integral part of these financial statements.*

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended September 30, 2024**

<b>Operating revenues</b>	
Revenue from sale of water	\$ 189,538,033
Rate stabilization transfer	(11,725,819)
<b>Total Operating revenues</b>	<b>177,812,214</b>
<b>Operating expenses</b>	
Operating expenses	(104,555,736)
Depreciation and amortization expenses	(29,376,187)
<b>Total Operating expenses</b>	<b>(133,931,923)</b>
<b>Operating income</b>	<b>43,880,291</b>
<b>Non-operating revenues (expenses)</b>	
Investment income, gross	20,878,927
Interest expense, gross	(31,615,621)
Gain (Loss) on disposal of capital assets	1,789,688
Litigation and insurance recoveries	5,011,527
<b>Total Non-operating revenues (expenses)</b>	<b>(3,935,479)</b>
<b>Income before capital contributions</b>	<b>39,944,812</b>
Capital contributions	6,913,806
<b>Change in net position</b>	<b>46,858,618</b>
<b>Total net position - beginning</b>	<b>934,248,161</b>
<b>Total net position - ending</b>	<b>\$ 981,106,779</b>

*The accompanying notes are an integral part of these financial statements.*

## Statement of Cash Flows

### Year Ended September 30, 2024

<b>Operating activities:</b>	
Receipts from customers	\$ 186,643,150
Payments for goods and services	(67,008,689)
Payments to employees	(21,572,864)
<b>Net cash provided by operating activities</b>	<u><b>98,061,597</b></u>
<b>Capital and related financing activities:</b>	
Capital contributions	10,161,668
Acquisition and construction of capital assets	(64,250,051)
Proceeds from disposition of capital assets	7,042,874
Insurance recovery	5,011,527
Principal paid on capital and other long-term debt	(50,364,323)
Interest paid on capital and other long-term debt	(35,673,558)
<b>Net cash used by capital and related financing activities</b>	<u><b>(128,071,863)</b></u>
<b>Investing activities:</b>	
Proceeds from sales and maturities of investments	74,493,812
Purchase of investments	(72,206,719)
Interest received on investments	13,376,033
<b>Net cash provided by investing activities</b>	<u><b>15,663,126</b></u>
Net increase (decrease) in cash and cash equivalents	(14,347,140)
<b>Cash and cash equivalents at beginning of year</b>	<u><b>254,394,137</b></u>
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 240,046,997</b></u>

*The accompanying notes are an integral part of these financial statements.*

**Statement of Cash Flows (continued)**  
**Year Ended September 30, 2024**

<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ 43,880,291
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation and amortization expense	29,376,187
Rate stabilization transfer	11,725,819
Changes in operating assets and liabilities:	
Accounts receivable	(2,460,984)
Inventories	(113,907)
Other current assets	(1,093,544)
Deferred outflows related to pension	15,848
Accounts payable and accrued expenses	16,920,362
Credits due to customers	(404,961)
Net pension liability	(890,383)
Net OPEB liability	96,711
Deferred inflows related to lease revenue	(28,938)
Deferred inflows related to pension	1,039,096
Total adjustments	54,181,306
<b>Net cash provided by operating activities</b>	<b>\$ 98,061,597</b>
<b>Noncash investing, capital and financing activities</b>	
Change in fair value of investments	7,096,535
Payables related to capital asset acquisition	1,639,881
Right to use leased assets acquired through debt	81,958
<b>Total noncash investing, capital and financing activities</b>	<b>\$ 8,818,374</b>

*The accompanying notes are an integral part of these financial statements.*

## Notes to Financial Statements September 30, 2024

### Note 1 - Organization

Tampa Bay Water, A Regional Water Supply Authority (the Agency), formerly West Coast Regional Water Supply Authority (the Predecessor Authority), was created on October 25, 1974, by enabling state legislation under *Florida Statute* Sections 163.01, 373.713, and 373.715. Hillsborough, Pasco, and Pinellas counties and the cities of St. Petersburg, Tampa, and New Port Richey comprise the Member Governments of the Agency. A governance study was adopted by the Florida Legislature in 1997 (the 1997 Legislation) that amended Section 373.1963, *Florida Statutes*.

As part of the 1997 Legislation, the Agency was created by the Amended and Restated Interlocal Agreement and entered into the Master Water Supply Contract with its Member Governments. The term of the Interlocal Agreement expires on the later of the fortieth anniversary of the commencement date or the date on which no obligations remain outstanding pursuant to the Financing Documents. In September 2022, the Agency's Board of Directors approved the Supplemental Bond Resolution #2022-002 to issue fixed rate revenue bonds with a final maturity on October 1, 2052. Pursuant to the Amended and Restated Interlocal Agreement and Master Water Supply Contract:

- The Agency will charge a uniform per-gallon wholesale rate to Member Governments for the wholesale supply of drinking water, with one exception for the City of Tampa. The Agency will charge a separate rate to the City of Tampa for water delivered from the Tampa Bypass Canal.
- All Member Governments relinquished to the Agency their individual rights to develop drinking water supplies subject to certain exceptions as defined in the Amended and Restated Interlocal Agreement.
- The Agency has the absolute and unequivocal obligation to meet the quality water needs of the Member Governments as defined in the Master Water Supply Contract.
- The Member Governments are required to maintain and collect such rates or other charges for the use of the products, services, and facilities of the respective members' water utility systems to the extent necessary to fund the timely payment of their respective obligations and liabilities under the Master Water Supply Contract.

## Note 2 - Summary of Significant Accounting Policies

### Operating Revenue and Expense

The Agency considers all revenue and expense associated with the delivery of water to customers to be operating activities. All other revenue and expense are considered to be nonoperating activities.

### Net Position

Net position is classified into three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources is included in the same net position component as the unspent proceeds.

Restricted – This component consists of net position whose use is subject to external constraints (such as through debt covenants) by creditors, grantors, contributors, laws, or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position elements that do not meet the definition of restricted or net investment in capital assets.

When the Agency incurs an expenditure where it can use both restricted and unrestricted funds the agency will first use restricted funds.

The accounting policies and practices of the Agency conform to accounting principles generally accepted in the United States applicable to an enterprise fund of a government unit.

### Measurement Focus and Basis of Accounting

The Agency is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting in the preparation of its annual financial statements. The accounting and reporting policies of the Agency conform to the accounting rules prescribed by the Governmental Accounting Standards Board (GASB).

Under the provisions of the Agency's Amended and Restated Interlocal Agreement and the Master Water Supply Contract, the Agency establishes a single uniform rate for sale of quality water to Member Governments, provided, however, that a separate rate is established for sale of water from the Tampa Bypass Canal to the City of Tampa. The rate to be charged in a fiscal year to the Member Governments for water may include the following components as defined by the agreements: (1) operation, maintenance, and administrative costs; (2) debt service charges; (3) renewal and replacement charges; (4) bond coverage costs; (5) capital improvement charges; and (6) operating reserve funds. The Agency may also establish a rate stabilization fund to be funded from the operation, maintenance, and administrative costs or operating reserve funds. This method of rate setting results in costs being included in the determination of rates in different periods than when these costs are recognized for financial statement purposes.

## **Note 2 - Summary of Significant Accounting Policies (Continued)**

### **Measurement Focus and Basis of Accounting (Continued)**

The Agency capitalizes certain costs or defers certain revenue since its rates are established by its Board in accordance with the Amended and Restated Interlocal Agreement and Master Water Supply Contract, rates are designed to recover Agency costs, and the Agency can reasonably expect to collect such rates.

### **Cash Equivalents**

For purposes of the statement of net position and the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have original maturities of 90 days or less.

### **Investments**

Investments are reported at fair value in the statement of net position, except for money market funds and U.S. government obligations with original maturities of less than one year, which are reported at amortized cost as permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* as amended by GASB Statement No. 72, Fair Value Measurement and Application. All changes in the fair value of investments are recognized as gains or losses in the statement of revenues, expenses, and changes in net position.

### **Deferred Outflow/Inflow of Resources**

The Statement of Net Position includes a separate section for Deferred Outflow of Resources and Deferred Inflow of Resources. Deferred Outflow of Resources represents the usage of net assets applicable to future periods and will be recognized as expenditures in the future period to which it applies. Currently, the items in this category include Deferred Loss on Debt Refunding and Deferred Outflow of Resources related to pensions and Other Post Employment Benefits (OPEB). The Deferred Loss on Debt Refunding is the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflow of Resources related to pensions includes the difference between expected and actual experience regarding economic or demographic factors, as well as changes in actuarial assumptions. Both are amortized over the average expected remaining service lives of all employees (in years). Employer contributions to pension plans made subsequent to the measurement date are also deferred and reduce pension liability in the subsequent year. Deferred Outflow of Resources related to OPEB includes benefit payments made on behalf of employees subsequent to the measurement date that are deferred and reduce the OPEB liability in the subsequent year. Deferred Outflow of Resources related to OPEB also includes changes in actuarial assumptions, which are amortized over the average expected remaining service lives of all employees (in years).

Deferred Inflow of Resources represents the acquisition of net position applicable to future periods and will be recognized as income in the future period to which it applies. Currently, the items in this category include Deferred Inflow of Resources related to pensions and OPEB. The Deferred Inflow of Resources related to pensions arise from differences between projected and actual earnings on pension plan investments (gains) or losses. This amount is deferred and amortized over 5 years. The Deferred Inflow of Resources related to pensions also includes changes in actuarial assumptions. This amount is deferred and amortized over the average expected remaining service lives of all employees (in years). Deferred inflow of Resources related to OPEB includes the difference between expected and actual experience regarding economic or demographic factors, as well as changes in actuarial assumptions. Both are amortized over the average expected remaining service lives of all employees (in years).

Note 2 - Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventories

Materials and supplies inventories consist primarily of spare parts and are stated at the average cost. Average cost approximates the first-in, first-out method.

Capital Assets

It is the Agency’s policy to capitalize property and equipment having an original cost in excess of \$5,000 and a useful life longer than one year, except for computer software, which is capitalized when the original cost exceeds \$25,000. Capital assets are stated at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Life in Years
Land improvements	10–99
Buildings	20–50
Wells and wellfield improvements	5–75
Water treatment and pumping facilities	10–50
Transmission mains	14–75
Right to use lease assets	3–40
Reservoir	100
Other equipment and software	3–20

Maintenance, repairs, and minor renewals are charged to expense as incurred. Expenditures that materially increase value, increase capacity, or extend useful lives are capitalized. Capital assets are removed (net of accumulated depreciation) upon retirement or disposition. Related gains or losses are charged to nonoperating activities.

Water Capacity Rights

Water capacity rights represent the Agency’s rights in certain wholesale water supply wellfields. The Agency accounts for the water capacity rights in accordance with the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that indefinite-lived intangible assets not be amortized, but instead be tested for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Water capacity rights are combined with other non-depreciable capital assets. The Agency follows the Government Accounting Standard Boards best practices and includes the water capacity rights as part of capital assets.

Impairment of Capital Assets and Insurance Recoveries

The Agency accounts for impairment of capital assets and insurance recoveries in accordance with the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement requires that capital assets be reviewed for impairment whenever events or changes in circumstances indicate that the service utility of the asset has declined significantly and unexpectedly. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used are measured using the method that best reflects the diminished service utility of the asset: restoration cost approach, service units approach, or deflated depreciated replacement cost approach. Insurance recoveries related to impairment losses are netted against the impairment loss if received in the same year; otherwise the recovery is reported as revenue in the year received. No impairment losses were recognized in 2024.

## Note 2 - Summary of Significant Accounting Policies (Continued)

### Bond Issuance Costs, Bond Discounts, and Bond Premiums

The Agency accounts for bond issuance costs in accordance with the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Bond issuance costs (related to insurance) are recorded as deferred charges, whereas bond discounts and premiums are recorded as a reduction of, or addition to, the face amount of bonds payable. All other bond issuance costs are expensed as incurred. Amortization of bond discounts and bond premiums is calculated over the life of the bonds using the effective interest method and is reported as a component of interest expense.

### Unamortized Losses on Debt Refunding

Losses resulting from current or advance refunding's of debt are deferred and amortized over the shorter of the life of the new debt or the remaining life of the old debt and are reported as deferred outflows of resources in accordance with GASB Statement No. 65. The amount amortized is reported as a component of interest expense.

### Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

### Rate Stabilization

Under the Amended and Restated Interlocal Agreement and the Master Water Supply Contract, the Board of Directors may establish rates sufficient to fund a Rate Stabilization Account. The contracts also provide that funds collected in any year in excess of current costs may be deposited to the Rate Stabilization Account with Board approval. Funds placed in the Rate Stabilization Account are accounted for as deferred inflows of resources until the year in which the Board of Directors approves their use to meet current costs of the Agency.

### Capital Contributions

Capital contributions represent capital grants from the Southwest Florida Water Management District (SWFWMD), Florida Department of Environmental Protection (FDEP), and Member Governments. Contributions are recognized when all applicable eligibility requirements of the grant have been met, pursuant to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Agency had \$6,913,806 in capital contributions during the year ended September 30, 2024.

### Sales and Pledges of Receivables and Future Revenues

The Agency provides disclosure of pledged revenues in accordance with the requirements of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*, which establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. The Agency has no sales or pledges of receivables and future revenues except as discussed in Note 11.

## Note 2 - Summary of Significant Accounting Policies (Continued)

### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS Pension Plan and Health Insurance Subsidy Program (HIS) fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

### Leases and Subscription Based Information Technology Arrangements

The Agency is a lessee for noncancellable leases of land and equipment and is a party to subscription-based information technology arrangements (SBITA). The Agency recognizes a lease liability and SBITA liability and an intangible right-to-use lease asset (lease asset) and SBITA asset in the financial statements. The Agency recognizes lease and SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease and SBITA contract, the Agency initially measures the liability at the present value of payments expected to be made during the lease and SBITA contract term. Subsequently, the liability is reduced by the principal portion of payments made. The lease asset and SBITA asset are initially measured as the initial amount of the lease and SBITA liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset and SBITA asset are amortized on a straight-line basis over the term of the lease and SBITA contract, respectively.

Key estimates and judgments related to leases and SBITA contracts include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease and SBITA contract term, and (3) payments.

The lease and SBITA contract term includes the noncancellable period only. Payments included in the measurement of the liability are comprised of fixed payments and any purchase option price that the Agency is reasonably certain to exercise. In determining the lease and SBITA contract term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the term if the lease or SBITA contract is reasonably certain to be extended.

The Agency monitors changes in circumstances that would require a remeasurement and will remeasure the lease and SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Right-to-use lease and SBITA assets are reported with other capital assets and lease and SBITA contract liabilities are reported with long-term debt on the statement of net position.

Payments due under these contracts may include fixed payments plus variable payments. For equipment leases for which the Agency has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments.

## **Note 2 - Summary of Significant Accounting Policies (Continued)**

### **Leases and Subscription Based Information Technology Arrangements (Continued)**

Assets and liabilities arising from a lease and SBITA contract are initially measured on a present value basis. Lease and SBITA contract liabilities include the net present value of the following payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Amounts expected to be payable by the Agency under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain the option will be executed
- Payments of penalties for terminating the lease or SBITA contract, if the term reflects the Agency exercising that option

Payments are discounted using the interest rate implicit in the lease or SBITA contract. If that rate cannot be readily determined, the Agency's incremental borrowing rate is used. The incremental borrowing rate is the rate that the Agency would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are initially measured using the index or rate as of the commencement of the lease and SBITA contract term.

The Agency is a lessor for a noncancellable land lease. The Agency recognizes a lease receivable and a deferred inflow of resources in its financial statements.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the term of the lease.

Key estimates and judgments include how the Agency determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Agency uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## **Implementation of New Accounting Pronouncements**

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The primary objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statements No. 34, 53, and 63. This Statement is effective for periods beginning after June 15, 2023. The impact to the Agency's financial reporting was not significant.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for periods beginning after June 15, 2023. The impact to the Agency's financial reporting was not significant.

## Note 2 - Summary of Significant Accounting Policies (Continued)

### New Accounting Pronouncements – Not Yet Effective or Implemented

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for periods beginning after December 15, 2023. The impact to the Agency's financial reporting has not been determined.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to require a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This Statement is effective for periods beginning after June 15, 2024. The impact to the Agency's financial reporting has not been determined.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement is effective for periods beginning after June 15, 2025. The impact to the Agency's financial reporting has not been determined.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to require certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement is effective for periods beginning after June 15, 2025. The impact to the Agency's financial reporting has not been determined.

### Note 3 - Permits and Regulations

The key regulations affecting the operations of the Agency are state regulations applicable to the Agency's withdrawals of water from water sources and state and federal regulations applicable to operation of the Agency's drinking water treatment facilities and distribution systems. Withdrawals of water are regulated under water use permits issued by the Southwest Florida Water Management District (the District). The water treatment facilities and distribution systems are regulated through permits issued by the Florida Department of Environmental Protection (FDEP).

The Consolidated Permit, first issued by the District in January 1999, regulates withdrawals from 10 of the 13 regional wellfield systems operated by the Agency. The original Consolidated Permit included initial withdrawal limits for each wellfield (annual average) and for each well within each wellfield (peak month and annual average). A condition of the Consolidated Permit is to manage withdrawals from the wellfields to minimize environmental impacts through optimum distribution of pumping among all wells according to an approved operations plan.

Since January 1, 2003, the 10 wellfields of the Consolidated Permit no longer have individual withdrawal limits and are considered a single system for the purpose of measuring compliance with the permitted annual average withdrawal quantity. Combined withdrawals from the 10 wellfields are currently limited to 90 million gallons per day (mgd) on a 12-month running average basis. The Consolidated Permit was renewed for the second time in January 2022, granting continued authorization to withdraw an annual average of 90 mgd from these 10 wellfields for the next ten-year period. The latest renewal of the Consolidated Permit removed all requirements to manage withdrawals for the recovery of stressed wetlands and lakes as recovery was demonstrated for all sites on and surrounding the 10 wellfields. The renewed permit requires Tampa Bay Water to manage the withdrawals from these wellfields to maintain this level of achieved environmental recovery.

The remaining 3 wellfield systems, the South-Central Hillsborough Regional Wellfield, the Brandon Urban Dispersed Wells, and the Carrollwood Wells, are regulated under separate water use permits issued by the District. The Brandon Urban Dispersed Wells are permitted at 6 mgd on a 12-month running average basis. The South-Central Hillsborough Regional Wellfield is permitted at 24.95 mgd on a 12-month running average basis, this includes a temporary increase of 850,000 gallons per day as an interim solution to help meet the increasing drinking water demands of southern Hillsborough County. The Carrollwood Wells can supply 0.82 mgd on a 12-month running average basis. Tampa Bypass Canal, which is used to provide water to the City of Tampa via augmentation of the Hillsborough River Reservoir as needed, is separately permitted at 20 mgd on a 12-month running average basis.

The two surface water facilities that comprise the withdrawal component of the Enhanced Surface Water System are the Tampa Bypass Canal Pump Station and the Alafia River Pump Station. The water use permits for these two surface water sources allow the harvesting of a percentage of flow from these river systems above either a minimum threshold flow or pool elevation. It is estimated that the Enhanced Surface Water System yields on a long-term average basis approximately 90 mgd under normal hydrologic conditions. The Tampa Bypass Canal Pump Station and transmission facilities convey water from the Tampa Bypass Canal and Hillsborough River to the Regional Surface Water Treatment Plant and the Regional Reservoir.

The Alafia River Pump Station and transmission facilities also convey water from the Alafia River to the Regional Surface Water Treatment Plant and the Regional Reservoir. It is estimated that the expanded permitted withdrawals of the Tampa Bypass Canal and the expanded Enhanced Surface Water System (including the Tampa Bypass Canal/Hillsborough River System, Alafia River, the Regional Reservoir and Surface Water Treatment Plant) will allow the Agency to meet the future drinking water needs of its six Member Governments through at least 2028.

### Note 3 - Permits and Regulations (Continued)

The Regional Surface Water Treatment Plant (the Plant) was originally designed to treat up to 66 mgd from the surface water sources and deliver that water to the regional system. In the fall of 2010 the Plant was expanded and is now permitted to treat up to 120 mgd from surface water sources. The C.W. Bill Young Regional Reservoir provides off-stream storage capacity so that the stored water can be utilized as a reliable water source when surface water is not available for withdrawal from the river systems. The current designed storage capacity of the reservoir is approximately 15.5 billion gallons. Production from the Tampa Bay Seawater Desalination Plant is also used to meet drinking water demands. The desalination facility is permitted to treat up to 25 mgd. The operational sustainable production capacity of the Regional Surface Water Treatment Plant and the desalination facility are less than each facility's permitted capacity.

The permitted quantity withdrawal limit for the 10 wellfields as stated in the Consolidated Permit is listed below together with the permitted quantities for the remaining three wellfields and the surface water facilities:

Water Supply Facility	Permitted Capacity in mgd
Consolidated Permit wellfields – total*	90.000
South-Central Hillsborough Regional Wellfield **	24.950
Brandon Urban Dispersed Wells	6.000
Carrollwood Wells	0.820
Enhanced Surface Water System (consisting of Tampa Bypass Canal/Hillsborough River, Alafia River, C.W. Bill Young Regional Reservoir)***	90.000
Tampa Bay Seawater Desalination Plant	28.750

\* Consolidated Permit wellfields: Cross Bar Ranch, Cypress Creek, Cypress Bridge, Morris Bridge, Starkey, South Pasco, Eldridge-Wilde, Cosme/Odessa, Section 21, and Northwest Hillsborough. These wellfields are permitted as a single system, and there is no annual withdrawal quantity assigned to any individual wellfield. These wellfields are operated in accordance with the Optimized Regional Operations Plan.

\*\* This includes a temporary increase of 850,000 gallons per day as an interim solution to help meet the increasing drinking water demands of southern Hillsborough County.

\*\*\* The water use permits for the Tampa Bypass Canal/Hillsborough River and the Alafia River facilities do not have assigned average annual quantities. The permits authorize the harvest of a percentage of river flows after either a threshold flow or pool stage has been achieved in each river system. The quantity shown represents the estimated median year yield for these facilities based on projections using the past 30 years of historical data.

The following table summarizes the actual annual water quantity sold and billed to the Member Governments of the Agency under the Uniform Rate for the fiscal year ended September 30, 2024:

Member Government	Annual Average Water Quantity Sold (mgd)	Amounts Billed
Hillsborough County	75.91	\$ 71,809,783
City of New Port Richey	3.19	3,014,059
Pasco County	37.78	35,737,705
Pinellas County	50.52	47,788,542
City of St. Petersburg	27.88	26,378,134
City of Tampa	3.78	3,579,343
Total current year water sales	199.06	\$ 188,307,566
Peak day delivery	272.15	

In 2024 the Agency sold an average of 8.77 mgd to the City of Tampa under the Tampa By-Pass Canal Surplus Water Agreement totaling \$624,146.

Other operating revenues for the Agency totaled \$606,321 in 2024.

#### Note 4 - Rate-Making Policies and Procedures

Under the provisions of the Master Water Supply Contract, the Agency establishes rates based on an Annual Estimate that sets forth the expected cost of providing wholesale water service to the Member Governments. The Annual Estimate is based on the Agency's budget for the forthcoming fiscal year. The Agency develops a uniform rate based on the Annual Estimate and the projected quantity of water expected to be delivered to customers.

The uniform rate consists of a variable cost component and a fixed cost component. The variable cost component is designed to recover Agency expenses that are directly related to the quantity of water delivered, primarily chemicals, electric power, and water purchased from the Cities of Tampa and New Port Richey. The variable costs are used to establish a variable rate that is applied to the quantity of water delivered to Member Governments each month. The fixed cost rate is designed to recover Agency expenses incurred for the operation, maintenance, management, security, development, and financing of the water system. The fixed cost component is assessed to Member Governments monthly based on one twelfth of the total annual fixed cost applied to the ratio of each member's annual water usage during the previous fiscal year divided by such usage of all Member Governments during such year. At fiscal year-end, each member's share of this fixed cost is recalculated based on the current year's usage. The intent and purpose of the rate structure is to provide an equitable means of matching the monthly billings with the Agency's monthly cash flow needs. Based on analyses and forecasts, fixed costs are currently estimated to constitute approximately 85% of the Annual Estimate.

#### Note 5 - Restricted Cash, Cash Equivalents, Investments and Grant Receivables

Restricted funds are established to the extent required by bond resolutions for the Agency's debt and other contractual arrangements. Bond proceeds, water revenue, and investment revenue are utilized to maintain the various funds at their required levels. Amounts not needed to fund requirements may be used for any lawful purpose. As of September 30, 2024, the fair market value balances, components and descriptions of the various funds are as follows:

Construction Funds	\$ 124,554,912
Debt Service Interest and Principal Sinking Fund	60,199,721
Renewal and Replacement Fund	22,320,440
Capital Improvement Fund	23,624,109
Energy Savings Fund	1,392,946
Debt Service Reserves	48,411,045
Operations and Maintenance Reserve	6,163,863
Released Debt Service Fund	15,367,841
Grants Receivable	737,045
Desal - Reserves	2,442,373
SWTP - Reserves	3,377,110
Hillsborough County Joint Project Agreement Fund	228,868
	<u>\$ 308,820,273</u>

Construction Funds – Construction funds account for unexpended debt proceeds and investment revenue thereon from the Utility System Revenue Bonds, Series 2013 and 2022, and third-party grants for construction.

Debt Service Sinking Funds – Sinking funds represent the principal and interest amounts for the next debt service payment due on the bonds of Series 2001A, 2005, 2015A, 2015B, 2016A, 2016B, 2016C, 2020 Master Bond (Tranches 1, 2 and 3), and 2022 bonds.

## Note 5 - Restricted Cash, Cash Equivalents, and Investments (Continued)

Renewal and Replacement Funds – Renewal and replacement funds are required for renewal and replacement of the water production, transmission, and treatment facilities and are based on 5% of gross revenues for the preceding fiscal year or such greater or lesser amount as may be determined appropriate by the system engineers.

Capital Improvement Funds – Capital improvement funds are restricted to payment of capital costs of acquiring and/or constructing additions or improvements to the water system.

Energy Savings Funds – Energy savings funds are restricted to payment of energy savings additions or improvements to the water system.

Operations and Maintenance Reserve Funds – Operations and maintenance reserve funds are restricted for operating costs and are established at twice the monthly average variable costs as budgeted for each fiscal year.

Debt Service Reserve Funds – Debt service reserve funds are required to maintain the lesser of one year's maximum debt service or 125% of the average annual debt service for the Utility System Revenue Bonds Series 2001A, 2005, 2015A, 2015B, 2016A, 2016B, 2016C, 2020 Master Bond (Tranches 1, 2 and 3), and 2022 bonds.

Desal and SWTP Reserve Funds – Reserve accounts established through O&M agreements. See note 15 for more information.

Released Debt Service Funds – Upon the issuance of the Series 2022 Bonds, the maturity of the agency's total outstanding bonds was extended to Fiscal Year 2053. Therefore, the Debt Service Reserve account requirement changed from the Maximum Annual Debt Service for all outstanding bonds to 125% of the average Annual Debt Service for all outstanding bonds reducing the required balance of the Debt Service Reserve Fund and releasing reserve funds for funding the Capital Improvement Program.

Hillsborough County Joint Project Agreement Funds – In September 2022 the Board of Directors approved a Joint Project Agreement between the Agency and Hillsborough County. The agreement is for the design and construction of a new pipeline that will deliver additional water to a new point of connection for Hillsborough County.

## Note 6 - Deposits and Investments

### Deposits

As of September 30, 2024, the total carrying amount, net of reconciling items, of the Agency's deposits (unrestricted and restricted), exclusive of petty cash of \$1,450, was \$240,045,547. All the Agency's deposits with financial institutions are made with depository institutions that are members of the state of Florida's collateral pool, are placed in accounts designated as "public deposit" accounts covered by the collateral pool and, therefore, are considered to be insured.

### Investments

In August 2017, the Board of Directors approved Resolution 2017-002 which adopted a revised investment policy. The policy was revised to identify opportunities, to control and mitigate market risks and continue diversifying the agency's investment portfolio. The scope of the revised investment policy clarifies that the overall policy applies to all surplus funds, to the extent there is no conflict with the Master Bond Resolution, and if there is a conflict, the Master Bond Resolution governs. Authorized investments in this policy will also be considered authorized investments for bond proceeds under the Master Bond Resolution, as amended, under other permitted investments. The Agency's investment policy permits investment in the following: (1) U.S. government

**Note 6 - Deposits and Investments (Continued)****Investments (Continued)**

securities, (2) U.S. government agencies (full faith and credit of the U.S. government), (3) federal instrumentalities (U.S. government-sponsored enterprises that are non-full faith and credit), (4) mortgage-backed securities, (5) bank accounts and nonnegotiable interest-bearing time certificates of deposit, (6) repurchase agreements; (7) commercial paper, (8) corporate notes, (9) bankers' acceptances, (10) state and/or local government taxable and/or tax-exempt debt, (11) registered investment companies (money market mutual funds), (12) supranational's and (13) intergovernmental investment pools.

The Agency's investments are reported at fair value in the statement of net position, except for money market funds and U.S. government obligations with original maturities less than one year, which are reported at amortized cost in accordance with GASB Statement No. 72.

Investments having a maturity of one year or less at time of purchase are recorded at amortized cost.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Agency's investment policies seek to limit exposure to credit risk by establishing minimum credit ratings that must be met and maintained by providers of certain types of investments. Policies also require that certain types of agreements be collateralized with investments authorized under the policies.

The following is the minimum credit rating requirements within the Agency's investment policy for each type of debt security:

Security Type	Rating
Commercial Paper	P-1/A-1
Corporate Notes	Single "A" category by any two NRSROs
Banker's Acceptances	P-1/A-1
State and/or Local Government Taxable and/or Tax-Exempt Debt	Single "A" category by two NRSROs
Supranationals	AA by two NRSROs
Registered Investment Companies (Money Market Funds)	AAAm
Intergovernmental Investment Pool	AAA

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Exclusive of investments issued or explicitly guaranteed by the U.S. government and investments in external investment pools and other pooled investments, the Agency had no investment concentrations in individual issuers in excess of 5% of its total investments on September 30, 2024.

**Note 6 - Deposits and Investments (Continued)****Investments (Continued)**

The Agency's investment policy establishes limitations on portfolio composition, both by investment type and dealer, in order to control concentration of credit risk. The following maximum limits are guidelines established for diversification by instrument

Security Type	Maximum Allocation Limit	Maximum Issuer Limit
U.S. Government Securities	100%	N/A%
U.S. Agencies	50%	25%
Federal Instrumentalities	80%	25%
Mortgage-Backed Securities	20%	15%
Non-Negotiable CDs	65%	35%
Repurchase Agreements	50%	25%
Commercial Paper	25%	5%
Corporate Notes	25%	5%
Bankers' Acceptances	25%	5%
State/Local Tax-Exempt Debt	20%	5%
Supranationals	15%	5%
Money Market Mutual Funds	50%	25%
Local Government Investment Pools	25%	N/A%

**Interest Rate Risk:** Interest rate risk is the risk that the Agency's portfolio value will fluctuate due to changes in interest rates over time. The Agency's investment policy outlines the following strategies to control and mitigate its exposure to interest rate risk:

- The Agency will maintain a minimum of six months of budgeted operating expense in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum percent of callable securities in the portfolio will be 20%.
- The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the Agency based on the Agency's investment objectives, constraints and risk tolerances.

The maximum maturity limits by investment type as established by the Agency's investment policy are as follows:

Security Type	Maturity Limit
U.S. Government Securities	5 years
U.S. Agencies	5 years
Federal Instrumentalities	5 years
Mortgage-Backed Securities	5 years
Non-Negotiable CDs	2 years
Repurchase Agreements	60 days
Commercial Paper	270 days
Corporate Notes	5 years
Bankers' Acceptances	180 days
State/Local Tax Exempt debt	5 years
Supranational's	5 years

**Note 6 - Deposits and Investments (Continued)****Investments (Continued)**

Investments held by the Agency (restricted and unrestricted) on September 30, 2024, are summarized below. The investments are summarized by type of investment and show the maturity, interest rate, fair value, and credit rating.

Investments	Maturities	Interest Rate	Fair Value	Credit Rating	
				S&P	Moody's
U.S. Treasury Notes	10/31/24 - 3/31/29	1.125 to 4.875	\$ 86,272,745		
U.S. Government Agency	10/15/24 - 6/30/28	0.375 to 5.000	32,468,835		
ACE Ina Holding	3/15/25	3.15	1,350,371	A	A3
Bank of America Corp	2/13/26 - 1/20/27	2.015 to 5.080	1,808,787	A-	A1
Bank of Montreal	5/1/25	1.85	1,623,798	A-	A2
Blackrock Funding	7/26/27	4.6	2,762,710	AA-	Aa3
Caterpillar Financial Services Corp	1/08/27 - 5/14/27	4.500 to 5.000	2,510,363	A	A2
Cisco Sys Inc	2/26/27	4.8	1,226,268	AA-	A1
Duke Energy Florida	1/15/27	3.2	1,819,531	A	A1
Eli Lilly Co	8/14/27	4.15	1,766,345	A+	A1
Florida Power & Light Co	05/15/26	4.45	503,680	A	A1
Home Depot Inc	6/25/27	4.875	2,821,445	A	A2
Honeywell International Inc	6/1/25	1.35	1,569,856	A	A2
Int'l Bank For Reconst & Development	10/28/25 - 7/12/28	0.500 to 3.500	5,392,442	AAA	Aaa
International Finance Corp	10/16/24 - 7/13/28	1.375 to 4.500	4,149,132	AAA	Aaa
John Deere Capital Corp Notes	9/08/25 - 1/08/27	0.450 to 4.050	1,868,786	A	A1
JP Morgan Chase & Co	6/23/25 - 1/29/27	3.125 to 3.960	2,162,629	A-	A1
Morgan Stanley	10/21/25 - 7/17/26	0.864 to 4.679	1,597,134	A-	A1
National Rural Utilities Cooperative Corp	10/30/25 - 2/5/27	4.800 to 5.450	1,882,103	A-	A2
PACCAR Financial Corp	8/11/25 - 8/10/26	3.550 to 5.050	1,758,843	A+	A1
QUALCOMM Inc	5/20/25	3.45	1,590,896	A	A2
Royal Bank of Canada	1/21/25 - 1/19/27	1.600 to 4.875	2,263,123	A	A1
Target Corp	4/15/25	2.25	1,629,095	A	A2
Toronto-Dominion Bank Note	1/9/26 - 6/08/27	4.108 to 5.532	2,305,931	A	A1
Toyota Motor Credit Corp	1/13/25 - 3/22/27	1.450 to 3.950	2,241,191	A+	A1
UnitedHealth Group	1/15/27 - 4/15/27	3.450 to 5.213	1,840,830	A+	A2
Total investments			<u>\$ 169,186,869</u>		

**Fair Value Measurements**

In Fiscal Year 2016 Tampa Bay Water adopted GASB Statement No. 72, *Fair Value Measurement and Application*.

GASB Statement No. 72 defines fair value as the exit price that would be received to sell an asset or transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Based on the inputs used to determine fair value, a three-level fair value hierarchy is used as follows:

**Level 1** – Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date. Level 1 assets include mutual funds, common and preferred stocks, long duration fixed income funds, and exchange-traded funds (ETFs).

**Level 2** – Valuations are based on (a) quoted prices for similar assets and liabilities in active markets, or (b) quoted prices for identical or similar assets and liabilities in markets that are not active, or (c) pricing inputs other than the quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets

## Note 6 - Deposits and Investments (Continued)

### Fair Value Measurements (Continued)

include securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3 – Valuations are based on pricing inputs that are unobservable and include situations where (a) there is little, if any, market activity for the investments, or (b) the investments cannot be independently valued, or (c) the investments cannot be immediately redeemed at or near the year-end. Level 3 assets include private equity investments, real estate investments, hedge funds, and complex financial instruments such as derivatives or structured products, which are valued using internal models that incorporate unobservable inputs.

The assets or liability's fair-value measurement level within the fair-value hierarchy is based on the lowest level of any input that is significant to the fair-value measurement.

The following table summarizes the fair value of Tampa Bay Water's investments at year end, in accordance with the levels of the GASB 72 valuations.

	Fair Value Measurement Using			
	9/30/2024	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
US Corporate	\$ 40,903,715	\$ -	\$ 40,903,715	\$ -
Supranational	9,541,574	-	9,541,574	-
US Government Agency	32,468,835	-	32,468,835	-
US Treasury	86,272,745	86,272,745	-	-
Total Investment by Fair Value Level	\$169,186,869	\$ 86,272,745	\$ 82,914,124	\$ -

Level 1 - Quoted Prices in Active Markets for Identical Assets.

Level 2 - Significant Other Observable Inputs.

Level 3 - Significant Unobservable Inputs.

The fair value of the financial instruments shown in the table above as of September 30, 2024 represent the estimated amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs.

The estimated fair value of the Agency's investments in debt securities is based on other market data for the same or comparable instruments and transactions in establishing the prices, including using standard inputs consisting of benchmark yields, reportable trades, benchmark securities (where applicable), and reference data including market research publications. Fair value of debt securities do not trade on a regular basis in active market and are, therefore, classified as Level 2 securities.

## Note 7 - Grants Receivable and Capital Contributions

The Agency receives various grants during the year, of which are required to be spent according to the stipulations outlined in the grant. A failure to follow grant stipulations may result in non-compliance with the grant.

In addition, the Agency receives funds from member governments in connection with joint project agreements. Upon the successful completion of these projects, the resulting outcomes and deliverables are transferred as assets to the Agency

## Note 8 - Lease Receivable

The Agency leases land to a third party to use a cellular tower on the property. As of September 30, 2024, the Agency's lease receivable was valued at \$29,264, and the deferred inflow of resources associated with this lease that will be recognized as revenue over the term of the lease was \$28,938. The payment for the lease receivable is expected to be received in the subsequent years as follows:

Fiscal Year	Principal	Interest
2025	\$ 29,264	\$ 119
Total	\$ 29,264	\$ 119

## Note 9 - Capital Assets

The following are summaries of capital asset changes for the year ended September 30, 2024.

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024
<b>Capital assets, non-depreciable:</b>				
Land	\$ 79,994,554	\$ 4,057,562	\$ 561,397	\$ 83,490,719
Water capacity rights	316,397,360	-	-	316,397,360
Construction-in-progress	64,714,551	57,123,060	26,660,871	95,176,740
Total non-depreciable capital assets	461,106,465	61,180,622	27,222,268	495,064,819
<b>Capital assets, depreciable:</b>				
Land improvements	3,303,176	-	-	3,303,176
Buildings	21,854,801	71,514	-	21,926,315
Wells and wellfield improvements	137,657,315	-	-	137,657,315
Transmission mains	339,178,229	-	-	339,178,229
Water treatment and pumping facilities	708,502,518	19,719,214	-	728,221,732
Reservoir	304,564,796	-	-	304,564,796
Other equipment and software	23,320,954	1,906,371	993,898	24,233,427
Right-to-use leased land	1,374,298	-	-	1,374,298
Right-to-use leased equipment	220,293	-	7,123	213,170
Right-to-use Subscribed Based IT Arrangements	1,128,305	81,959	19,554	1,190,710
Total depreciable capital assets	1,541,104,685	21,779,058	1,020,575	1,561,863,168
<b>Less: accumulated depreciation:</b>				
Land improvements	1,383,573	56,630	-	1,440,203
Buildings	9,575,360	627,919	-	10,203,279
Wells and wellfield improvements	83,231,186	3,214,813	-	86,445,999
Transmission mains	98,021,126	4,606,439	-	102,627,565
Water treatment and pumping facilities	279,077,747	15,362,449	-	294,440,196
Reservoir	43,204,579	3,556,593	-	46,761,172
Other equipment and software	16,459,593	1,488,160	959,830	16,987,923
Right-to-use leased land	66,632	33,317	-	99,949
Right-to-use leased equipment	79,205	60,472	7,123	132,554
Right-to-use Subscribed Based IT Arrangements	336,820	369,395	19,552	686,663
Total accumulated depreciation	531,435,821	29,376,187	986,505	559,825,503
Total depreciated capital assets, net	1,009,668,864	(7,597,129)	34,070	1,002,037,665
<b>Total capital assets, net</b>	<b>\$ 1,470,775,329</b>	<b>\$ 53,583,493</b>	<b>\$ 27,256,338</b>	<b>\$ 1,497,102,484</b>

Deletions from construction-in-progress in 2024 include \$19,399,067 that were transferred to depreciable capital assets, \$506,565 transferred to equipment, \$2,097,518 transferred to land and \$4,657,722 expensed. Commitments on construction contracts at September 30, 2024, were \$68,309,952.

### Note 10 - Accounts Payable

Accounts payable and accrued expenses on September 30, 2024, consist of amounts owed for operating and payroll expenses as follows:

Accounts payable	\$ 25,797,731
Accrued payroll expenses	3,983,724
	<u>\$ 29,781,455</u>

### Note 11 - Long-Term Debt and Other Noncurrent Liabilities

The Agency has issued various series of debt to finance the construction of new sources of water to meet the needs of its Member Governments, as well as facilities at Clearwater and Cypress Creek Wellfield to meet administrative and security needs.

Long-term debt and acquisition credits as of September 30, 2024, consist of:

Issue	Purpose	Maturity	Interest Rate	Original Amount	Outstanding Amount
Utility System Refunding Revenue Bonds, Series 2022	Pay or reimburse a portion of the costs of the 2022 Projects, fund a deposit to the Reserve Account so that the total amount on deposit therein equals the Reserve Account Requirement and capitalize a portion of the interest on the 2022 Bonds	2052	5.00% to 5.25%	\$ 122,075,000	\$122,075,000
Utility System Refunding Revenue Bonds, Series 2020 Tranche 3	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2013	2038	2.31%	76,220,000	75,954,000
Utility System Refunding Revenue Bonds, Series 2020 Tranche 2	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2011A	2024	2.31%	46,662,000	15,825,000
Utility System Refunding Revenue Bonds, Series 2020 Tranche 1	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2010	2025	2.31%	6,709,000	6,239,000
Utility System Refunding Revenue Bonds, Series 2016C	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2010	2027	1.17% to 3.61%	55,345,000	55,345,000
Utility System Refunding Revenue Bonds, Series 2016B	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2011B	2031	1.17% to 3.61%	32,785,000	30,895,000
Utility System Refunding Revenue Bonds, Series 2016A	Advance refund all of the outstanding Utility System Revenue Bonds, Series 2008	2038	3.25% to 5.00%	96,630,000	96,630,000
Utility System Refunding Revenue Bonds, Series 2015B	Advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2011A & Series 2011B	2031	1.01% to 3.33%	95,975,000	88,645,000

**Note 11 - Long-Term Debt and Other Noncurrent Liabilities (Continued)**

<b>Issue</b>	<b>Purpose</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>
Utility System Refunding Revenue Bonds, Series 2015A	Advance refund a portion of the outstanding Utility System Refunding & Improvement Revenue Bonds, Series 2006 and advance refund a portion of the outstanding Utility System Refunding Revenue Bonds, Series 2011A & Series 2011B	2036	4.00% to 5.00%	180,835,000	180,835,000
Utility System Refunding and Improvement Revenue Bonds, Series 2005	Advance refund certain of the outstanding Utility System Revenue Bonds, Series 1998A, certain of the outstanding Utility System Revenue Advance refund certain of the outstanding Utility System Revenue Bonds, Series 1998B, certain of the outstanding Utility Revenue Bonds, Series 2001B and fund the 2005 Project	2024	5.50%	174,965,000	26,180,000
Utility System Refunding and Improvement Revenue Bonds, Series 2001A	Advance refund certain of the outstanding Utility System Revenue Bonds, Series 1999, paying or reimbursing the costs of the 2001A Project and funding the Reserve Account as defined	2029	5.10% to 6.00%	309,370,000	50,000,000
Acquisition Credits	Infrastructure that the agency bought from member governments when the agency was created.	2028	4.87%	159,645,307	36,255,328
Bond Premiums	Premium paid over and above the face value of the bonds to the agency	2029		113,526,322	32,684,052
<b>Total long-term debt</b>				<b>\$1,470,742,629</b>	<b>\$817,562,380</b>

**Note 11 - Long-Term Debt and Other Noncurrent Liabilities (Continued)**

All of the Agency's Revenue Bonds were issued publicly. The Agency's changes in noncurrent liabilities for the fiscal year ended September 30, 2024, was as follows:

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024	Due Within One Year
2001A bonds	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000	\$ -
2005 bonds	51,000,000	-	(24,820,000)	26,180,000	26,180,000
2015A bonds	180,835,000	-	-	180,835,000	-
2015B bonds	89,575,000	-	(930,000)	88,645,000	955,000
2016A bonds	96,630,000	-	-	96,630,000	-
2016B bonds	31,155,000	-	(260,000)	30,895,000	265,000
2016C bonds	55,345,000	-	-	55,345,000	-
2020 Master Bonds	6,388,000	-	(149,000)	6,239,000	153,000
2020 Master Bonds	31,291,000	-	(15,466,000)	15,825,000	15,825,000
2020 Master Bonds	76,220,000	-	(266,000)	75,954,000	1,131,000
2022 Bonds	122,075,000	-	-	122,075,000	-
Lease Payable	1,471,070	-	(84,332)	1,386,738	80,672
SBITA Contracts Payables	738,667	81,959	(383,740)	436,885	385,253
Acquisition credits	44,260,578	-	(8,005,250)	36,255,328	8,407,915
Unamortized bond issue premium	37,525,160	-	(4,841,108)	32,684,052	-
	874,509,475	81,959	(55,205,430)	819,386,003	53,382,840
Less current portion	(50,348,330)	(53,382,840)	50,348,330	(53,382,839)	-
Total long-term debt	824,161,145	(53,300,881)	(4,857,100)	766,003,164	53,382,840
Total OPEB liability	367,110	127,738	(31,027)	463,821	-
Net pension liability – FRS Pension plan	12,241,602	7,308,828	(7,868,642)	11,681,788	-
Net pension liability – HIS plan	5,361,525	307,652	(638,221)	5,030,956	-
	<b>\$ 842,131,382</b>	<b>\$ (45,556,663)</b>	<b>\$ (13,394,990)</b>	<b>\$ 783,179,729</b>	<b>\$ 53,382,840</b>

Annual bonds debt service requirements to maturity for all bonds long-term debt as of September 30, 2024, are as follows:

	Principal	Interest	Total
2025	\$ 44,509,000	\$ 30,447,740	\$ 74,956,740
2026	43,518,000	28,633,693	72,151,693
2027	46,339,000	26,752,515	73,091,515
2028	48,347,000	24,692,782	73,039,782
2029	53,255,000	22,644,704	75,899,704
2030-2034	231,166,000	79,028,638	310,194,638
2035-2039	159,414,000	45,601,246	205,015,246
2040-2044	34,060,000	26,760,500	60,820,500
2045-2049	43,910,000	16,909,675	60,819,675
2050-2052	44,105,000	4,548,125	48,653,125
	<b>\$ 748,623,000</b>	<b>\$ 306,019,618</b>	<b>\$ 1,054,642,618</b>

**Note 11 - Long-Term Debt and Other Noncurrent Liabilities (Continued)**

Annual acquisition credits debt service requirements to maturity for all acquisition credits long-term debt as of September 30, 2024, are as follows:

	Principal	Interest	Total
2025	\$ 8,407,915	\$ 1,823,643	\$ 10,231,558
2026	8,830,833	1,400,725	10,231,558
2027	9,275,024	956,534	10,231,558
2028	9,741,557	490,000	10,231,557
	<u>\$ 36,255,329</u>	<u>\$ 4,670,902</u>	<u>\$ 40,926,231</u>

**Revenues Pledged**

The Agency has pledged its net revenues (gross revenues less operating expenses), all as defined by the Master Bond Resolution, to repay its \$784,623,000 outstanding utility system revenue bonds described above. The bonds are payable solely from net revenues and are pledged through 2052. Pledged revenues, which are budgeted and collected annually to meet the annual debt service requirements, were \$75,890,443 in 2024. Annual principal and interest payments on the bonds are expected to require less than 50% of annual operating revenues. Bond covenants require the Agency to fund, among other accounts, sinking funds, and debt service reserves with pledged revenue. These funding requirements are described in Note 5.

The covenants also require that the Agency not issue any other obligations payable from the specified pledged revenue nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrances, or other charges having priority to or being on a parity with the lien of the specific bonds except under conditions specified in the resolutions. On September 30, 2024, the Agency complied with all debt covenants.

**Defeasance of Debt**

As of September 30, 2024 the Agency did not have any defeased debt.

**Default Remedies**

Terms specified in the debt agreements entered into by the Agency include provisions for remedies available to the lender in the even of default. In summary, lenders may protect any and all rights under the Laws of the State of Florida or granted and contained in each Bond Resolution to ultimately seek enforcement of an exercise all remedies available.

**Lease Payable**

The Agency is a lessee for noncancellable leases of land and equipment. At September 30, 2024, the Agency's lease payable of \$1,386,738 was composed of the following:

Ground lease for the Agency to operate its desalination plan – annual payments totaling \$46,375, including interest at an annual rate of 1.70%. Payments are due monthly, and the lease expires in 2062. Lease liability balance is \$1,303,524 at September 30, 2024.

Equipment lease for gas detection devices and related equipment – annual payments totaling \$15,184, including interest at an annual rate of 0.75%. Payments are due monthly, and the lease expires in 2025. Lease liability balance is \$11,352 at September 30, 2024.

## Note 11 - Long-Term Debt and Other Noncurrent Liabilities (Continued)

### Lease Payable (Continued)

Equipment lease for a copier machine – annual payments totaling \$46,745, including interest at an annual rate of 3.56%. Payments are due monthly, and the lease expires in 2026. Lease liability balance is \$71,862 at September 30, 2024.

The future principal and interest lease payments as of September 30, 2024, were as follows:

	Principal	Interest	Total
2025	\$ 80,672	\$ 23,836	\$ 104,508
2026	51,770	21,873	73,643
2027	25,248	21,127	46,375
2028	25,680	20,694	46,374
2029	26,120	20,254	46,374
2030-2034	137,470	94,404	231,874
2035-2039	149,657	82,217	231,874
2040-2044	162,924	68,949	231,873
2045-2049	177,368	54,506	231,874
2050-2054	193,092	32,349	225,441
2055-2059	210,209	21,664	231,873
2060-2063	146,528	4,189	150,717
	<u>\$ 1,386,738</u>	<u>\$ 466,062</u>	<u>\$ 1,852,800</u>

### SBITA Contracts Payable

The Agency is a party to various IT subscriptions with software vendors. At September 30, 2024, the Agency's SBITA contracts payable of \$436,886 consists of the following:

Energy billing data management software – annual payments in April ranging from \$15,992 to \$19,440 from 2024 through 2028, including interest at an annual rate of 3.66%. SBITA liability is \$65,966 at September 30, 2024.

Microsoft Office 365 suite and cloud services – three annual payments of \$209,303 in November 2022, 2023, and 2024, including interest at an annual rate of 3.55%. SBITA liability is \$202,014 at September 30, 2024.

Land management software, including right-of-way management and ticketing system – three annual payments of \$175,000 in December 2022, 2023, and 2024, including interest at an annual rate of 3.55%. SBITA liability is \$168,905 at September 30, 2024.

The future principal and interest SBITA payments as of September 30, 2024, were as follows:

	Principal	Interest	Total
2025	\$ 385,253	\$ 5,012	\$ 390,265
2026	15,709	1,681	17,390
2027	17,181	1,073	18,254
2028	18,742	410	19,152
	<u>\$ 436,885</u>	<u>\$ 8,176</u>	<u>\$ 445,061</u>

## Note 12 - Employee Retirement Plan

### General Information

Substantially all full-time employees of the Agency are eligible to participate in the State of Florida Retirement System (FRS), a cost-sharing multiple-employer public retirement system that provides a defined benefit pension plan (the Pension Plan) for all state and participating county, district school board, community college, and university employees. The defined benefit plan was established in 1970 by the Florida Legislature. In 2002, the legislature amended the laws creating a new employer-funded, optional defined contribution program, the Public Employee Optional Retirement Program (the Investment Plan). Substantially all full-time employees are eligible to participate in this plan in lieu of the pension plan. Agency employees must have made their plan election prior to March 1, 2004. Subsequent to that date, all plan participants may exercise a one-time option to switch plans. New employees may elect to participate in either plan when eligible. FRS also provides death and disability benefits. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 22B, *Florida Administrative Code*.

All retirement legislation enacting benefit improvements must comply with Article X, Section 14, of the State Constitution and with Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis. The plans are administered by the State of Florida Division of Retirement, Department of Management Services. The FRS publishes an unaudited annual report that provides 10-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. The most recent available report is for the plan year ended June 30, 2024 and is available online at:

[https://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports)

### Contributions

The Florida Legislature enacted legislation in 2007 (Chapter 2007-84, Laws of Florida) that established uniform employer contribution rates for the FRS membership classes and subclasses and the Deferred Retirement Option Program (DROP). These rates are updated as of July 1 of each year. In 2011, legislation changed the plan making it mandatory for employees in the regular and senior management class to contribute 3% to the plan, while Drop participants are not required to contribute. The Agency is required to contribute to the plans at these actuarially determined rates. Effective July 1, 2023 to June 30, 2024, the plan rates were 13.57%, 34.52%, and 21.13% for the regular class, senior management class, and drop participants, respectively. Legislation changed the plan rates for the plan year beginning July 1, 2024 to 13.63%, 34.52%, and 21.13% for the regular class, senior management, and drop participants, respectively. These rates include the Health Insurance Subsidy (HIS) contribution percentages mentioned in the HIS section of this note. The Agency's contributions for the fiscal year ended September 30, 2024, were \$1,715,679.

### FRS Pension Plan

#### FRS Benefits Provided

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. Benefits under this plan are computed on the basis of age, average final compensation, and service credit.

For Pension Plan members enrolled before July 1, 2011, and retire at or after age 62 with at least 6 years of credited service or with 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their average final compensation for each year of credited service. Final average compensation

## Note 12 - Employee Retirement Plan (Continued)

### FRS Pension Plan (Continued)

is the employee's average of the 5 highest fiscal years of salary earned during credited service. Vested employees may retire before age 62 and receive benefits that are reduced 5% for each year prior to normal retirement age of date. Employees enrolled on or after July 1, 2011, and retire at or after age 65 with at least 8 years of credited service or with 33 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their average final compensation for each year of credited service. Final average compensation is the employee's average of the 8 highest fiscal years of salary earned during credited service. Vested employees may retire before age 65 and receive benefits that are reduced 5% for each year prior to normal retirement age or date.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

### FRS Pension Plan

In addition to the above benefits, the DROP allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

### FRS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2024, the Agency reported a liability of \$11,681,788 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date. The Agency's proportionate share of the net pension liability was based on the Agency's fiscal year 2024 contributions relative to the contributions of all participating members. At June 30, 2024, the Agency's proportionate share was 0.03020%, which was an decrease of 0.0005% from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Agency recognized pension expense of \$1,957,544. In addition, the Agency reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,180,174	\$ -
Change of assumptions	1,601,096	-
Net difference between projected and actual earnings on Pension Plan investments	-	776,432
Changes in proportion and differences between Agency Pension Plan contributions and proportionate share of contributions	319,239	149,809
Agency Pension Plan contributions subsequent to the measurement date	397,981	-
Total	<u>\$ 3,498,490</u>	<u>\$ 926,241</u>

## Note 12 - Employee Retirement Plan (Continued)

### FRS Pension Plan (Continued)

The deferred outflows of resources related to the Pension Plan, totaling \$397,981 resulting from Agency contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in the pension expense as follows:

Fiscal year ending September 30:	
2025	\$ (192,596)
2026	2,092,271
2027	152,524
2028	7,214
2029	114,855
Total	<u>2,174,268</u>

### FRS Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table.

The actuarial assumptions that determined the total pension liability as of June 30, 2024, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation <sup>(1)</sup>	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.10%
Fixed income	29.0	5.7	5.6	3.9
Global equity	45.0	8.6	7.0	18.2
Real estate (property)	12.0	8.1	6.8	16.6
Private equity	11.0	12.4	8.8	28.4
Strategic investments	2.0	6.6	6.2	8.7
Total	<u>100.00%</u>			
Assumed inflation – mean			2.4	1.4

<sup>(1)</sup> As outlined in the Pension Plan's investment policy.

## Note 12 - Employee Retirement Plan (Continued)

### FRS Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

### FRS Sensitivity of Agency's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
\$ 20,547,857	\$ 11,681,788	\$ 4,254,576

### FRS Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered System Annual Comprehensive Financial Report.

This report may be obtained by writing to the Division of Retirement, Research Education and Policy Section, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (850) 488-5706, or by accessing its internet site at [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

### Payables to the FRS Pension Plan

At September 30, 2024, the Agency reported a payable in the amount of \$416,887 or outstanding contributions to the Pension Plan.

### Health Insurance Subsidy (HIS) Program

#### HIS General Information

The HIS program is a cost-sharing multiple-employer defined benefit pension plan established under Florida Statutes, Section 112.363, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

#### HIS Benefits Provided

For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

## Note 12 - Employee Retirement Plan (Continued)

### Health Insurance Subsidy (HIS) Program (Continued)

#### HIS Contributions

The HIS program is funded by retirement contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Effective July 1, 2023 and 2024, the rates were 1.66% for both years. The Agency contributed 100% of its statutorily required contributions for the current and preceding three years. HIS program contributions are deposited into a separate trust fund from which payments are authorized. HIS program benefits are not guaranteed and are subject to annual legislative appropriation. In the event, legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Agency's contributions to the HIS plan totaled \$287,148 for the fiscal year ended September 30, 2024.

#### HIS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2024, the Agency reported a liability of \$5,030,956 for its proportionate share of the HIS program's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date. The Agency's proportionate share of the net pension liability was based on the Agency's fiscal year contributions relative to the fiscal year contributions of all participating members. At June 30, 2024, the Agency's proportionate share was 0.03354%, which was an decrease of 0.0002% from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Agency recognized pension expense of \$209,846. In addition, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,577	\$ 9,660
Change of assumptions	89,036	595,601
Net difference between projected and actual earnings on HIS program investments	-	1,820
Changes in proportion and differences between Agency HIS program contributions and proportionate share of contributions	57,563	157,712
Agency HIS program contributions subsequent to the measurement date	67,027	-
Total	<u>\$ 262,203</u>	<u>\$ 764,793</u>

## Note 12 - Employee Retirement Plan (Continued)

### Health Insurance Subsidy (HIS) Program (Continued)

The deferred outflows of resources related to the HIS program, totaling \$67,027 resulting from Agency contributions to the HIS program subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan will be recognized in pension expense as follows:

Fiscal year ending September 30:	
2025	\$ (92,411)
2026	(114,022)
2027	(166,101)
2028	(116,134)
2029	(63,278)
Thereafter	(17,671)
Total	<u>(569,617)</u>

### HIS Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Municipal rate	3.93%

Mortality rates were based on the PUB-2010 base table

The actuarial assumptions that determined the total pension liability as of June 30, 2024 were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 through June 30, 2018.

### HIS Discount Rate

The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

### HIS Sensitivity of the Agency's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the Agency's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Agency's proportionate share of the net pension liability	\$ 5,727,097	\$ 5,030,956	\$ 4,453,047

## Note 12 - Employee Retirement Plan (Continued)

### HIS Fiduciary Net Position

Detailed information regarding the HIS program's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered System Annual Comprehensive Financial Report.

This report may be obtained by writing to the Division of Retirement, Research Education and Policy Section, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (850) 488-5706, or by accessing its internet site at: [https://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports)

### Payables to the HIS Program

At September 30, 2024, the Agency reported a payable in the amount of \$41,245 for outstanding contributions to the HIS program.

The aggregate amount of net position liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the Agency's defined benefit pension plans are summarized below:

	FRS Pension		
	Plan	HIS Program	Total
Net pension liability	\$ 11,681,788	\$ 5,030,956	\$ 16,712,744
Deferred outflows of resources related to pension	3,498,490	262,203	3,760,693
Deferred inflows of resources related to pension	926,241	764,793	1,691,034
Pension expense	1,957,544	209,846	2,167,390

### Investment Plan

The State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the FRS defined benefit plan. Agency employees participating in DROP are not eligible to participate in the FRS Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the FRS Investment Plan are established and may be amended by the Florida Legislature. The FRS Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (regular class, senior management) as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during fiscal year 2023, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: regular class 6.30% and senior management service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five-year

## Note 12 - Employee Retirement Plan (Continued)

### Investment Plan (Continued)

period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Agency.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lumpsum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

## Note 13 - Other Post-Employment Health Care Benefits

The Agency implemented GASB Statement No. 75 in fiscal year 2018 to account for certain postemployment health care benefits provided by the Agency. GASB Statement No. 75 replaced GASB Statement No. 45

### Plan Description

The Post-Employment Health Care Benefits Plan is a single-employer defined benefit plan administered by the Agency. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Agency and their eligible dependents may continue to participate in the Agency's fully insured health and hospitalization plan for medical and prescription drug coverage. The Agency subsidizes the premium rates paid by retirees by allowing them to participate in the plans at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

### Funding Policy

For the Post-Employment Health Care Benefits Plan, contribution requirements of the Agency are established and may be amended through recommendations of the Chief Financial Officer and action from the Board of Directors. The Agency has not advanced-funded or established a funding methodology for the annual Other Post-Employment Benefits OPEB costs or the total OPEB liability. As of the last required actuarial evaluation, October 1, 2023, there were two retiree and zero eligible dependents receiving postemployment health care benefits. The plan is funded on "pay as you go" basis and as such, there are no assets accumulated in a trust to pay related benefits. For the year ended September 30, 2024, \$22,290 was contributed for pay as you go benefits of the Plan.

### Plan Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of October 1, 2023

Active employees	153
Retiree receiving benefits	2
Total	<u>155</u>

**Note 13 - Other Post-Employment Health Care Benefits (Continued)****Total OPEB Liability**

The Agency changes in the total OPEB liability by source for the fiscal year ended September 30, 2024.

Total OPEB Liability on September 30, 2023	\$	367,110
Service Cost		17,489
Interest		12,137
Differences between expected and actual experience		36,230
Changes of assumptions or other input		53,145
Benefit Payments		(22,290)
Total OPEB Liability on September 30, 2024	\$	<u>463,821</u>

The required schedule of changes in the Agency's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets are increasing or decreasing over time relative to the total OPEB liability.

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of October 1, 2023, with update procedures performed by the actuary to roll forward the total OPEB liability to the measurement date of September 30, 2024. The following actuarial assumptions apply to all periods included in the measurement:

Discount Rate	3.75%
Overall Payroll Growth	3.40%
Inflation rate	2.40%
Actuarial cost method	Entry Age normal, level percent of salary
Initial healthcare cost rate	7.00% October 2023 Valuation
Ultimate healthcare cost rate	Rate range from 7.00 to 4.50 in fiscal year 2041

Mortality rates were based on the PubG.H-2010 General below Median Employee scale MP-2018 for females and PubG.H-2010 General below median employee scale MP-2018, set back 1 year for males.

**Discount rate.** The discount rate used to measure the total OPEB liability was 3.75% as of the measurement date of September 30, 2024. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher - which was 3.75% as determined by the application GO Index Rate as of September 30, 2024.

**Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost rate trend.** The following presents the total OPEB liability of the Authority, calculated using the discount rate, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate or healthcare cost rate that is one percentage point lower or one percentage point higher than the current rate.

The following table represents the sensitivity analysis discussed above as of October 1, 2023

	1% Decrease	Current Discount Rate (3.75%)	1% Increase
1% Decrease - Healthcare cost rate trend (6.00%)	\$ -	\$ 419,933	\$ -
Agency Total OPEB Liability	493,898	463,821	435,462
1% Increase - Healthcare cost rate trend (8.00%)	-	515,200	-

## Note 14 - Risk Management

The Agency is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency has transferred the risk to outside parties through the purchase of various types of insurance coverage. The Agency uses a single broker, Risk Management Associates, Inc. dba Public Risk Insurance Agency to solicit, evaluate and recommend policies for all types of coverage required by the Agency. The Agency purchases the following insurance coverage, from various carriers: property insurance, inland marine, boiler and machinery insurance, commercial general liability, business auto liability and physical damage, marine hull and watercraft coverage, employment practice liability, public official liability, government crime coverage, fuel storage tank coverage, worker's compensation and cyber liability. There have been no significant reductions in insurance coverage from the prior year. Except as discussed in Note 15, no settlements have exceeded insurance coverage over the past four years.

## Note 15 - Commitments and Contingencies

### Litigation

The Agency is a party to various lawsuits, claims, and legal actions arising in the ordinary course of business. These actions relate primarily to eminent domain, construction claims, disputes, and personnel matters. Except as discussed in Note 16, any losses that may be incurred in connection with these matters are deemed by management to not be material to the Agency's financial statements.

In fiscal year, 2024, Tampa Bay Water remained a plaintiff in a class action lawsuit against several manufacturers and sellers of polyfluoroalkyl substances or "PFAS" chemicals based on the good-faith belief that the defendants have discharged PFAS into, or are otherwise responsible for PFAS being released into, the waters and environment that serve as the supply sources for Tampa Bay Water's water supply system. The lawsuit is styled Tampa Bay Water v. E.I. Dupont de Nemours and Company, et al., Case No. 2:20-cv-1867 RMG, United States District Court for the District of South Carolina, Charleston Division. The complaint includes counts for strict liability, failure to warn, design defect, negligence, private nuisance, public nuisance, and fraudulent conveyance. In fiscal year 2024, settlements were reached with several defendants while litigation remains pending against others. Tampa Bay Water filed claims for presently available settlement proceeds which are under review by the claims administrator.

### Grant Funds

The Agency is subject to audit examination by funding agencies to determine compliance with grant conditions. In the event that expense would be disallowed, repayment could be required.

## Operations and Maintenance Agreements

### Desalination Plant

The 20-year Operation, Maintenance, and Management (OM&M) Services Agreement for operation of the desalination plant with American Water-Acciona Agua, LLC, approved by the Board of Directors in 2004, went into effect as of November 8, 2007 with an expiration date in November 2024. Under this agreement, American Water-Acciona Agua, LLC operates and maintains the plant, and the Agency will pay a service fee consisting of a base OM&M charge, certain pass-through charges, maintenance reserve fund charges, and various fee adjustments. The base OM&M charge will be adjusted at the beginning of each contract year based on certain labor and plant cost indexes. In July 2023 the Board of Directors approved an amendment to the contract that will extend the

## **Note 15 - Commitments and Contingencies (Continued)**

### **Operations and Maintenance Agreements (Continued)**

agreement for five years until November 2029 and rename the operator U.S. Water-Acciona Seawater Desalination Partners LLC, with U.S. Water Services Corporation replacing American Water Enterprises, LLC, as 50% owner of the operating company.

The key points of the amendment are:

- The agreement will be extended, and US Water will replace American Water through November 2029;
- US Water will provide a \$35 million performance and payment Guaranty that would remain in place through November 2029;
- American Water will maintain a payment Guaranty in the amount of \$10 million through December 2026;
- The joint venture operator would continue with US Water replacing American Water under the name U.S. Water-Acciona Seawater Desalination Partners, LLC;
- American Water would remain liable for payment of any claims that result from actions or events occurring prior to their leaving the joint venture, and US Water would assume liability for performance and payment claims arising due to events or actions occurring after they join the joint venture.
- Along with responsibility for maintaining the two replacement funds: Major Equipment Renewal and Replacement Fund (MERR) and the Reverse Osmosis System Membrane Replacement Fund (ROSMR).

The contract can be terminated for convenience with 90 days' notice and payment for all services performed, reimbursable expenses due, a termination fee of \$1 million gradually declining to zero after 15 years and demobilization fee of \$50,000. Expense under this contract was \$9,409,562 for the fiscal year ended September 30, 2024. In the agreement it states that the operating company will maintain two reserve funds for the benefit of Tampa Bay Water, one which will support the cost of making major equipment renewals and replacements to the Facility, and the other for replacing the reverse osmosis system membranes in the Facility. Funds are added to the Major Equipment Renewal, Repair and Replacement (MERR) Fund and the Reverse Osmosis System Membrane Replacement (ROSMR) Fund each month in accordance with the service fee formula in Section 11.1 of the agreement. The operating company shall maintain the funds in a manner that corresponds with the schedule of activities, actions and amounts set forth in the Major Equipment Renewal, Repair and Replacement Schedule and the Reverse Osmosis System Membrane Replacement Schedule. The balance in the MERR fund was \$423,245 for the fiscal year ended September 30, 2024 and the balance in the ROSM Reserve fund was \$2,019,128 for the fiscal year ended September 30, 2024.

### **Surface Water Treatment Plant**

The Agency is a party to an Operations and Maintenance (O&M) Agreement with Veolia Water North America for the operation of its Surface Water Treatment Plant. The agreement, which became effective in 2004, provides for the payment by the Agency of a service fee that includes a base O&M charge that is payable regardless of plant production levels and several variable and pass-through cost components. The base O&M charge and certain other cost components increase yearly based on an index directly related to the expense. In August 2022, the Board approved an amendment to the agreement which extends the agreement another five years, through January 15, 2028. The agreement is fully cancelable with 90 days' notice, payment of all accrued service fees, and any demobilization costs. Expense under this agreement was \$8,674,708 for the fiscal year ended September 30, 2024. In the agreement it states that Veolia Water North America will maintain a reserve fund for the benefit of Tampa Bay Water, which will support the cost of making major equipment renewals and replacements to the Facility, in accordance with the repair and replacement plan required by Section 6.6.2 of the agreement, with funds added to the reserve fund each month pursuant to the amount included in the Base O&M charge for Major Equipment Renewal and Replacement Reserve Fee (MERR). The balance in the MERR fund was \$1,046,561

**Note 15 - Commitments and Contingencies (Continued)**  
**Surface Water Treatment Plant (Continued)**

for the fiscal year ended September 30, 2024. In the agreement it states that Veolia Water North America will maintain a reserve fund for the benefit of Tampa Bay Water, which will support the cost of replacement of one third of all granular activated carbon in the filters in the facility, in accordance with the granular activated carbon replacement requirements identified in Schedule 24 of the agreement, with funds added to the reserve fund each month pursuant to the amount included in the Base O&M charge for the Granular Activated Carbon (GAC) Reserve Fee. The balance in the GAC fund was \$2,330,550 for the fiscal year ended September 30, 2024.

**Note 16 - Litigation Settlements and Insurance Recoveries**

In fiscal year 2024, the Agency received a total of \$5,011,527 from insurance recoveries. Of the total amount, \$4,998,856 was attributed to a performance bond resulting from a contractor's default on obligations under an agreement entered into by the Agency in 2020. This agreement pertained to the replacement of Wellefield pumps and motors, as well as improvements to the Cypress Trails property, and these funds will assist in paying the new contractor completing this work.

**Note 17 - Subsequent Events**

In February 2024, the Agency's Board approved a purchase agreement with Suburban Land Reserve, Inc., a private property owner in South Hillsborough County, to acquire 590,100 gallons per day of permitted water quantity for transfer to Tampa Bay Water's Balm Farm Water Use Permit, also located in South Hillsborough County, at a cost of \$1,693,587. This purchase required approval from the Board of the Southwest Florida Water Management District, which was granted in October 2024.

On October 3, 2024, the Agency issued an aggregate of \$545,885,000 of Utility System Revenue Bonds. The financings issued in 2024 are further described below and provided funds for \$420,000,000 of projects along with refunding some of the Agency's outstanding debt.

The Utility System Revenue Bonds, Series 2024A included \$395,430,000 of principal along with an original issuance premium of \$47,251,159. These proceeds less capitalized interest, issuance costs and a reserve fund surety policy (totaling \$22,681,159) allowed the Agency to deposit \$420,000,000 into a project fund to be used for additional water supply, water quality and system improvements, along with renewal and replacement projects. The interest rate on the 2024A Bonds ranges from 5.00% to 5.25%, and fully matures on October 1, 2054.

The Utility System Refunding Revenue Bonds, Series 2024B included \$94,405,000 of principal along with an original issuance premium of \$14,460,971. These proceeds less issuance costs and a reserve fund surety policy (totaling \$661,375) were used by the Agency to refund a portion of the outstanding 2015B Bonds and 2016B Bonds. The interest rate on the 2024B Bonds is 5%, and fully matures on October 1, 2044.

The Taxable Utility System Refunding Revenue Bonds, Series 2024C is comprised of \$56,050,000 of principal priced at par. These proceeds less issuance costs and a reserve fund surety policy (totaling \$404,336) were used by the Agency to refund all the outstanding 2001A Bonds. The interest rate on the 2024C Bonds ranges from 3.80% to 4.14%, and fully matures on October 1, 2033.

In November 2024, the Agency's Board approved a purchase agreement with Tampa Electric Company, to acquire 590,500 gallons per day of permitted water quantity for transfer to Tampa Bay Water's South-central Hillsborough Regional Wellfield Water Use Permit, at a cost of \$1,694,735. This purchase is still being reviewed by the Board of the Southwest Florida Water Management District.





# **Required Supplementary Information - Pension**

Annual Comprehensive Financial Report 2024

**Schedule of Agency Proportionate Share of Net Pension Liability –  
Florida Retirement System**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Agency's proportion of the net pension liability	0.03020%	0.03072%	0.03080%	0.03032%	0.02809%	0.02681%	0.02669%	0.02516%	0.02342%	0.02418%
Agency's proportionate share of the net pension liability	\$ 11,681,788	\$ 12,241,602	\$ 11,461,170	\$ 2,290,346	\$ 12,176,123	\$ 9,232,885	\$ 8,035,499	\$ 7,442,181	\$ 5,913,769	\$ 3,122,547
Agency's covered payroll	\$ 14,193,492	\$ 13,374,816	\$ 12,899,708	\$ 12,201,112	\$ 11,556,592	\$ 11,129,829	\$ 10,703,843	\$ 10,340,447	\$ 9,400,899	\$ 8,689,420
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	82.30%	91.53%	88.00%	18.00%	105.00%	82.00%	75.00%	71.00%	62.00%	35.94%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.49%	96.40%	78.85%	82.61%	83.89%	83.89%	84.88%	92.00%

**Schedule of Agency Contributions – Florida Retirement System  
Last 10 Fiscal Years<sup>(1)</sup>**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,715,679	\$ 1,551,593	\$ 1,308,609	\$ 1,494,374	\$ 1,367,180	\$ 1,117,522	\$ 1,026,036	\$ 949,710	\$ 846,235	\$ 746,403
Contributions in relation to the contractually required contribution	(1,715,679)	(1,551,593)	(1,308,609)	(1,494,374)	(1,367,180)	(1,117,522)	(1,026,036)	(949,710)	(846,235)	(746,403)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency covered payroll	\$ 14,353,965	\$ 13,603,548	\$ 12,637,722	\$ 12,399,694	\$ 12,201,112	\$ 11,556,592	\$ 11,129,829	\$ 10,703,843	\$ 10,340,447	\$ 9,400,899
Contributions as a percentage of covered payroll	11.95%	11.41%	10.35%	12.05%	11.21%	9.67%	9.22%	8.87%	8.18%	7.94%

<sup>(1)</sup> Amounts presented for each fiscal year were determined as of September 30.

**Schedule of Agency Proportionate Share of Net Pension Liability –  
Health Insurance Subsidy Program**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Agency's proportion of the net pension liability	0.03354%	0.03376%	0.03539%	0.03523%	0.03468%	0.03408%	0.03394%	0.03301%	0.03163%	0.03044%
Agency's proportionate share of the net pension liability	\$ 5,030,956	\$ 5,361,525	\$ 3,749,051	\$ 4,321,004	\$ 4,234,901	\$ 3,813,587	\$ 3,592,426	\$ 3,529,306	\$ 3,686,822	\$ 3,104,772
Agency's covered payroll	\$ 14,193,492	\$ 13,374,816	\$ 12,899,708	\$ 12,201,112	\$ 11,556,592	\$ 11,129,829	\$ 10,703,843	\$ 10,340,447	\$ 9,400,899	\$ 8,689,420
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	35.45%	40.09%	29.00%	35.00%	36.00%	34.00%	33.00%	34.00%	39.00%	35.73%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	1.64%	1.64%	1.64%	0.97%	0.50%

**Schedule of Agency Contributions – Health Insurance Subsidy Program**  
**Last 10 Fiscal Years<sup>(1)</sup>**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 287,148	\$ 236,725	\$ 209,829	\$ 205,835	\$ 202,538	\$ 191,839	\$ 184,755	\$ 177,684	\$ 171,651	\$ 156,055
Contributions in relation to the contractually required contribution	(287,148)	(236,725)	(209,829)	(205,835)	(202,538)	(191,839)	(184,755)	(177,684)	(171,651)	(156,055)
Agency covered payroll	\$ 14,353,965	\$ 13,603,548	\$ 12,637,722	\$ 12,399,694	\$ 12,201,112	\$ 11,556,592	\$ 11,129,829	\$ 10,703,843	\$ 10,340,447	\$ 9,400,899
Contributions as a percentage of covered payroll	2.00%	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

<sup>(1)</sup> Amounts presented for each fiscal year were determined as of September 30.

## Notes to Required Supplementary Information – Pension

### Changes of Benefit Terms

There were no changes in benefits over the periods presented.

### Changes of Assumptions

The inflation rate assumption remained the same at 2.40%, the real growth assumption was 0.65%, and the overall payroll growth rate assumption increased to 3.50% from 3.25%. The long-term expected rate of return stayed at 6.70% and the municipal rate used to determine the HIS total pension liability increased to 3.93% from 3.65%.



# **Required Supplementary Information Other Post-Employment Benefits**

Annual Comprehensive Financial Report 2024

**Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years <sup>(1)</sup>**

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 17,489	\$ 16,914	\$ 33,546	\$ 32,412	\$ 24,117	\$ 23,301	\$ 23,301
Interest on total OPEB liability	12,137	11,911	11,605	10,698	12,432	11,111	10,376
Differences between expected and actual experience	36,230	-	(45,613)	-	2,390	-	-
Changes of assumptions or other input	53,145	-	(20,915)	-	20,413	-	-
Benefit payments	(22,290)	(22,589)	(12,382)	(10,170)	(10,132)	(13,143)	(15,051)
Net change in OPEB liability	\$ 96,711	\$ 6,236	\$ (33,759)	\$ 32,940	\$ 49,220	\$ 21,269	\$ 18,626
Total OPEB liability - beginning	\$ 367,110	\$ 360,874	\$ 394,633	\$ 361,693	\$ 312,473	\$ 291,204	\$ 272,578
Total OPEB liability - ending	\$ 463,821	\$ 367,110	\$ 360,874	\$ 394,633	\$ 361,693	\$ 312,473	\$ 291,204
Covered-employee payroll	\$ 15,612,400	\$ 15,109,900	\$ 14,343,050	\$ 13,195,474	\$ 12,749,250	\$ 12,523,808	\$ 12,100,298
Total OPEB liability as a percentage of covered-employee payroll	2.97%	2.43%	2.52%	2.99%	2.84%	2.50%	2.41%

<sup>(1)</sup> Amounts presented for each fiscal year were determined as of September 30. The schedule will present 10 years of information once it is accumulated.

There are no assets accumulated in a trust to pay related benefits for the OPEB Plan.



# Other Supplemental Information

Annual Comprehensive Financial Report 2024

### Budgetary Comparison Schedule For the Fiscal Year Ended September 30, 2024

	Approved Budget	Final Budget <sup>(1)</sup>	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Source of funds</b>				
Revenues:				
Water sales	\$ 188,053,606	\$ 188,053,606	\$ 188,307,565	\$ 253,959
Additional credits/surcharges	42,000	42,000	148,514	106,514
TBC - Sale of water	392,000	392,000	624,146	232,146
Interest income	5,135,727	5,135,727	13,221,016	8,085,289
Litigation & insurance recoveries	-	-	12,571	12,571
Miscellaneous income	398,000	398,000	5,004,970	4,606,970
Total Revenues	194,021,333	194,021,333	207,318,782	13,297,449
Transfers in from Rate Stabilization Account	5,575,433	17,908,556	17,773,557	(134,999)
Est. unencumbered funds from prior year	-	5,575,433	5,575,433	-
<b>Total Source of funds</b>	<b>199,596,766</b>	<b>217,505,322</b>	<b>230,667,772</b>	<b>13,162,450</b>
<b>Use of funds</b>				
Expenses:				
Personnel services	25,377,300	25,377,300	21,834,136	3,543,164
Materials & supplies	3,279,648	3,569,619	2,581,794	987,825
Professional services	34,387,652	45,789,998	34,178,804	11,611,194
Repairs & other services	8,204,458	10,217,940	7,233,923	2,984,017
Rent & insurance	3,311,226	3,356,357	3,027,022	329,335
Legal services	750,000	771,149	460,133	311,016
Capital expense	1,133,310	2,504,229	1,773,746	730,483
Total debt service-bonds	75,890,443	75,890,443	75,890,443	-
Acquisition credit to member governments	10,231,558	10,231,558	10,231,558	-
Water quality credit to members	48,000	48,000	48,000	-
Water treatment chemicals - variable cost	23,431,064	24,070,700	22,988,243	1,082,457
Power / electricity - variable cost	12,911,320	15,037,242	13,881,718	1,155,524
Water for resale - variable cost	640,788	640,788	569,819	70,969
Total Expenses	199,596,767	217,505,323	194,699,339	22,805,984
Transfer out to Rate Stabilization Account	-	-	35,074,809	(35,074,809)
Transfer out to Utility Reserve	-	-	893,624	(893,624)
<b>Total Use of funds</b>	<b>\$ 199,596,767</b>	<b>\$ 217,505,323</b>	<b>\$ 230,667,772</b>	<b>\$ (13,162,449)</b>

## Tampa Bay Water's Adopted Budget

In June 2023, The Board of Directors (Board) adopted a \$199.6 million budget for Fiscal Year 2024. The budget was adopted in accordance with Section 2.08 of the Amended and Restated Interlocal Agreement. The 2024 budget adheres to the budget policies and budgetary controls adopted by the Board for the Fiscal Year starting October 1, 2023 and ending September 30, 2024.

## Budget Basis

The basis for developing and adopting the annual budget for Tampa Bay Water is established by the Amended and Restated Interlocal Agreement. This requires that the budget be prepared primarily on an accrual basis, which is similar to the Agency's annual financial statements. Notable differences between the budget basis and the GAAP basis used for financial reporting are as follows:

- Principal payments on long-term debt are treated as current expense for the budget basis, as opposed to being recorded as a reduction of outstanding liabilities for the GAAP basis.
- Capital expense funded from the rate are treated as current expense under the budget basis, but are treated as acquisition of capital assets under the GAAP basis.
- Capital expense funded from debt proceeds are not reflected under the budget basis and are capital asset acquisitions under the GAAP basis.
- The budget basis includes only that interest income which is available for use for budgetary purposes. The GAAP basis reflects all interest income, including that restricted as to purpose, and as adjusted for interest income which is offset against interest costs allocated to construction projects in accordance with GAAP.
- The budget basis includes only interest expense that is to be paid from the rate and budgeted revenue sources. Interest expense under the GAAP basis may also include interest costs being paid from bond proceeds (capitalized interest) and will exclude any interest costs that are treated as a cost of assets in the construction phase.
- The budget basis also reflects transfers to and from various reserves, which are not revenue and expense under the GAAP basis.

## Budget Process

Section 2.08, Article II, Creation and Governance, of the Amended and Restated Interlocal Agreement establishes the procedures and requirements for the development of an annual budget for Tampa Bay Water. The requirements are as follows:

- Prior to July 1 of each year, the General Manager shall prepare and deliver to the Board a balanced tentative budget for Tampa Bay Water covering its proposed operating and other financial requirements for the ensuing fiscal year. The tentative budget shall identify:
  - The rate at which Quality Water will be sold to Member Governments during such fiscal year; and
  - The rate to be charged to the City of Tampa for water provided through the Tampa Bypass Canal pumping facility during such fiscal year.
- The Board shall publish a notice of its intention to adopt the budget and shall provide copies of the notice and tentative budget to each Member Government on or before the first publication date. The notice shall include a summary of the tentative budget; specify the rates at which Quality Water will be sold to the Member Governments; and identify the time, date, and place at which the public may appear before the Board and state their objections to or support of the budget and rates. The notice shall be published once a week for two consecutive weeks within thirty (30) days of the public hearing, in any newspaper qualified to accept legal

advertisements in each county in the jurisdiction of Tampa Bay Water, the last insertion of which shall appear not less than one week prior to the date set by the Board for the hearing on the proposed budget and rates.

- At the time, date and place specified in the notice, the Board shall conduct a public hearing and thereafter may consider adoption of the budget and rates with any amendments it deems advisable. Unless otherwise authorized by the Board, the final budget and rates shall be adopted by August 1.
- The adopted budget shall be the operating and fiscal guide for Tampa Bay Water for the ensuing fiscal year. The Board may amend the budget at any regular or special meeting; provided however, that prior to approving any budget amendment that increases the total budget for any fiscal year (other than a budget amendment appropriating grant funds or the proceeds of debt obligations), the Board shall provide notice and conduct an additional public hearing in the manner described above.

## Budget Amendments

Agency policy allows the transfer of budget between sub-categories within a single budgetary category (e.g. within Professional Services from Hydrological Services to Ecological Services) with the approval of the General Manager. Transfers of budget between major categories (e.g. from Professional Services to Materials & Supplies or to Repairs & Other Services) must be submitted to the Agency's board for approval regardless of dollar amount. Any increase to the total budget also requires Board approval and a public hearing.

## Monthly Financial Reporting

In accordance with best financial management practices, The Finance Department provides monthly financial reports to the Board. The monthly reports provide the Board with a clear comparison of actual expenses to budgeted amounts as well as a means of monitoring water production for each member government and revenues received from water sales.

### Operating Division/Departments For the Fiscal Year Ended September 30, 2024

Operating Divisions / Departments	Approved Budget	Transfers & Adjustments	Final Budget	Actual Amounts	Variance with Final Budget and Actuals Positive (Negative)
Water Production Division	\$ 68,868,266	\$ 7,544,239	\$ 76,412,505	\$ 71,787,363	\$ 4,625,142
Planning & Projects Division	7,386,821	2,616,133	10,002,954	6,137,425	3,865,529
Information Technology Division	7,035,441	236,100	7,271,541	6,507,636	763,905
Finance & Administration Division	7,943,828	78,290	8,022,118	6,199,452	1,822,666
Science Division	11,098,874	7,110,225	18,209,099	11,757,974	6,451,125
Business Strategies Division	9,851,873	263,942	10,115,815	5,149,214	4,966,601
Office of General Manager	539,663	59,627	599,290	599,290	-
General Counsel	750,000	-	750,000	438,985	311,015
Debt-Bonds & Acquisition Credits	86,122,001	-	86,122,001	86,122,001	-
Net Funds Transfers In/Out	-	-	-	35,968,433	(35,968,433)
	<b>\$ 199,596,767</b>	<b>\$ 17,908,556</b>	<b>\$ 217,505,323</b>	<b>\$ 230,667,773</b>	<b>\$ (13,162,450)</b>



# Statistical Section

## Statistical Section

The statistical Section of Annual Comprehensive Financial Report for Tampa Bay Water is intended to provide financial statement users with additional historical perspective, context, and detail to assist in using information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the agencies economic condition.

The Statistical Section is unaudited.

	Page
<b>Financial Trends</b>	<b>93</b>
These tables and charts contain trend information to help the reader understand how Tampa Bay Water's performance has changed over time.	
<b>Revenue Capacity</b>	<b>107</b>
These tables and charts contain information to help the readers assess Tampa Bay Water's most significant revenue sources.	
<b>Debt Capacity</b>	<b>112</b>
These tables and charts present information to help the reader assess the ability of Tampa Bay Water to pay debt service on outstanding debt.	
<b>General Information</b>	<b>117</b>
These tables and charts contain service and infrastructure data to help the reader understand how information in its financial report relates to Tampa Bay Water provided services and activities.	
<b>Demographic and Economic Information</b>	<b>121</b>
These tables offer demographic and economic indicators to help the reader understand the environment in which Tampa Bay Water's financial activities take place.	

The Statistical Section is unaudited.

**TABLE 1, Net Position - Last 10 Fiscal Years**

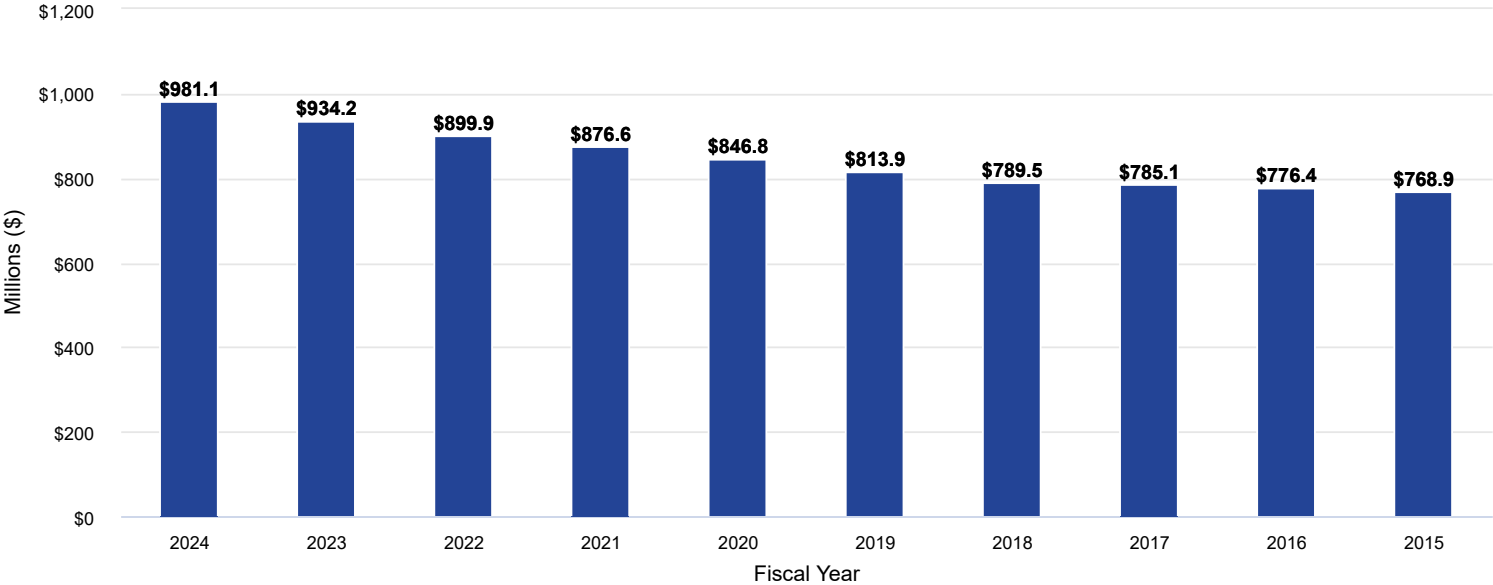
Fiscal Year	Net Position					
	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position	Changes in Net Position	% of Change in Net Position
2024	\$ 851,113,988	\$ 120,163,593	\$ 9,829,198	\$ 981,106,779	\$ 46,858,618	5.02%
2023	774,701,139	131,998,096	27,548,926	934,248,161	34,390,325	3.82%
2022	752,248,248	114,797,114	32,812,474	899,857,836	23,238,728	2.65%
2021	720,309,824	119,469,822	36,839,462	876,619,108	29,852,763	3.53%
2020	691,056,939	118,410,787	37,298,619	846,766,345	32,868,144	4.04%
2019	669,942,751	106,080,103	37,875,350	813,898,204	24,392,183	3.09%
2018	659,267,732	92,933,057	37,305,229	789,506,018	4,419,369	0.56%
2017	662,029,752	86,907,666	36,149,231	785,086,649	8,724,704	1.12%
2016 <sup>(1)</sup>	686,688,585	55,830,781	33,842,580	776,361,946	7,490,450	0.97%
2015 <sup>(2)</sup>	692,643,905	42,852,884	33,374,707	768,871,496	3,612,307	0.47%

Notes:

<sup>(1)</sup> Fiscal year 2016 net position was restated to reflect a change in bond premium amortization to the Effective Interest Method and to record. Escrowed Reserve funds held with our facility operators, Veolia Water North America and American Water-Pridesa, LLC. Cumulative effect on net position was an increase of \$5,576,805.

<sup>(2)</sup> The beginning net position for fiscal year 2015 was restated to reflect the implementation of GASB 68, which was a decrease of \$5,311,035 in net position.

Total Net Position, in Millions (\$)



**TABLE 2, Restricted Assets - Last 10 Fiscal Years**

Fiscal Year	Restricted Assets						
	Construction Funds	Sinking Funds	Renewal and Replacement Fund	Capital Improvement Fund	Energy Savings Fund	Operations and Maintenance Reserve	Debt Service Release Funds
2024	\$ 124,554,912	\$ 60,199,721	\$ 22,320,440	\$ 23,624,111	\$ 1,392,945	\$ 6,163,862	\$ 15,367,840
2023	133,512,671	57,998,210	25,710,196	24,124,712	1,065,460	5,304,024	21,809,838
2022	3,365,263	55,206,408	32,067,931	29,892,651	749,537	4,880,457	-
2021	5,112,894	52,695,165	35,265,605	34,427,826	1,416,283	4,562,751	-
2020	7,217,796	52,263,443	36,598,924	33,328,035	1,162,147	4,442,923	-
2019	8,802,523	51,496,138	33,914,245	27,141,633	823,919	4,330,051	-
2018	11,500,027	50,714,307	28,774,711	21,920,586	553,050	4,041,153	-
2017	14,293,565	49,962,167	27,014,323	18,026,011	381,216	3,892,858	-
2016 <sup>(1)</sup>	19,933,463	49,673,607	26,948,014	14,879,816	253,127	4,035,616	-
2015	27,225,121	50,208,519	26,350,159	11,846,831	179,695	4,476,199	-

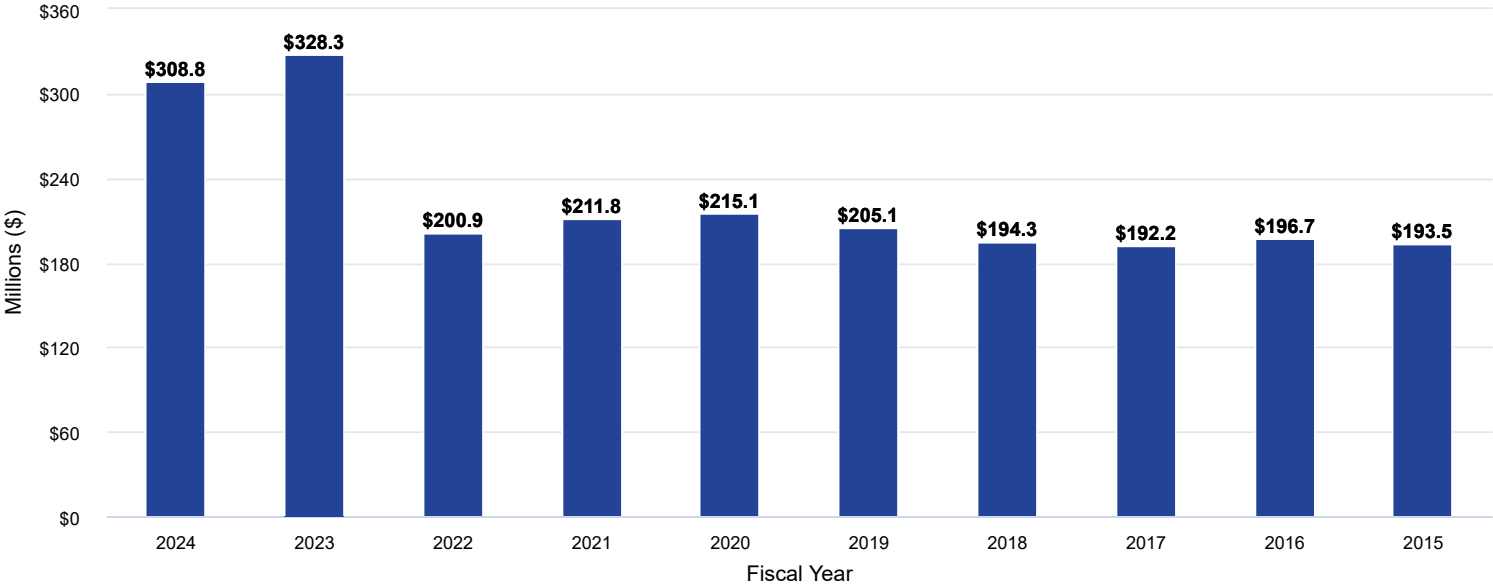
  

Fiscal Year	Hillsborough County Joint Project Agreement						Total Restricted Assets
	Debt Service Reserves	Grants- Receivable	Desal - Reserves	SWTP - Reserves	Debt Service Tranch 3 Issue Costs		
2024	\$ 48,411,045	\$ 737,045	\$ 2,442,373	\$ 3,377,110	\$ 228,869	\$ -	\$ 308,820,273
2023	46,616,302	3,984,907	4,171,362	3,861,783	74,814	41,052	328,275,331
2022	67,468,838	448,303	3,102,700	3,702,535	-	-	200,884,623
2021	71,250,324	502,340	1,752,959	4,766,060	-	-	211,752,207
2020	71,824,849	130,929	2,629,810	5,510,019	-	-	215,108,875
2019	71,586,689	91,472	2,330,924	4,577,858	-	-	205,095,452
2018	70,475,606	-	2,131,412	4,217,145	-	-	194,327,997
2017	70,837,325	590,000	2,129,958	5,078,300	-	-	192,205,723
2016 <sup>(1)</sup>	71,289,314	58,000	2,072,486	7,583,722	-	-	196,727,165
2015	73,169,250	-	-	-	-	-	193,455,774

Notes:

<sup>(1)</sup> Fiscal year 2016 restricted position was restated to reflect in adding the recording of Escrowed Reserve funds held with our facility operators, Veolia Water North America and American Water-Pridesa, LLC. Cumulative effect on restricted assets was increased by \$9,656,208.

Restricted Assets, in Millions (\$)



**TABLE 3, Revenues and Capital Contributions - Last 10 Fiscal Years**

Fiscal Year	Operating Revenues			Nonoperating Revenues				Total Nonoperating Revenues
	Water Sales	Rate Stabilization Transfers	Total Operating Revenues	Investment Income <sup>(1)</sup>	Litigation and Insurance Recoveries	Arbitrage Recovery	Other	
2024	\$ 189,538,033	\$ (11,725,819)	\$ 177,812,214	\$ 20,878,927	\$ 5,011,527	\$ -	\$ -	\$ 25,890,454
2023	187,134,890	1,150,542	188,285,432	11,189,485	12,682	-	-	11,202,167
2022	179,602,833	(4,924,749)	174,678,084	(6,569,075)	7,979	-	-	(6,561,096)
2021	173,170,025	(5,450,399)	167,719,626	174,761	36,841	-	-	211,602
2020	170,361,888	(1,737,848)	168,624,040	5,256,272	19,851	-	(101,296)	5,377,419
2019	166,239,557	(5,274,114)	160,965,443	7,017,637	6,476	-	(37,966)	(7,049,127)
2018	160,868,419	(2,955,840)	157,912,579	1,886,175	18,178	-	-	1,904,353
2017	156,811,001	(660,622)	156,150,379	1,179,127	1,084,167	-	-	2,263,294
2016	153,320,480	1,745,750	155,066,230	1,201,511	1,188,148	-	-	2,389,659
2015	154,724,559	(1,172,575)	153,551,984	1,227,705	979,352	-	-	2,207,057

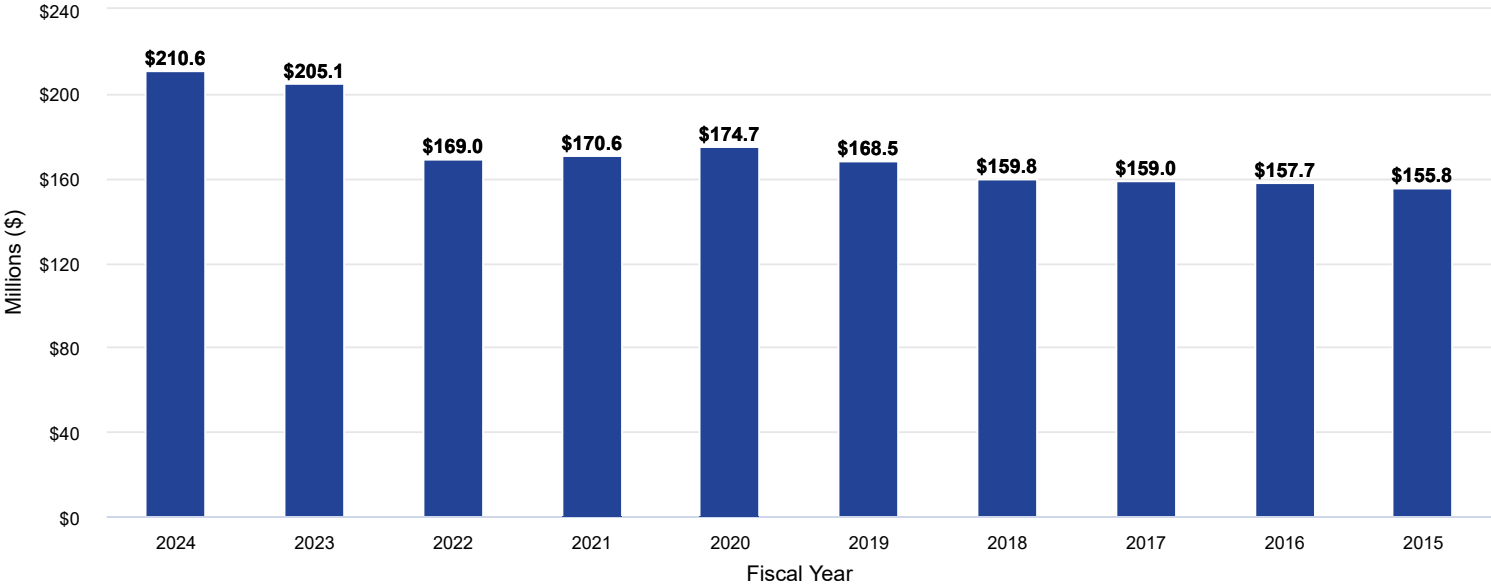
  

Fiscal Year	Capital Contributions	Total Revenues & Capital Contributions
2024	\$ 6,913,806	\$ 210,616,474
2023	5,649,978	205,137,577
2022	919,498	169,036,486
2021	2,680,474	170,611,702
2020	708,064	174,709,523
2019	460,877	168,488,399
2018	-	159,816,932
2017	590,000	159,003,672
2016	248,302	157,704,191
2015	-	155,759,041

Notes:

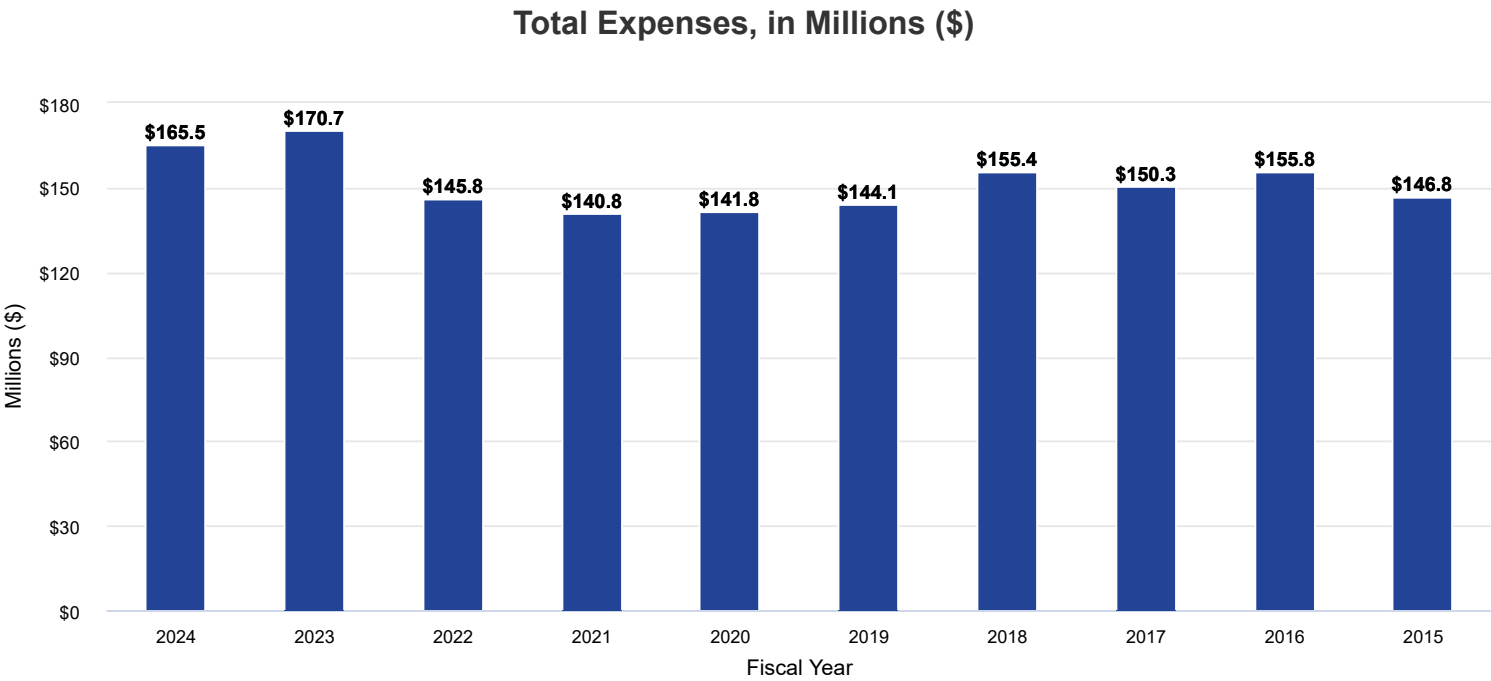
<sup>(1)</sup> Net of Realized, Unrealized and Capitalized Amount.

Total Revenues and Capital Contributions, in Millions (\$)



**TABLE 4, Total Expenses - Last 10 Fiscal Years**

Fiscal Year	Total Expenses					Total Expenses
	Operating Expenses	Depreciation	Interest Expense <sup>(1)</sup>	Other, Net		
2024	\$ 104,555,736	\$ 29,376,187	\$ 31,615,621	\$ -	\$	165,547,544
2023	100,161,602	29,425,572	33,983,035	7,177,043		170,747,252
2022	85,912,868	29,043,530	29,645,180	1,196,180		145,797,758
2021	76,957,044	29,076,736	32,625,230	2,099,930		140,758,940
2020	77,017,105	29,953,938	34,870,336	-		141,841,379
2019	69,565,461	29,735,308	44,795,447	-		144,096,216
2018	70,533,968	30,210,346	48,619,139	6,034,110		155,397,563
2017	69,098,081	29,906,334	49,956,074	1,331,299		150,291,788
2016	65,589,515	29,534,326	53,797,721	6,868,984		155,790,546
2015	64,117,276	28,692,538	53,173,194	852,691		146,835,699



**TABLE 5, Operating Department/Program Expenses by Major Expense Category - Last 10 Fiscal Years**

Operating Department/Program Expenses By Major Expense Category							
Fiscal Year	Personnel Services	Frs Pension Adjustments	Operating Materials & Supplies	Outside Professional Services	Repairs/ Maintenance and Other Services	Rentals, Leases and Insurance	Legal Services
2024	\$ 21,669,573	\$ 164,563	\$ 2,581,794	\$ 54,892,808	\$ 10,399,085	\$ 2,520,681	\$ 460,133
2023	20,200,413	3,049,226	3,050,834	40,396,238	13,735,590	2,509,929	345,132
2022	18,360,465	643,964	2,650,254	34,416,165	8,301,319	2,176,221	369,220
2021	17,539,396	(707,070)	2,376,390	31,845,389	6,407,164	2,025,442	363,802
2020	17,829,234	2,009,389	2,037,042	27,972,048	6,563,782	1,956,275	301,613
2019	16,360,679	1,798,225	2,211,837	25,936,375	5,196,973	1,683,896	359,880
2018	15,342,073	975,596	2,047,959	28,074,782	4,796,011	1,502,831	379,962
2017	14,745,350	906,118	2,115,341	27,379,411	5,106,758	1,785,441	315,239
2016	13,783,537	576,499	1,880,699	26,961,759	5,681,474	1,749,423	302,054
2015	12,823,076	30,088	2,070,255	26,954,069	4,400,801	1,771,166	292,042

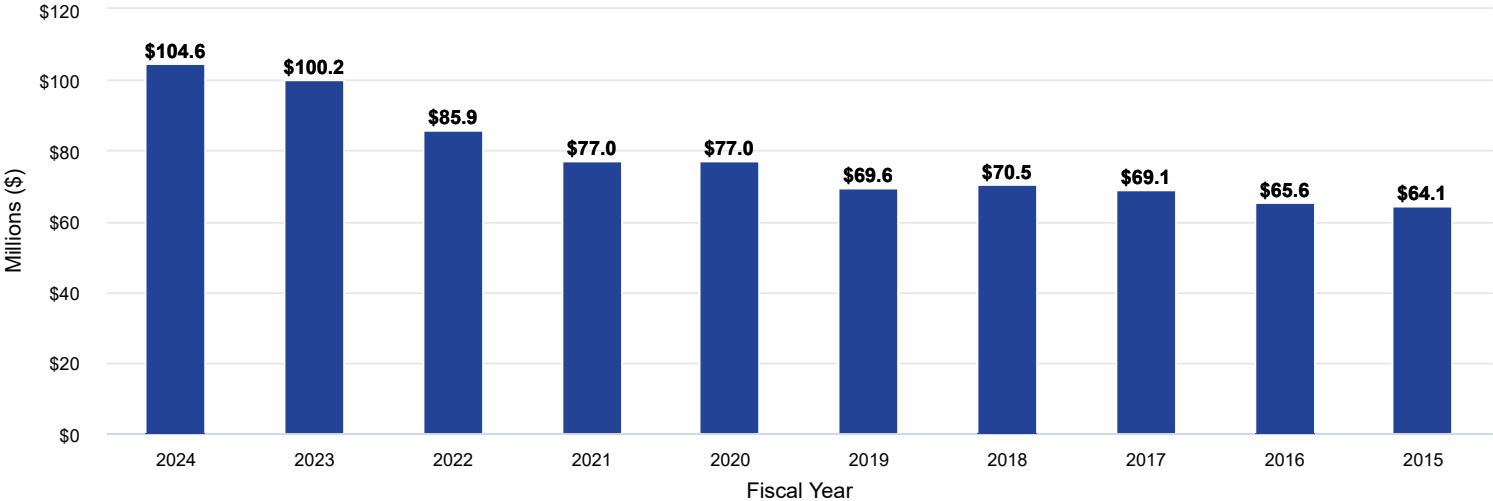
  

Fiscal Year	Capital Expense <sup>(1)</sup>	Capital Offset Account	Variable Cost Expenses	Water Quality Expense	Other Expenses <sup>(2)</sup>	Total Operating Expenses
2024	\$ 30,248,133	\$ (55,527,432)	\$ 37,439,780	\$ 48,000	\$ (341,382)	\$ 104,555,736
2023	11,930,907	(30,671,125)	35,903,360	48,000	(336,902)	100,161,602
2022	12,700,516	(21,459,714)	28,045,608	48,000	(339,149)	85,912,868
2021	11,463,686	(17,139,487)	23,000,929	48,000	(266,597)	76,957,044
2020	5,555,773	(8,894,293)	22,008,410	48,000	(370,168)	77,017,105
2019	4,229,071	(7,797,035)	19,832,479	48,000	(294,918)	69,565,461
2018	3,413,977	(6,061,331)	20,297,263	48,000	(283,155)	70,533,969
2017	9,738,530	(13,795,833)	21,039,688	48,000	(298,781)	69,085,262
2016	8,126,783	(11,938,629)	18,717,241	48,000	(299,324)	65,589,515
2015	12,729,402	(16,217,553)	19,390,716	48,000	(174,787)	64,117,276

Notes:

<sup>(1)</sup> Includes expenses incurred with bond funds<sup>(2)</sup> Miscellaneous income, sales of surplus materials and supplies, and rental income.

Total Operating Department/Program Expenses, in Millions (\$)



**TABLE 6, Total Capital Assets - Last 10 Fiscal Years**

Capital Assets Not Depreciated					Depreciable Capital Assets, Net				
Fiscal Year	Land	Construction-in-progress	Water Capacity Rights	Total Capital Assets Not Depreciated	Land Improvements	Wells And Wellfield Improvements	Water Treatment And Pumping Facilities	Transmission Mains	Buildings
2024	\$ 83,490,719	\$ 95,176,740	\$ 316,397,360	\$ 495,064,819	\$ 3,303,176	\$ 137,657,315	\$ 728,221,732	\$ 339,178,229	\$ 21,926,315
2023	79,994,554	64,714,551	316,397,360	461,106,465	3,303,176	137,657,315	708,502,518	339,178,229	21,854,801
2022	79,242,635	48,575,437	316,397,360	444,215,432	3,294,936	135,263,679	706,061,917	339,178,229	21,759,959
2021	79,238,385	35,117,616	316,397,360	430,753,361	3,294,936	135,263,679	701,491,957	339,178,229	21,812,576
2020	79,237,818	24,528,573	316,397,360	420,163,751	3,294,936	134,802,011	700,111,688	339,178,229	19,732,806
2019	78,687,882	21,084,854	316,397,360	416,170,096	3,294,936	134,802,011	696,852,407	339,178,229	19,632,819
2018	77,944,762	18,348,029	316,397,360	412,690,151	3,294,936	133,095,065	696,450,615	339,178,229	19,555,850
2017	78,648,965	21,390,285	318,058,360	418,097,610	3,294,936	139,107,959	694,211,826	339,942,372	19,555,850
2016	78,809,999	14,369,617	318,058,360	411,237,976	3,294,937	139,107,959	690,138,664	339,673,167	19,555,850
2015	79,009,272	25,046,156	318,058,360	422,113,788	3,294,937	135,730,911	679,588,963	339,673,167	19,555,850

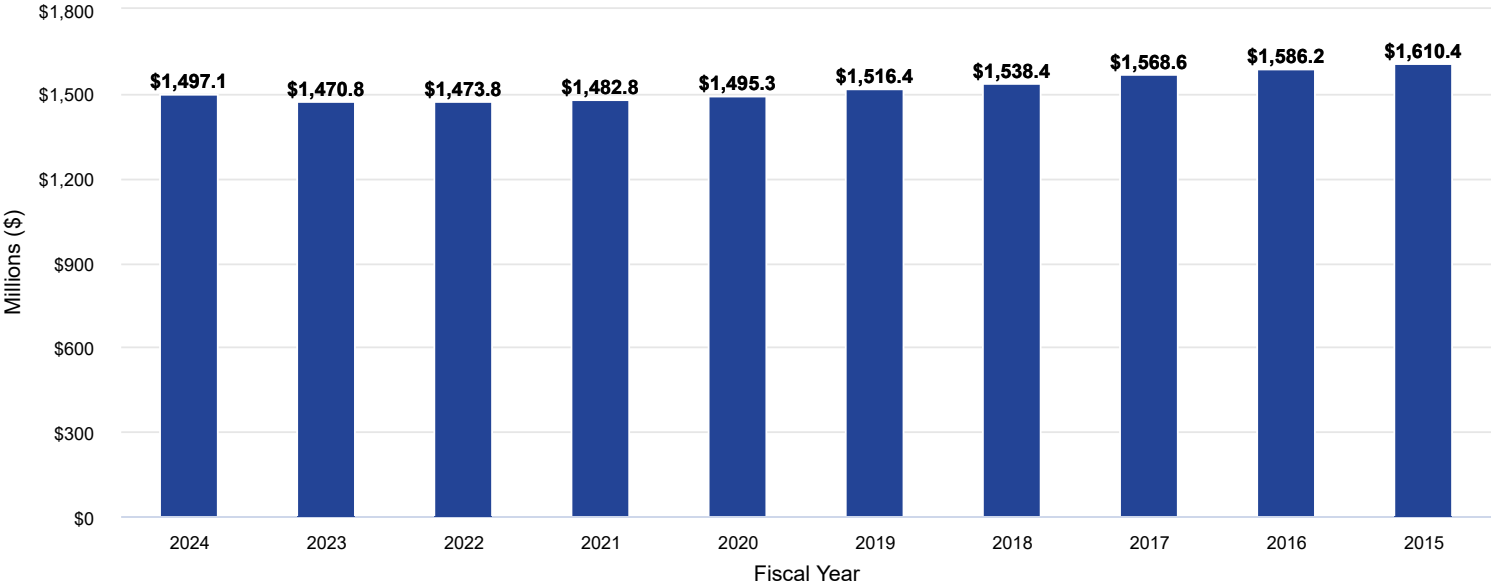
  

Fiscal Year	Reservoir	Other Equipment and software	Right to Use Subscribed Based IT Agreements	Right-to-use leased land <sup>(1)</sup>	Right-to-use leased equipment <sup>(1)</sup>	Accumulated Depreciation/Amortization	Total Depreciable Capital Assets, Net	Total Capital Assets
2024	\$ 304,564,796	\$ 24,233,427	\$ 1,190,710	\$ 1,374,298	\$ 213,170	\$ 559,825,503	\$ 1,002,037,665	\$ 1,497,102,484
2023	304,564,796	23,320,954	1,128,305	1,374,298	220,293	531,435,821	1,009,668,864	1,470,775,329
2022	304,564,797	21,973,276	-	1,323,343	63,252	502,521,382	1,029,575,409	1,473,790,841
2021	303,216,166	22,199,828	-	-	-	474,378,767	1,052,078,603	1,482,831,964
2020	303,216,166	22,530,167	-	-	-	447,759,282	1,075,106,720	1,495,270,471
2019	302,995,543	21,692,652	-	-	-	418,267,917	1,100,180,681	1,516,350,777
2018	302,914,591	21,073,029	-	-	-	389,835,643	1,125,726,672	1,538,416,823
2017	297,136,654	20,632,045	-	-	-	363,334,554	1,150,547,087	1,568,644,697
2016	297,129,318	20,061,991	-	-	-	334,027,402	1,174,934,484	1,586,172,460
2015	296,650,557	19,150,872	-	-	-	305,328,137	1,188,317,120	1,610,430,908

Notes:

<sup>(1)</sup> According to Governmental Accounting Standard Board (GASB) the agency had to implement pronouncement 87 related to leases

Total Capital Assets, in Millions (\$)



**TABLE 7, Total Net Investment in Capital Assets - Last 10 Fiscal Years**

<b>Fiscal Year</b>	<b>Property, Plant, Equipment and Water Capacity Rights, Net of Depreciation</b>	<b>Bond Issue Costs (Net)</b>	<b>Deferred Outflow</b>	<b>Long Term Debt (All Asset Acquisition Related Except Reserve Funding)</b>	<b>Swaption Payable</b>
2024	\$ 1,497,102,484	\$ 28,797	\$ -	\$ (815,519,646)	\$ -
2023	1,470,775,329	39,914	-	(869,059,028)	-
2022	1,475,177,436	56,956	-	789,253,670	-
2021	1,482,831,963	79,614	-	837,321,820	-
2020	1,495,270,471	107,593	-	882,870,430	-
2019	1,516,350,777	135,750	-	926,637,332	-
2018	1,538,416,823	173,767	-	960,658,735	-
2017	1,568,644,697	216,894	-	990,377,397	-
2016 <sup>(1)</sup>	1,586,172,460	265,044	-	990,342,388	-
2015	1,610,430,908	319,040	-	1,015,243,200	-

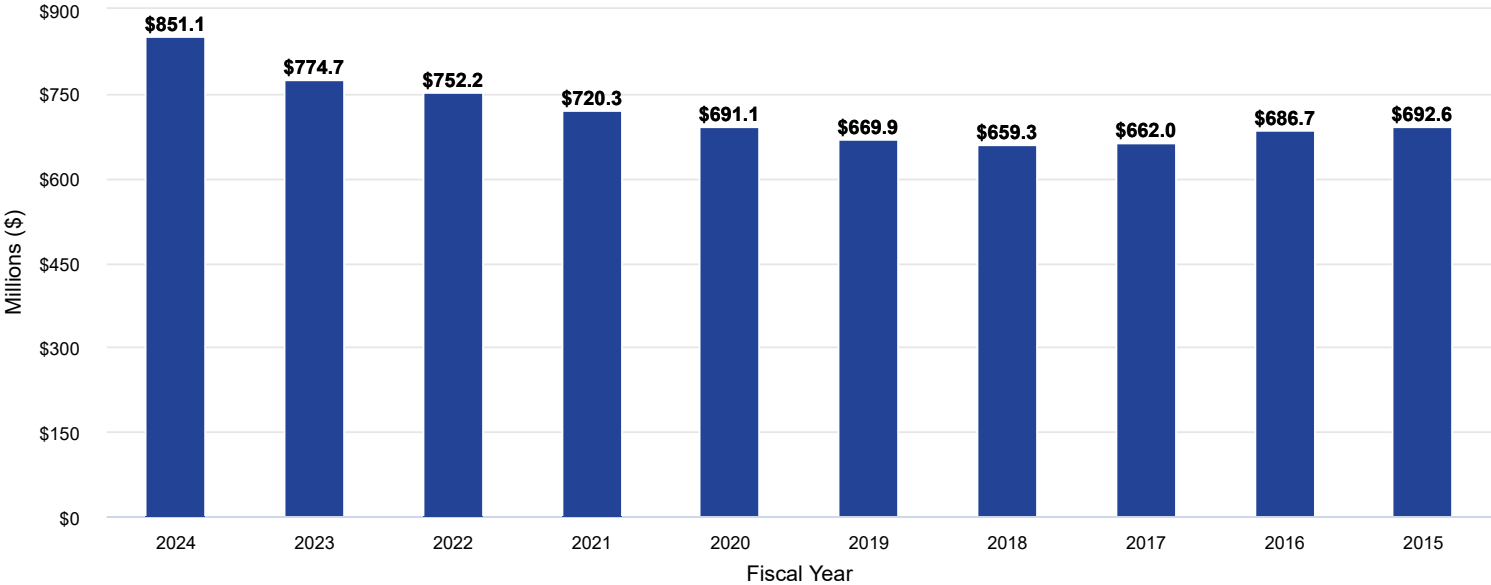
<b>Fiscal Year</b>	<b>Long-Term Debt Applicable to Cash &amp; Investments of Debt Service Reserve and Unexpended Construction Funds</b>	<b>Accounts Payable Construction Funds</b>	<b>Lease Payable<sup>(2)</sup></b>	<b>Total Net Investment in Capital Assets</b>
2024	\$ 172,965,858	\$ (1,639,881)	\$ (1,823,624)	\$ 851,113,988
2023	180,170,023	(5,015,362)	(2,209,737)	774,701,139
2022	70,834,102	(3,169,587)	(1,396,988)	752,248,249
2021	76,363,218	(1,643,151)	-	720,309,824
2020	79,042,646	(493,341)	-	691,056,939
2019	80,389,213	(295,657)	-	669,942,751
2018	81,975,633	(639,756)	-	659,267,732
2017	85,130,890	(1,585,331)	-	662,029,753
2016 <sup>(1)</sup>	91,222,777	(629,307)	-	686,688,585
2015	100,394,372	(3,257,215)	-	692,643,905

Notes:

<sup>(1)</sup> Fiscal year 2016 unamortized bond issue premium was restated to reflect a change in bond premium amortization to the Effective Interest Method. The change resulted in an increase of \$4,079,403 in unamortized bond issue premium.

<sup>(2)</sup> The agency implemented GASB 87 related to leases in 2022.

Total Net Invested in Capital Assets, in Millions (\$)

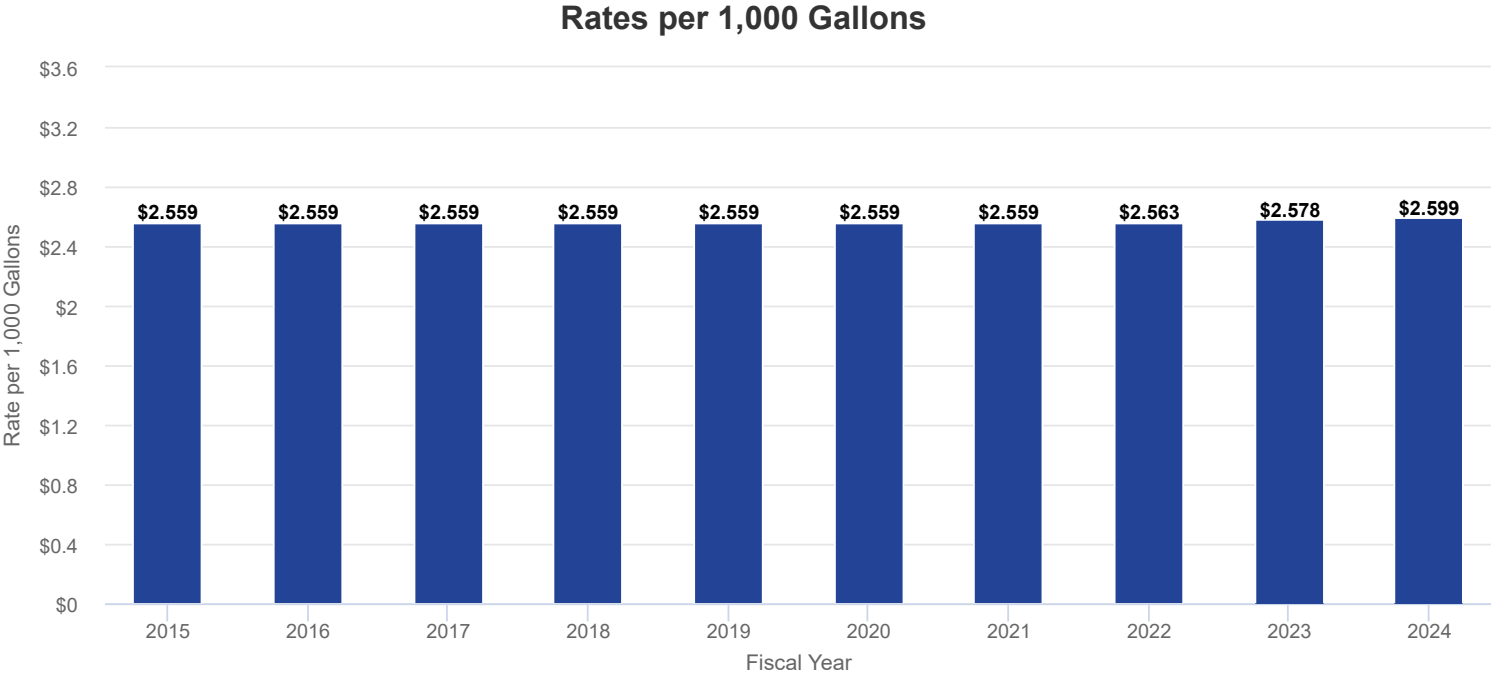


**TABLE 8, Schedule of Rates - Last 10 Fiscal Years**

<b>Fiscal Year</b>	<b>Water Rate Per 1,000 Gallons <sup>(1)</sup></b>
2024	2.5989
2023	2.5781
2022	2.5634
2021	2.5590
2020	2.5590
2019	2.5590
2018	2.5590
2017	2.5590
2016	2.5590
2015	2.5590

Notes:

<sup>(1)</sup> The rate is set up on a fiscal year basis starting on October 1 st of each year.



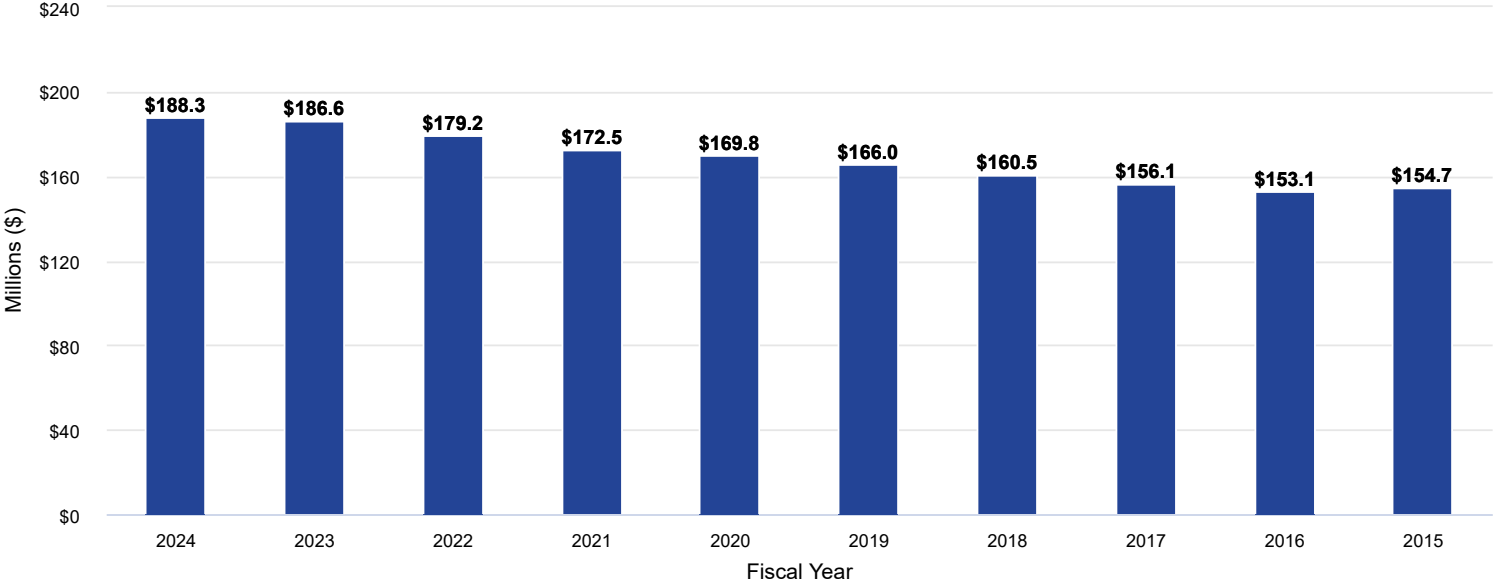
**TABLE 9, Water Sales (Millions of Gallons per Day)**

<b>Member Agency</b>	<b>Fiscal Year Ended 2024</b>		<b>Fiscal Year Ended 2015</b>	
	<b>Water Sales at Uniform Rate (million gallons per day)</b>	<b>Percentage of Water Sold</b>	<b>Water Sales at Uniform Rate (million gallons per day)</b>	<b>Percentage of Water Sold</b>
Hillsborough County	75.91	38.1%	51.89	33.2%
Pasco County	37.78	19.0%	23.79	15.2%
Pinellas County	50.52	25.4%	49.27	31.6%
City of Tampa	3.78	1.9%	-	-%
City of New Port Richey	3.19	1.6%	2.93	1.9%
City of St. Petersburg	27.88	14.0%	28.19	18.1%
Total Water Sales	199.06	100.0%	156.07	100.0%

**TABLE 10, Water Sales by Member - Last 10 Fiscal Years**

<b>Fiscal Year</b>		<b>Pinellas County</b>		<b>Hillsborough County</b>		<b>City of St. Petersburg</b>		<b>Pasco County</b>		<b>City of Tampa</b>		<b>City of New Port Richey</b>		<b>Total Water Sales</b>
2024	\$	47,788,542	\$	71,809,782	\$	26,378,134	\$	35,737,705	\$	3,579,343	\$	3,014,060	\$	188,307,566
2023		46,819,502		73,677,410		26,346,991		32,636,839		4,296,240		2,831,223		186,608,205
2022		47,015,336		70,180,618		26,346,736		31,924,563		977,463		2,796,514		179,241,230
2021		46,134,029		66,733,278		25,022,885		31,629,931		33,178		2,979,736		172,533,037
2020		45,596,714		65,401,748		24,495,756		29,978,156		1,544,227		2,785,714		169,802,315
2019		46,515,216		62,196,770		26,486,444		27,881,092		1,548		2,892,261		165,973,331
2018		46,139,263		57,692,991		26,961,032		26,958,492		-		2,735,849		160,487,626
2017		44,340,391		52,035,317		25,476,569		26,235,772		5,430,465		2,616,597		156,135,111
2016		45,936,076		52,414,672		27,143,671		24,681,768		-		2,950,771		153,126,958
2015		48,836,008		51,430,199		27,940,618		23,611,104		-		2,906,630		154,724,559

Total Water Sales, in Millions (\$)



**TABLE 11, Short-term and Long-term Debt Outstanding - Last 10 Fiscal Years**

Fiscal Year	2001A Bonds		2004 Bonds		2005 Bonds		2006 Bonds		2008 Bonds		2010 Bonds	
2024	\$	50,000,000	\$	-	\$	26,180,000	\$	-	\$	-	\$	-
2023		50,000,000		-		51,000,000		-		-		-
2022		50,000,000		-		74,530,000		-		-		-
2021		50,000,000		-		96,820,000		-		-		-
2020		50,000,000		-		117,960,000		-		-		6,395,000
2019		50,000,000		5,005,000		132,990,000		-		-		6,395,000
2018		50,000,000		18,540,000		138,495,000		-		-		6,395,000
2017		50,000,000		35,465,000		139,650,000		-		-		6,395,000
2016		50,000,000		47,235,000		145,060,000		355,000		101,375,000		66,980,000
2015		50,000,000		58,415,000		150,205,000		695,000		101,375,000		66,980,000

Fiscal Year	2011 Bonds		2011A Bonds		2011B Bonds		2013 Bonds		2015A Bonds		2015B Bonds	
2024	\$	-	\$	-	\$	-	\$	-	\$	180,835,000	\$	88,645,000
2023		-		-		-		-		180,835,000		89,575,000
2022		-		-		-		75,295,000		180,835,000		90,485,000
2021		12,915,000		40,000		-		75,295,000		180,835,000		91,375,000
2020		25,205,000		46,140,000		-		75,295,000		180,835,000		92,245,000
2019		36,915,000		46,175,000		-		75,295,000		180,835,000		93,100,000
2018		48,055,000		46,210,000		-		75,295,000		180,835,000		93,945,000
2017		58,670,000		46,245,000		-		75,295,000		180,835,000		94,780,000
2016		68,785,000		46,275,000		175,000		75,295,000		180,835,000		95,555,000
2015		78,415,000		46,580,000		29,695,000		75,295,000		180,835,000		95,975,000

Continued

**TABLE 11, Short-term and Long-term Debt Outstanding - Last 10 Fiscal Years**

Fiscal Year	2016A Bonds	2016B Bonds	2016C Bonds	2020 Master Bonds	2022 Bonds	Lease Payable
2024	\$ 96,630,000	\$ 30,895,000	\$ 55,345,000	\$ 98,018,000	\$ 122,075,000	\$ 1,386,738
2023	96,630,000	31,155,000	55,345,000	113,899,000	122,075,000	1,838,818
2022	96,630,000	31,405,000	55,345,000	52,942,000	-	1,396,988
2021	96,630,000	31,650,000	55,345,000	53,338,000	-	-
2020	96,630,000	31,890,000	55,345,000	6,709,000	-	-
2019	96,630,000	32,125,000	55,345,000	-	-	-
2018	96,630,000	32,360,000	55,345,000	-	-	-
2017	96,630,000	32,590,000	55,345,000	-	-	-
2016	96,630,000	32,785,000	55,345,000	-	-	-
2015	-	-	-	-	-	-

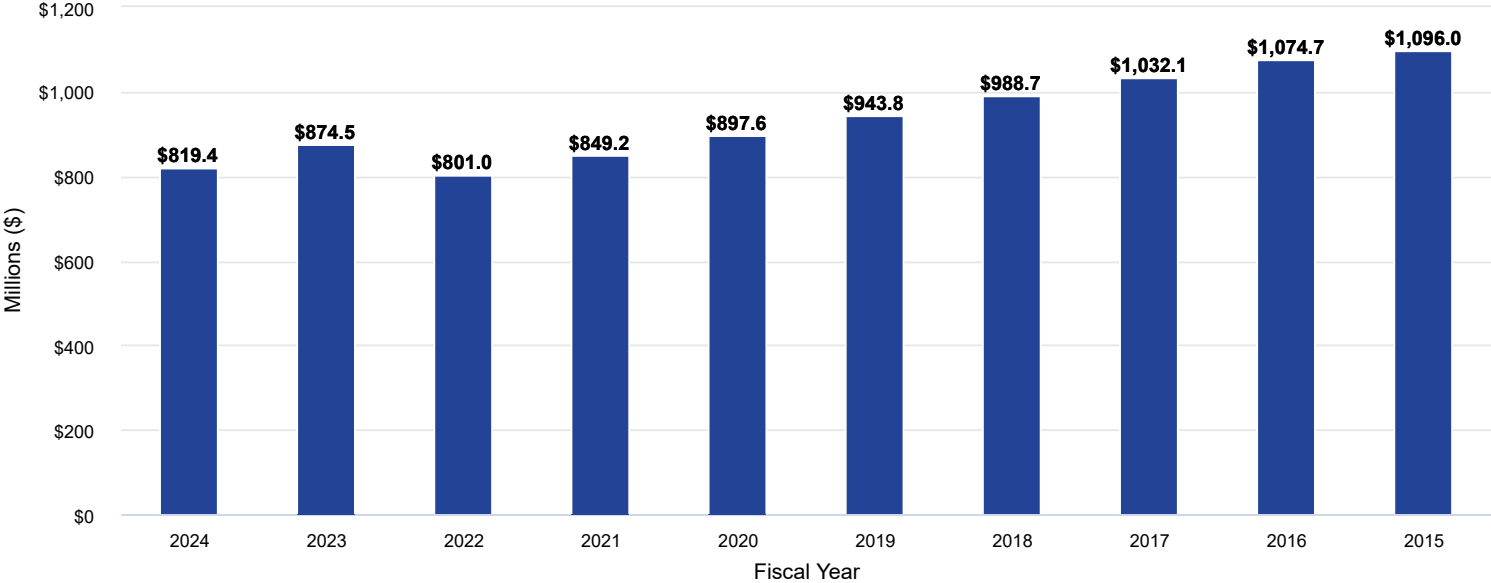
Fiscal Year	SBITA Contracts Payable	Acquisition Credits	Unamortized Bond Issue Premium <sup>(1)</sup>	Short-term and Total Long-term Liabilities
2024	\$ 436,885	\$ 36,255,328	\$ 32,684,052	\$ 819,386,003
2023	370,919	44,260,578	37,525,160	874,509,475
2022	-	51,882,449	40,237,758	800,984,196
2021	-	59,139,299	45,841,459	849,223,759
2020	-	66,048,612	53,248,210	897,550,822
2019	-	72,627,030	60,395,068	943,832,098
2018	-	78,890,400	67,700,612	988,696,013
2017	-	84,858,357	75,389,491	1,032,147,848
2016	-	90,547,001	83,399,009	1,074,671,010
2015	-	95,970,439	65,530,144	1,095,965,583

Notes :

<sup>(1)</sup> Fiscal year 2016 unamortized bond issue premium was restated to reflect a change in bond premium amortization to the Effective Interest Method. The change resulted in a increase of \$4,079,701 in unamortized bond issue premium.

<sup>(2)</sup> According to Governmental Accounting Standard Board (GASB) the agency had to implement pronouncement 87 related to leases

Total Short and Long Term Debt Outstanding, in Millions (\$)



**TABLE 12, Historical Operating Results - Last 5 Fiscal Years**

	2024	2023	2022	2021	2020
Actual water demand (mgd)	199.0600	202.2040	188.3330	184.7860	184.0050
Uniform Rate (per 1,000 gallons)	\$ 2.5989	\$ 2.5781	\$ 2.5634	\$ 2.5590	\$ 2.5590
Revenue from sale of water	189,538,033	187,134,890	179,602,833	173,170,025	170,361,888
Rate stabilization transfer	(11,725,819)	1,150,542	(4,924,749)	(5,450,399)	(1,737,848)
	177,812,214	188,285,432	174,678,084	167,719,626	168,624,040
Purchase price amortization credit	(10,231,557)	(10,231,557)	(10,231,557)	(10,231,557)	(10,231,557)
Litigation and insurance recoveries	12,571	12,682	7,979	36,841	19,851
Investment revenue - unrestricted <sup>(1)</sup>	13,221,016	3,368,312	2,263,510	2,943,657	3,738,379
Total Revenue	180,814,244	181,434,869	166,718,016	160,468,567	162,150,713
Operation and maintenance expense <sup>(2)</sup>	(103,529,735)	(104,457,720)	(87,837,183)	(77,922,095)	(78,983,797)
Net Revenue	77,284,509	76,976,149	78,880,833	82,546,472	83,166,916
Annual debt service payments Series 2001A bonds	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Annual debt service payments Series 2004 bonds	-	-	-	-	5,136,381
Annual debt service payments Series 2005 bonds	26,942,450	26,982,075	27,002,125	27,046,450	21,931,125
Annual debt service payments Series 2010 bonds	-	-	-	-	319,750
Annual debt service payments Series 2011 bonds	-	-	13,237,875	13,243,000	13,263,000
Annual debt service payments Series 2011A bonds	-	-	40,625	2,294,625	2,295,675
Annual debt service payments Series 2013 bonds	-	3,619,550	3,619,550	3,619,550	3,619,550
Annual debt service payments Series 2015A bonds	7,611,150	7,611,150	7,611,150	7,611,150	7,611,150
Annual debt service payments Series 2015B bonds	3,641,507	3,643,795	3,643,883	3,641,827	3,642,320
Annual debt service payments Series 2016A bonds	4,356,688	4,356,688	4,356,688	4,356,688	4,356,688
Annual debt service payments Series 2016B bonds	1,336,370	1,332,746	1,333,332	1,333,216	1,332,406
Annual debt service payments Series 2016C bonds	2,767,250	2,767,250	2,767,250	2,767,250	2,767,250
Annual debt service payments Series 2020 Master Bond	17,864,017	16,309,847	1,336,096	146,269	-
Annual debt service payments Series 2022 bonds	6,169,500	2,639,175	-	-	-
Total Debt Service	73,688,932	72,262,275	67,948,574	69,060,025	69,275,295
Total debt service and reserve requirements	73,688,932	72,262,275	67,948,574	69,060,025	69,275,295
Debt service and reserve coverage (times)	1.05	1.07	1.16	1.20	1.20
Fund Balance <sup>(4)</sup>	31,841,757	31,340,323	30,811,788	30,152,968	29,314,554
Net revenue plus fund balance	\$ 109,126,266	\$ 108,316,473	\$ 109,692,621	\$ 112,699,440	\$ 112,481,470
Debt Service coverage (times)	1.48	1.50	1.61	1.63	1.62

Note 1: Investment revenue does not include interest on construction funds or unrealized investment revenue from derivative instruments.

Note 2: Operation and maintenance expense include capital expense for maintenance of the existing system and cash received on disposal of assets

Note 3: Debt service coverage is calculated on the total debt service requirement, net of any capitalized interest provided from bond proceeds, in accordance with the Bond Resolution.

Note 4: Fund balance is defined by the Bond Resolution and is calculated as of the prior year-end in accordance with the Bond Resolution.

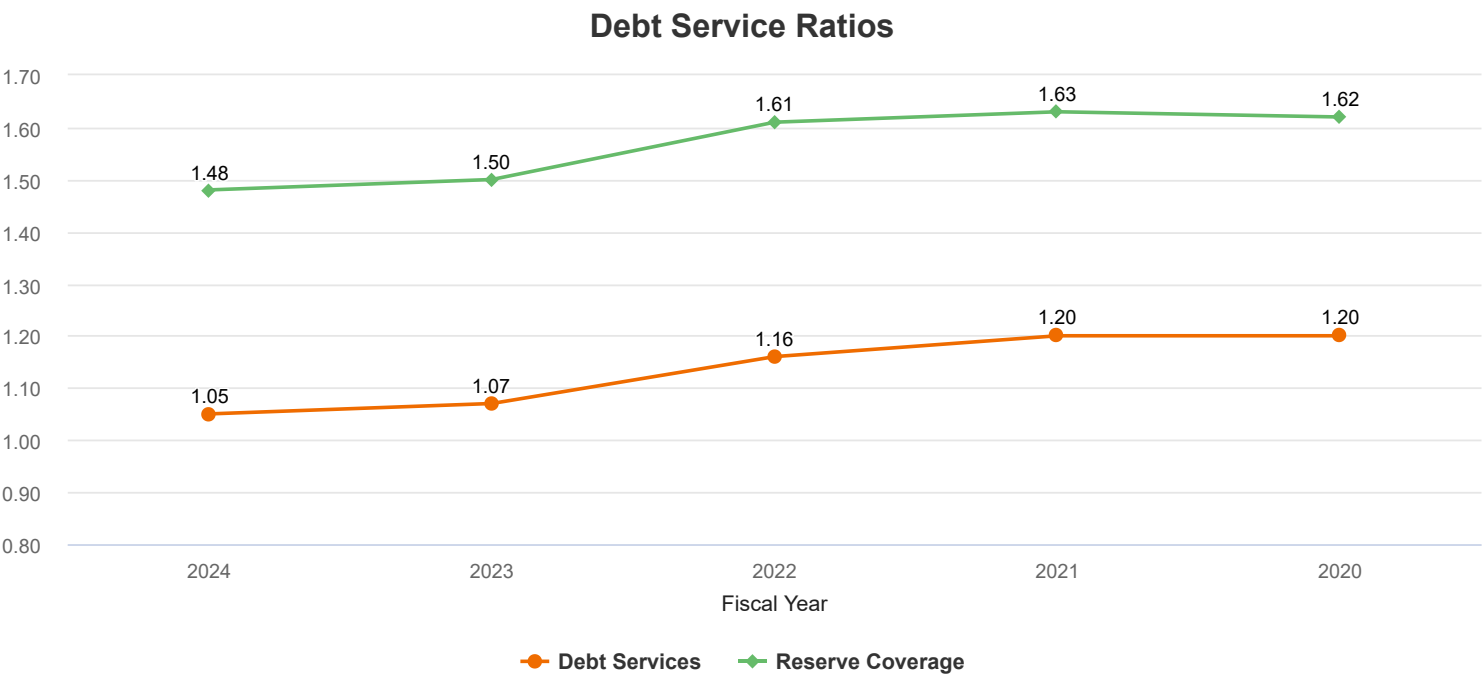


TABLE 13, General Information as of September 30, 2024

Number of member agencies:	6
Cities:	3
Counties:	3

Notes: Each of the countries have two board members and each of the cities have one.

**TABLE 14, Operating Indicators - Last 10 Fiscal Years**

<b>Fiscal Year</b>	<b>Service Area (Square Miles)</b>	<b>Miles of Treated Water Pipeline</b>	<b>Miles of Untreated Water Pipeline</b>	<b>Number of Service Connections</b>	<b>Groundwater Wellfields</b>	<b>Number of Groundwater Treatment Plants</b>	<b>Groundwater Treatment Capacity <sup>(1)</sup></b>	<b>Desalination Treatment Plant</b>	<b>Desalination Treatment Capacity</b>
2024	2,076	156	115	21	13	6	181	1	25
2023	2,076	156	115	21	13	6	181	1	25
2022	2,076	156	115	21	13	6	181	1	25
2021	2,076	156	115	21	13	6	181	1	25
2020	2,076	156	115	21	13	6	181	1	25
2019	2,076	156	115	21	13	6	181	1	25
2018	2,076	156	115	21	13	6	181	1	25
2017	2,076	156	115	21	13	6	181	1	25
2016	2,076	156	115	21	13	6	181	1	25
2015	2,076	156	115	21	13	6	181	1	25

<b>Fiscal Year</b>	<b>Hydrogen Sulfide Treatment Plants</b>	<b>Hydrogen Sulfide Treatment Capacity <sup>(1)</sup></b>	<b>Number of Surface Water Treatment Plants</b>	<b>Surface Water Treatment Capacity <sup>(1)</sup></b>	<b>Treated Water Booster Stations</b>	<b>Untreated Water Lift/ Withdrawal/ Booster Stations</b>	<b>Water Supply Reservoir</b>	<b>Water Supply Reservoir- Capacity (Billion Gallons)</b>
2024	2	80	1	120	4	5	1	15.5
2023	2	80	1	120	4	5	1	15.5
2022	2	80	1	120	4	5	1	15.5
2021	2	80	1	120	4	5	1	15.5
2020	2	80	1	120	4	5	1	15.5
2019	2	80	1	120	4	5	1	15.5
2018	2	80	1	120	4	5	1	15.5
2017	2	80	1	120	4	5	1	15.5
2016	2	80	1	120	4	5	1	15.5
2015	2	80	1	120	4	5	1	15.5

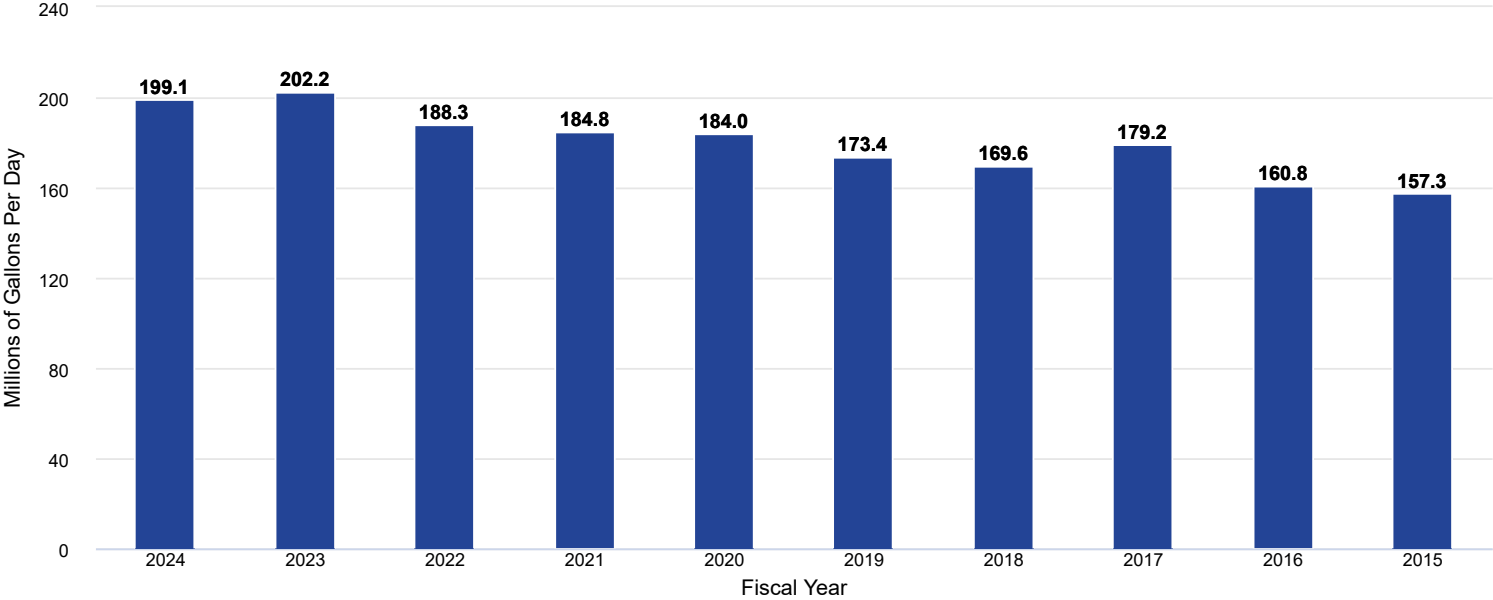
Notes:

<sup>(1)</sup> Million Gallons per Day.

**TABLE 15, Total Water Production - Last 10 Fiscal Years**

<b>Fiscal Year</b>	<b>Ground Water</b>	<b>Surface Water</b>	<b>Desalinated Water</b>	<b>Total Water Production (Million Gallons Per Day)</b>
2024	116.9	82.2	0.0	199.1
2023	121.4	76.4	4.4	202.2
2022	107.8	73.4	7.1	188.3
2021	110.9	68.6	5.3	184.8
2020	111.8	63.7	8.5	184.0
2019	108.1	58.7	6.6	173.4
2018	105.9	57.9	5.8	169.6
2017	109.7	62.5	7.0	179.2
2016	102.0	57.5	1.3	160.8
2015	102.2	52.9	2.2	157.3

Total Water Production, in Millions of Gallons Per Day



**TABLE 16, Employment by Industry - Fiscal Year 2024 and 2015**

Industry	Hillsborough County		Pasco County		Pinellas County	
	2024	2015	2024	2015	2024	2015
Utilities	2,772	2,753	820	824	612	652
Construction	45,086	33,302	10,625	7,958	24,066	19,075
Machinery Manufacturing	1,206	1,393	785	887	2,556	3,133
Transportation Equipment Manufacturing	1,569	1,652	123	127	1,440	1,609
Wholesale Trade	37,245	33,836	2,690	2,478	15,398	15,012
Information	18,446	17,008	1,014	948	7,448	7,369
Other Services	25,635	22,983	4,744	4,313	16,401	15,779
Education & Health Services	103,822	90,262	25,817	22,761	80,669	75,261
Financial Activities	81,966	66,999	5,035	4,174	34,992	30,693
Federal Government	15,162	15,023	777	796	6,761	7,240
Local Government	56,909	50,718	16,498	15,204	34,500	33,231
State Government	18,855	17,668	1,797	1,741	5,176	5,242
Leisure and Hospitality	86,946	75,376	16,886	14,845	58,571	54,489
Manufacturing	25,523	26,442	3,151	3,310	27,348	30,405
Chemical, Energy, Plastic, and Rubber Manufacturing	2,775	3,007	290	306	2,774	3,168
Electronic and Electrical Manufacturing	2,722	2,903	302	316	8,273	9,026
Food, Beverage, and Tobacco Manufacturing	5,249	4,694	218	192	1,050	994
Furniture and Misc. Manufacturing	3,192	3,090	383	369	5,078	5,374
Metals and Mining Based Manufacturing	5,036	5,569	801	846	2,474	2,990
Textile, Fiber, and Printing Manufacturing	3,776	4,136	250	267	3,706	4,111
Office using Industries	271,537	216,340	21,689	18,229	139,060	118,730
Professional and Business Services	171,722	123,333	14,200	10,342	89,425	68,922
Natural Resources and Mining	476	437	29	27	6	6
Retail Trade	78,316	74,648	21,255	20,545	51,984	53,172
Transportation and Warehousing	16,627	16,392	1,051	1,048	5,111	5,408
Trade, Transportation and Utilities	134,959	127,629	25,815	24,895	73,104	74,244
Transportation, Warehousing and Utilities	19,398	19,145	1,870	1,872	5,722	6,060

**TABLE 17, Demographic and Economic Statistic - Last 10 Calendar Years <sup>(1)</sup>**

Hillsborough County					
Fiscal Year	County Population (in thousands)	Per Capital Personal Income (in dollars)	Single Family Building Permits	Multi Family Building Permits	Unemployment Rate
2024	1,626	67,384	11,010	5,201	3.664%
2023	1,595	64,662	10,953	5,176	3.714
2022	1,564	62,019	10,931	5,154	3.899
2021	1,532	59,485	10,703	4,876	4.700
2020	1,501	57,118	10,384	4,518	5.900
2019	1,469	54,861	10,327	4,194	3.691
2018	1,438	52,035	10,253	4,889	3.855
2017	1,405	48,398	9,154	6,041	4.215
2016	1,374	45,047	6,457	4,554	4.453
2015	1,344	42,467	5,271	4,026	5.041

Pasco County					
Fiscal Year	County Population (in thousands)	Per Capital Personal Income (in dollars)	Single Family Building Permits	Multi Family Building Permits	Unemployment Rate
2024	575	57,922	4,399	1,559	4.209%
2023	566	55,424	4,355	1,551	4.265
2022	557	53,017	4,362	1,550	4.478
2021	548	50,752	4,289	1,472	5.000
2020	539	48,657	4,174	1,369	5.600
2019	528	46,695	4,162	1,274	4.239
2018	519	44,211	4,142	1,488	4.428
2017	509	40,897	3,718	1,849	4.841
2016	501	37,924	2,639	1,403	5.115
2015	493	2,639	1,403	-	5.790

**TABLE 17, Demographic and Economic Statistic - Last 10 Calendar Years <sup>(1)</sup>**

Pinellas County					
Fiscal Year	County Population (in thousands)	Per Capital Personal Income (in dollars)	Single Family Building Permits	Multi Family Building Permits	Unemployment Rate
2024	1,057	77,409	1,581	1,608	3.347%
2023	1,046	74,354	1,579	1,596	3.696
2022	1,034	71,390	1,589	1,604	3.881
2021	1,022	68,458	1,570	1,531	5.200
2020	1,010	65,688	1,522	1,431	5.500
2019	996	63,222	1,541	1,339	3.674
2018	982	60,134	1,542	1,573	3.837
2017	970	55,984	1,391	1,965	4.195
2016	958	52,190	993	1,498	4.432
2015	947	49,252	821	1,341	5.018

Notes:

<sup>(1)</sup> Information is retrieved from Moody's Corporation Database.





# Compliance Section



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors of  
Tampa Bay Water, A Regional Water Supply Authority  
Clearwater, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 12, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

---

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
February 12, 2025

Schedule of Findings and Responses  
for the Fiscal Year Ended September 30, 2024

Section I  
Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting: Material weaknesses identified?

☐

yes

☒

no

Significant deficiencies identified not considered to be material weaknesses?

☐

yes

☒

none reported

Noncompliance material to financial statements noted?

☐

yes

☒

no

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal award programs or state financial assistance projects as of September 30, 2024 due to the total amount expended being less than \$750,000.

Section II  
Financial Statement Findings and Responses

None reported.

Section III  
Federal Awards Findings and Questioned Costs

Not applicable.

Section IV  
State Projects Findings and Questioned Costs

Not applicable.

**Schedule of Findings and Responses  
for the Fiscal Year Ended September 30, 2024  
Status of Prior Year Audit Findings**

None noted

**Schedule of Debt Service Coverage - Utility System Revenue Bonds,  
Series 2001A, 2005, 2015A, 2015B, 2016A, 2016B,  
2016C, 2020 Master, and 2022 Bonds  
Article I. September 30, 2024**

**Revenue**

Actual water demand (mgd)	199,060
Uniform rate (per 1,000 gallons)	\$ 2.5989
Revenue from sales	<u>189,538,033</u>
Transfer (to) from Rate Stabilization Fund	<u>(11,725,819)</u>
	177,812,214
Purchase price amortization credit	(10,231,557)
Litigation and insurance recoveries	12,571
Investment revenue - unrestricted	<u>13,221,016</u>
Total revenue	<u>180,814,244</u>
Operation and maintenance expenditures	<u>(103,529,735)</u>
Net revenue	<u>77,284,509</u>
Annual debt service payments Series 2001A bonds	3,000,000
Annual debt service payments Series 2005 bonds	26,942,450
Annual debt service payments Series 2015A bonds	7,611,150
Annual debt service payments Series 2015B bonds	3,641,507
Annual debt service payments Series 2016A bonds	4,356,688
Annual debt service payments Series 2016B bonds	1,336,370
Annual debt service payments Series 2016C bonds	2,767,250
Annual debt service payments Series 2020 Master bonds	17,864,017
Annual debt service payments Series 2022 bonds	<u>6,169,500</u>
Total debt service	<u>73,688,932</u>
Total debt service and reserve requirements	<u>73,688,932</u>
Debt service and reserve coverage (times)	<u>1.05</u>
Fund balance	<u>31,841,757</u>
Net revenue plus fund balance	<u>\$ 109,126,266</u>
Debt service coverage (times)	<u>1.48</u>

Note 1: Investment revenue does not include interest on construction funds or unrealized investment gains in 2021.

Note 2: Operation and maintenance expenditures include capital expenditures for maintenance of the existing system of in 2023.

Note 3: Fund balance is defined by the Master Bond Resolution and is calculated as of the prior year-end in accordance with the Master Bond Resolution.

Note 4: Debt service coverage is calculated on the total debt service requirement, net of any capitalized interest provided from bond proceeds, in accordance with the Master Bond Resolution.



CPAs &amp; ADVISORS

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of  
Tampa Bay Water, A Regional Water Supply Authority  
Clearwater, Florida**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), which comprise the Statement of Net Position as of September 30, 2024, and the Statements of Activities and Cash Flows, and the related notes to the financial statements, and have issued our report, thereon, dated February 12, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the terms, covenants, provisions, or conditions of Sections 4 and 5 of the Master Bond Resolution dated August 31, 1998, insofar as they relate to accounting matters for the following bonds:

- Utility System Refunding and Improvement Revenue Bonds, Series 2001A
- Utility System Refunding and Improvement Revenue Bonds, Series 2005
- Utility System Refunding Revenue Bonds, Series 2015A
- Utility System Refunding Revenue Bonds, Series 2015B
- Utility System Refunding Revenue Bonds, Series 2016A
- Taxable Utility System Refunding Revenue Bonds, Series 2016B
- Utility System Refunding Revenue Bonds, Series 2016C
- Utility System Refunding Revenue Master Bond, Series 2020
- Utility System Revenue Bonds, Series 2022

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above referenced terms, covenants, provisions, or conditions of Sections 4 and 5 of the Master Bond Resolution dated August 31, 1998, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Agency and the member governments and is not intended to be, and should not be, used by anyone other than the specified parties.

Bradenton, Florida  
February 12, 2025



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

**To the Board of Directors of  
Tampa Bay Water, A Regional Water Supply Authority  
Clearwater, Florida**

### **Report on the Financial Statements**

We have audited the financial statements of Tampa Bay Water, A Regional Water Supply Authority (the "Agency"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated February 12, 2025.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 12, 2025, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial report requiring correction.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency reported:

- a) The total number of employees compensated in the last pay period of the Agency's fiscal year as 164.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Agency's fiscal year as 37.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$14,673,630.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$35,573,468.
- e) Each construction project with a total cost of at least \$65,000 approved by the Agency that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is noted below:

Project No.	Project Name	Actuals Thru 9/30/2024
90600	Cypress Creek Lab Building Transformer Replacement	\$ 40,235
50071	Cypress Creek Pump Station Variable Frequency Drives	44,334
11021	Developmental Alternatives Phase 1	59,476
7131	Cosme Water Treatment Plant Yard Piping Improvements	73,072
7153	Cross Bar Ranch Wellfield Water Transmission Main – Utility Conflict	77,487
7542	Lake Bridge Water Treatment Plant-Pump No 4	83,285
1620	Clearwater Administration Building Parking Lot Expansion	127,999
9108	Cypress Creek Wellfield Surface Water Improvements-Phase 3	190,264
7541	IT Technology Infrastructure Renewal & Replacement Program	216,069
11020	Long-term Master Water Plan-Feasibility: Program Management	249,190
11023	2045 System Hydraulic and Emergency Scenario Analysis Report	279,416
50052	High Service Pump Station Ball Valve Replacement	320,612
7540	South Hillsborough Wellfield-Phase 1	353,120
50073	Cypress Creek Water Treatment Plant 72-Inch Valve	430,036
9018	Water Transmission System Report	441,137
50055	Tampa Bay Desalination VFDs Replacement	532,861
50051	Cypress Creek Water Treatment Plant Chemical Piping Replacement	766,184
50074	C.W. Bill Young Regional Reservoir-Compressors Replacement	1,238,383
50049	High Service Pump Station Chemical Piping Replacement	1,291,616
50021	Morris Bridge WF Improvements	1,439,158
50075	Surface Water Treatment Plant-Renewal and Replacement Program - Phase I	2,910,670
50040	Eldridge Wilde WF Underground Powerline	3,555,580
1607	Tampa Bay Desalination Plant Reverse Osmosis Trench Supports-Phase 2	5,772,728
50031	Cypress Bridge Wellfield Improvements	6,854,455
50016	Eldridge-Wilde WF Pumps and Motors Replacement	9,479,664
1014	Surface Water Treatment Plant Expansion	10,230,341
1609	Southern Hillsborough County Supply Expansion-Booster Pump Station (Brandon Booster Station)	17,257,206
7033	Tampa Bay Desalination Facility Intake Connection Improvements-Phase 2	21,910,646
1610	South Hillsborough Pipeline (Segment A)	22,608,434
1616	South Hillsborough Pipeline (Segment B)	51,571,344
	<b>Totals</b>	<b>\$ 160,405,002</b>

- 
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Agency amends a final adopted budget under Section 189.016(6), Florida Statutes, as noted on page 88.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
February 12, 2025



CPAs &amp; ADVISORS

## INDEPENDENT ACCOUNTANT'S REPORT

**To the Board of Directors of  
Tampa Bay Water, A Regional Water Supply Authority  
Clearwater, Florida**

We have examined Tampa Bay Water, A Regional Water Supply Authority's (the "Agency") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

This report is intended solely for the information and use of the Agency and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida  
February 12, 2025



- 2575 Enterprise Road, Clearwater, FL  
33763-1102
- <https://www.tampabaywater.org/>
- (727) 796-2355

## **APPENDIX E**

### **Form of Disclosure Dissemination Agent Agreement**

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## FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of [\_\_\_\_], 2025, is executed and delivered by Tampa Bay Water, A Regional Water Supply Authority (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the Chief Financial Officer of the Issuer, or her or his designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" means financial obligation as such term is defined in paragraph (f)(11)(i) of the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shutdown of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent no later than two (2) business days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than April 30 commencing April 30, 2026. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the disclosure Dissemination Agent, accompanied by a Certification for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
  2. "Non-Payment related defaults, if material;"
  3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
  4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
  5. "Substitution of credit or liquidity providers, or their failure to perform;"
  6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
  7. "Modifications to rights of securities holders, if material;"
  8. "Bond calls, if material;"
  9. "Defeasances;"
  10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
  11. "Rating changes;"
  12. "Tender offers;"
  13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
  14. "Merger, consolidation, or acquisition of the obligated person, if material;"
  15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
  16. "Incurrence of a financial obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms, if material;" and
  17. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation which reflect financial difficulties."
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"
4. "certain communications from the Internal Revenue Service;"
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"
9. "change of tender agent, remarketing agent, or other on-going party;"
10. "derivative or other similar transaction;" and
11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "change in fiscal year/timing of annual disclosure;"
3. "change in accounting standard;"
4. "interim/additional financial information/operating data;"
5. "budget;"
6. "investment/debt/financial policy;"
7. "information provided to rating agency, credit/liquidity provider or other third party;"
8. "consultant reports;" and
9. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and

the MSRB, provided that the period between the then existing Annual Filing Date and the new Annual Filing Date shall not exceed one year from the date of the then existing Annual Filing Date.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the heading: "Historical Debt Service Coverage."

(b) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement. Audited Financial Statements will be provided pursuant to Section 2(d) when they become available.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax status of the tax-exempt Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement),

include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required, because of a legislative, judicial or administrative action.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not

constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as  
Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TAMPA BAY WATER, A Regional Water Supply  
Authority as Issuer

By: \_\_\_\_\_  
Name: Harry Cohen  
Title: Chair

## EXHIBIT A

### NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	Tampa Bay Water, A Regional Water Supply Authority
Obligated Person(s)	Tampa Bay Water, A Regional Water Supply Authority
Name of Bond Issue:	\$[ ] Utility System Refunding Revenue Bonds, Series 2025
Date of Issuance:	[ ], 2025
Date of Official Statement	[ ], 2025

CUSIP Number:	
CUSIP Number:	
CUSIP Number:	
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## EXHIBIT B

### NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer Tampa Bay Water, A Regional Water Supply Authority

Obligated Person(s) Tampa Bay Water, A Regional Water Supply Authority

Name(s) of Bond Issue(s): \$[ ] Utility System Refunding Revenue Bonds, Series 2025

Date(s) of Issuance: [ ], 2025

Date(s) of Disclosure Agreement: [ ], 2025

CUSIP Number: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_].

Dated: \_\_\_\_\_

Digital Assurance Certification, L.L.C., as Disclosure  
Dissemination Agent, on behalf of the Issuer

\_\_\_\_\_

cc:

**EXHIBIT C-1**  
**EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ "Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform,"
6. \_\_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material, and tender offers;"
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. \_\_\_\_\_ "Incurrence of a financial obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms, if material; and
16. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation which reflect financial difficulties."

\_\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street, Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-2**

**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [\_\_\_\_], 2025 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_ "amendment to continuing disclosure undertaking;"
2. \_\_\_\_ "change in obligated person;"
3. \_\_\_\_ "notice to investors pursuant to bond documents;"
4. \_\_\_\_ "certain communications from the Internal Revenue Service;"
5. \_\_\_\_ "secondary market purchases;"
6. \_\_\_\_ "bid for auction rate or other securities;"
7. \_\_\_\_ "capital or other financing plan;"
8. \_\_\_\_ "litigation/enforcement action;"
9. \_\_\_\_ "change of tender agent, remarketing agent, or other on-going party;"
10. \_\_\_\_ "derivative or other similar transaction;" and
11. \_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street, Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-3**  
**VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [\_\_\_\_], 2025 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ "quarterly/monthly financial information;"
2. \_\_\_\_\_ "change in fiscal year/timing of annual disclosure;"
3. \_\_\_\_\_ "change in accounting standard;"
4. \_\_\_\_\_ "interim/additional financial information/operating data;"
5. \_\_\_\_\_ "budget;"
6. \_\_\_\_\_ "investment/debt/financial policy;"
7. \_\_\_\_\_ "information provided to rating agency, credit/liquidity provider or other third party;"
8. \_\_\_\_\_ "consultant reports;" and
9. \_\_\_\_\_ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street, Suite 300  
Orlando, FL 32801  
407-515-1100

Date:

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## **APPENDIX F**

### **Form of Bond Counsel Opinion**

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## APPENDIX F

### **FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A., WITH RESPECT TO THE SERIES 2025 BONDS**

Upon delivery of the Series 2025 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2025 Bonds in substantially the following form:

(Date of Delivery)

Tampa Bay Water, A Regional  
Water Supply Authority  
Clearwater, Florida

Board of Directors:

We have examined a record of proceedings relating to the issuance of \$\_\_\_\_\_ aggregate principal amount of Tampa Bay Water, A Regional Water Supply Authority, Utility System Refunding Revenue Bonds, Series 2025 (the "Series 2025 Bonds").

The Series 2025 Bonds are issued under and pursuant to the Laws of the State of Florida, including, particularly, Sections 373.713, 373.715 and 163.01, Florida Statutes, the Amended and Restated Interlocal Agreement, dated as of May 1, 1998 (the "Interlocal Agreement"), among certain Florida local governments, and Resolution No. 98-07TBW of Tampa Bay Water, a Regional Water Supply Authority (the "Authority"), adopted by the Board of Directors of the Authority on August 31, 1998, as amended and supplemented (the "Resolution").

The Series 2025 Bonds are dated and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. The Series 2025 Bonds will mature on the dates and in the principal amounts and will bear interest at the respective rates per annum, as provided in the Resolution and set forth in the Purchase Contract executed in connection with the sale of the Series 2025 Bonds (the "Purchase Contract"). Interest on the Series 2025 Bonds shall be payable on each October 1 and April 1, commencing [October 1, 2025]. The Series 2025 Bonds are subject to redemption prior to maturity as described in the Resolution and as set forth in the Purchase Contract.

The Series 2025 Bonds are being issued for the principal purposes of refunding all or a portion of the Authority's outstanding Utility System Refunding Revenue Bonds, Series 2015A (the "2015A Refunded Bonds"), and paying certain costs of issuance of the Series 2025 Bonds, all as more particularly described in the Resolution.

Certain proceeds of the Series 2025 Bonds, together with other moneys of the Authority, shall be deposited into an escrow deposit trust fund (the "2015A Escrow Fund") established pursuant to the 2015A Escrow Deposit Agreement, dated as of October 3, 2024, between the Authority and U.S. Bank Trust Company, National Association, and invested in direct obligations of the United States of America (the "2015A Escrow Securities"), such that the principal of and interest on said 2015A Escrow Securities shall be sufficient to pay the principal of, redemption premium, if any, and interest on the 2015A Refunded Bonds, as the same become due or are redeemed prior to maturity.

As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Resolution, the Interlocal Agreement and in the certified proceedings relating thereto and to the issuance of the Series 2025 Bonds and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Resolution and the Interlocal Agreement. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Series 2025 Bonds, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The Authority is a duly created and validly existing regional water supply authority established pursuant to the Laws of the State of Florida.
2. The Authority has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect in accordance with its terms and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Funds (as such term is defined in the Resolution), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.
3. The Authority is duly authorized and entitled to issue the Series 2025 Bonds and the Series 2025 Bonds have been duly and validly authorized and issued by the Authority in accordance with the Constitution and Laws of the State of Florida and the Resolution. The Series 2025 Bonds constitute valid and binding obligations of the Authority as provided in the Resolution and are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution, the Interlocal Agreement and the laws pursuant to which they are issued. The Series 2025

Bonds shall be issued on parity under the Resolution with certain other Bonds (as defined in the Resolution) that are outstanding under the Resolution, to the extent and except as provided in the Resolution. The Series 2025 Bonds do not constitute a general indebtedness of the Authority or the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are solely payable from the Pledged Funds in the manner and to the extent provided in the Resolution. No holder of the Series 2025 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the Authority or the State of Florida or any political subdivision, agency or department thereof to pay the Series 2025 Bonds.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2025 Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, interest on the Series 2025 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in this paragraph 4 are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2025 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2025 Bonds. The Authority has covenanted in the Resolution to comply with all such requirements. Ownership of the Series 2025 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2025 Bonds.

In rendering the opinions set forth above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by PFM Financial Advisors LLC relating to the computations of projected receipts of the 2015A Escrow Securities and any other amounts deposited in the 2015A Escrow Fund and of the adequacy of such projected receipts and other sums to pay the principal of, redemption premium, if any, and interest on the 2015A Refunded Bonds and certain yield calculations, and (b) the verifications of the arithmetical accuracy of such computations by Robert Thomas, CPA, LLC.

It should be noted that, except as may expressly be set forth in an opinion delivered by us to the underwriters (on which opinion only they may rely) for the Series 2025 Bonds on the date hereof, we have not been engaged or undertaken to review (1) the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2025 Bonds and we express no opinion relating thereto, or (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2025 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Series 2025 Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income taxation laws of the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Series 2025 Bonds and, in our opinion, the form of the Series 2025 Bonds is regular and proper.

Respectfully submitted

## **APPENDIX G**

### **Book-Entry Only System**

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## **BOOK-ENTRY ONLY SYSTEM**

*The information in this caption concerning DTC and DTC's book entry system has been obtained from DTC and neither Tampa Bay Water nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.*

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2025 Bonds and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all of the Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds

are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a maturity of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Tampa Bay Water as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Tampa Bay Water or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or Tampa Bay Water, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Tampa Bay Water or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to Tampa Bay Water or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2025 Bonds are required to be printed and delivered.

Tampa Bay Water may, pursuant to the procedures of DTC, decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2025 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Tampa Bay Water believes to be reliable, but Tampa Bay Water takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE SERIES 2025 BONDS OR REGISTERED OWNERS OF THE SERIES 2025 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025 BONDS.

Tampa Bay Water can make no assurances that DTC will distribute payments of principal of, redemption premium, if any, or interest on the Series 2025 Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the Series 2025 Bonds or redemption notices to the Beneficial Owners of such Series 2025 Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Official Statement. Tampa Bay Water is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the Series 2025 Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the Series 2025 Bonds and the manner of transferring or pledging those interests is subject to applicable state law. Holders of beneficial interests in the Series 2025 Bonds may want to discuss the manner of transferring or pledging their interest in the Series 2025 Bonds with their legal advisors.

Tampa Bay Water may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2025 Bond certificates will be printed and delivered. Thereafter, the Series 2025 Bond certificates may be transferred and exchanged as described in the Bond Resolution. See APPENDIX A-1 – "Composite Bond Resolution."

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