WHEREAS, the Federal Water Pollution Control Act and Florida Statutes provide for loans to local government agencies to finance the construction of wastewater and water pollution control facilities (the “State Revolving Fund”); and

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

WHEREAS, Islamorada, Village of Islands (the “Village”) previously entered into a loan agreement with the Florida Water Pollution Control Financing Corporation (“FWPCFC”) authorized by Resolution No. 06-05-37 with the State Revolving Fund loan program (the “Lender”) for Project No. WW802030 – Islamorada Collection Facilities North Plantation Key – Phase IIC Design/Build (the “Project”) in the principal amount of $1,283,000.00 (excluding capitalized interest and loan issuance fees) (the “Loan Agreement”); and
WHEREAS, the Village Council adopted Resolution No. 06-11-84 authorizing Amendment 1 to the Loan Agreement between the Village and FWPCFC, thereby increasing the principal amount by $3,277,167.00 to $4,560,167.00 (excluding capitalized interest and loan issuance fees) and including Phase IID as part of the Project; and

WHEREAS, Village Council subsequently adopted Resolution No. 08-12-104 authorizing Amendment 2 to the Loan Agreement between the Village and FWPCFC, thereby increasing the principal amount by $524,008.00 to $5,084,175.00 (excluding capitalized interest and loan issuance fees) to provide additional financing to the Village for both phases of the Project; and

WHEREAS, on November 22, 2013, the Florida Department of Environmental Protection ("FDEP") conducted an on-site inspection of the completed Project and of the associated revenue and expenditure records maintained by the Village and determined that the total amount disbursed to the Village should be adjusted to $5,062,705.00; and

WHEREAS, the Village, in conjunction with FDEP, desire to further amend the Loan Agreement with FWPCFC to adjust the loan amount, loan service fee and project costs to reflect actual costs, to revise the semiannual loan payment to reflect adjustment of project costs and receipt of thirteen (13) semiannual loan payments by FDEP from the Village, and to further revise provisions in the Loan Agreement for audit and monitoring; and

WHEREAS, the Village Council desires to approve and authorize the Mayor and/or Village Manager to execute Amendment 3 to the Loan Agreement between the Village and FWPCFC, as set forth in Exhibit “A” attached hereto; and

WHEREAS, the Village Council finds that approval and execution of Amendment 3 to the Loan Agreement is in the best interest of the Village.
NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The above recitals are true and correct and are incorporated herein by reference.

Section 2. Approving Amendment 3 to the Loan Agreement. The Village Council of Islamorada, Village of Islands (“Village Council”) hereby approves Amendment 3 to the Loan Agreement between the Village and FWPCFC, thereby adjusting the total disbursed amount for the loan to $5,072,705.00, establishing a total service fee for the loan of $101,254.00 and establishing capitalized interest in the amount of $55,605.07.

Section 3. Authorizing Execution of Amendment 3 to the Loan Agreement. The Village Council hereby authorizes the Mayor and/or Village Manager to execute Amendment 3 to the Loan Agreement, as set forth in Exhibit “A” attached hereto, together with such non-material changes as may be required by the Lender and that are acceptable to the Village Manager and approved as to form and legality by the Village Attorney.

Section 4. Pledged Revenues and Loan Repayment. The revenues pledged for repayment of the loan are the gross revenues derived annually from the operation of the sewer system and the wastewater non-ad valorem assessments (as adopted pursuant to Village Resolution No. 05-08-42 and Resolution No. 05-09-49 respectively) after payment of the operation and maintenance expenses and the satisfaction of all applicable senior obligations. To secure the payment of the Village’s obligations to the Lender under the Loan Documents, the Village shall budget and appropriate from the available gross revenues and wastewater non-ad valorem assessments an amount sufficient to pay all amounts due to the Lender the in applicable budget year.
Section 5. Authorization of Village Officials. The Village Manager is hereby designated as the authorized representative to provide the assurances and commitments required by the State Revolving Fund, the Loan Agreement, and any Amendments to the Loan Agreement. The Mayor, Village Manager, and Village Attorney are further authorized to execute any and all certifications and other agreements or any other documents required by the Lender as a prerequisite or precondition to making the loan in the Loan Documents and any such representation made therein shall be deemed to be made on behalf of the Village.

Section 6. Execution of Loan Documents. The Village Manager is hereby designated as the authorized representative of the Village to execute the Loan Documents, which will become a binding obligation in accordance with its terms when signed by both parties.

Section 7. Legal Authority for Borrowing Funds. The Village’s legal authority for borrowing moneys to construct this Project is pursuant to the Village’s Home Rule Authority as derived from Chapter 166, Florida Statutes, the Village’s Charter, Code of Ordinances and the laws of the State of Florida.

Section 8. Effective Date. This Resolution shall become effective immediately upon its passage and adoption.

Motion to adopt by Councilman Mike Forster, second by Councilman Dave Purdo.

FINAL VOTE AT ADOPTION
VILLAGE COUNCIL OF ISLAMORADA, VILLAGE OF ISLANDS

Mayor Ted Blackburn YES
Vice Mayor Deb Gillis ABSENT
Councilman Mike Forster YES
Councilman Ken Philipson YES
Councilman Dave Purdo YES
PASSED AND ADOPTED ON THIS 27th DAY OF FEBRUARY, 2014.

TED BLACKBURN, MAYOR

ATTEST:

SYNTHIA LANKFORD, VILLAGE CLERK

APPROVED AS TO FORM AND LEGALITY FOR THE USE AND BENEFIT OF ISLAMORADA, VILLAGE OF ISLANDS ONLY

ROGET V. BRYAN, VILLAGE ATTORNEY
AMENDMENT 3 TO LOAN AGREEMENT WW882030
ISLAMORADA, VILLAGE OF ISLANDS

This amendment is executed by the FLORIDA WATER POLLUTION CONTROL
FINANCING CORPORATION (the “Corporation”) and ISLAMORADA, VILLAGE OF
ISLANDS, FLORIDA, (the “Local Borrower”) existing as a local governmental agency under
the laws of the State of Florida.

WITNESSETH:

WHEREAS, the Corporation and the Local Borrower entered into a Clean Water State
Revolving Fund Loan Agreement, Number WW882030, as amended, authorizing a Loan amount
of $5,084,175, excluding Capitalized Interest; and

WHEREAS, the Loan Amount, Loan Service Fee, and Project costs need adjustment to reflect
actual costs; and

WHEREAS, the Semiannual Loan Payment amount needs revision to reflect adjustment of
project costs and the thirteen Semiannual Loan Payments received by the Department from the
Local Borrower; and

WHEREAS, revised provisions for audit and monitoring are needed.

NOW, THEREFORE, the parties hereto agree as follows:

1. The Loan amount is hereby reduced by $21,470, and the adjusted total disbursed
   amount for this loan is $5,062,705.

2. The Loan Service Fee is reduced by $429, and the adjusted total service fee for this
   Loan is $101,254. This fee represents two percent of the Loan amount excluding Capitalized
   Interest; that is, two percent of $5,062,705. The Loan Service Fee of $101,254 was assessed on
   January 27, 2014 and will be paid in the July 15, 2014 payment.

3. The total amount to repay by the Local Borrower is $5,219,564.07, which consists of
   $5,062,705.00 disbursed to the Local Borrower, $55,605.07 of accrued Capitalized Interest and
   $101,254.00 of service fee charges.

4. The total amount remaining to repay on the Loan, which amount accounts for the
   Department’s receipt of thirteen Semiannual Loan Payments, is $3,743,483.91 and consists of
   the following:

   (a) The unpaid principal of the original loan of $899,311.77 and the unpaid service fee
       charge of the original loan of $25,660.00, both at a Financing Rate of 2.72 percent per annum
       (the interest rate is 1.36 percent per annum, and the Grant Allocation Assessment rate is 1.36
       percent per annum).
(b) Amendment 1 unpaid principal of $2,315,009.25 and unpaid service fee charge of $65,543.00, both at a Financing Rate of 2.71 percent per annum (the interest rate is 1.355 percent per annum, and the Grant Allocation Assessment rate is 1.355 percent per annum).

(c) Amendment 2 unpaid principal of $427,908.89 and unpaid service fee charge of $10,051.00, both at a Financing Rate of 2.92 percent per annum (the interest rate is 1.46 percent per annum, and the Grant Allocation Assessment rate is 1.46 percent per annum).

5. The Semiannual Loan Payment amount, adjusted to account for repayments received to date, is hereby revised and shall be in the amount of $166,768.95. Such payments shall be received by the Department on July 15, 2014 and semiannually thereafter on January 15 and July 15 of each year until all amounts due hereunder have been fully paid.

6. Section 2.04 is hereby deleted and replaced as follows:

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

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

<table>
<thead>
<tr>
<th>Federal Program Number</th>
<th>Federal Agency</th>
<th>CFDA Number</th>
<th>CFDA Title</th>
<th>Funding Amount</th>
<th>State Appropriation Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS120001-080</td>
<td>EPA</td>
<td>66.458</td>
<td>Capitalization Grants for State Revolving Funds</td>
<td>$5,062,705</td>
<td>140131</td>
</tr>
</tbody>
</table>

(2) Audits.

(a) In the event that the Local Borrower expends $500,000 or more in Federal awards in its fiscal year, the Local Borrower must have a single or program-specific audit conducted in accordance with the provisions of OMB Circular A-133, as revised. Subsection 2.04(1) of this Agreement indicates that Federal funds are awarded through the Department by this Agreement. In determining the Federal awards expended in its fiscal year, the Local Borrower shall consider all sources of Federal awards, including Federal resources received from the Department of Environmental Protection. The determination of amounts of Federal awards expended should be in accordance with the guidelines established by OMB Circular A-133, as revised. An audit of the Local Borrower conducted by the Auditor General in accordance with the provisions of OMB Circular A-133, as revised, will meet the requirements of this part.

(b) In connection with the audit requirements addressed in the preceding paragraph (a), the Local Borrower shall fulfill the requirements relative to auditee responsibilities as provided in Subpart C of OMB Circular A-133, as revised.

(c) If the Local Borrower expends less than $500,000 in Federal awards in its fiscal year, an audit conducted in accordance with the provisions of OMB Circular A-133, as revised, is not
required. The Local Borrower shall inform the Department of findings and recommendations pertaining to the State Revolving Fund in audits conducted by the Local Borrower in which the $500,000 threshold has not been met. In the event that the Local Borrower expends less than $500,000 in Federal awards in its fiscal year and elects to have an audit conducted in accordance with the provisions of OMB Circular A-133, as revised, the cost of the audit must be paid from non-Federal resources (i.e., the cost of such an audit must be paid from Local Borrower resources obtained from other than Federal entities).

(d) The Local Borrower may access information regarding the Catalog of Federal Domestic Assistance (CFDA) via the internet at www.cfda.gov/index?cck=1&au=&ck=.

(3) Report Submission.

(a) Copies of reporting packages for audits conducted in accordance with OMB Circular A-133, as revised, and required by Subsection 2.04(2) of this Agreement shall be submitted, when required by Section .320(d), OMB Circular A-133, as revised, by or on behalf of the Local Borrower directly to each of the following:

(i) The Department at the following address:
Valerie Peacock, Audit Director
Office of the Inspector General
Florida Department of Environmental Protection
3900 Commonwealth Boulevard, MS 41
Tallahassee, Florida 32399-3123

(ii) The Federal Audit Clearinghouse designated in OMB Circular A-133, as revised (the number of copies required by Sections .320(d)(1) and (2), OMB Circular A-133, as revised, should be submitted to the Federal Audit Clearinghouse), at the following address:
Federal Audit Clearinghouse
Bureau of the Census
1201 East 10th Street
Jeffersonville, IN 47132

Submissions of the Single Audit reporting package for fiscal periods ending on or after January 1, 2008, must be submitted using the Federal Clearinghouse’s Internet Data Entry System which can be found at http://harvester.census.gov/fac/

(iii) Other Federal agencies and pass-through entities in accordance with Sections .320(e) and (f), OMB Circular A-133, as revised.

(b) Pursuant to Section .320(f), OMB Circular A-133, as revised, the Local Borrower shall submit a copy of the reporting package described in Section .320(c), OMB Circular A-133, as revised, and any management letters issued by the auditor, to the Department at the address listed under Subsection 2.04(3)(a) of this Agreement.
(c) Any reports, management letters, or other information required to be submitted to the Department pursuant to this Agreement shall be submitted timely in accordance with OMB Circular A-133, Florida Statutes, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

(d) Local Borrowers, when submitting financial reporting packages to the Department for audits done in accordance with OMB Circular A-133, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to the Local Borrower in correspondence accompanying the reporting package.

(4) Project-Specific Audit.

Within 12 months after the amendment establishing final Project costs, the Local Borrower shall submit to the Department a Project-specific audit report for the Loan related revenues and expenditures. The audit shall address Loan disbursements received, Project expenditures, and compliance with Loan Agreement covenants. The Local Borrower shall cause the auditor to notify the Department immediately if anything comes to the auditor's attention during the examination of records that would constitute a default under the Loan Agreement. The audit findings shall set aside or question any costs that are unallowable under Chapter 62-503, Florida Administrative Code. A final determination of whether such costs are allowed shall be made by the Department.

(5) Record Retention.

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

The Local Borrower is hereby advised that the Federal and/or Florida Single Audit Act Requirements may further apply to lower tier transactions that may be a result of this Agreement. For federal financial assistance, the Local Borrower shall utilize the guidance provided under OMB Circular A-133, Subpart B, Section ___.210 for determining whether the relationship represents that of a subrecipient or vendor.

The Local Borrower should confer with its chief financial officer, audit director or contact the Department for assistance with questions pertaining to the applicability of these requirements.

(6) Monitoring.

In addition to reviews of audits conducted in accordance with OMB Circular A-133, as revised (see audit requirements above), monitoring procedures may include, but not be limited to, on-site visits by Department staff, limited scope audits as defined by OMB Circular A-133, as
revised, and/or other procedures. By entering into this Agreement, the Local Borrower agrees to comply and cooperate with any monitoring procedures/processes deemed appropriate by the Department. In the event the Department determines that a limited scope audit of the Local Borrower is appropriate, the Local Borrower agrees to comply with any additional instructions provided by the Department to the Local Borrower regarding such audit. The Local Borrower further agrees to comply and cooperate with any inspections, reviews, investigations, or audits deemed necessary by the Chief Financial Officer or Auditor General.

7. Section 8.02 of the Agreement is deleted and replaced as follows:

Books, records, reports, engineering documents, contract documents, and papers shall be available to the authorized representatives of the Department and the U.S. Environmental Protection Agency's Inspector General for inspection at any reasonable time after the Local Borrower has received a disbursement and until five years after the date that the Project-specific audit report, required under Subsection 2.04(4), is issued.

8. Project Costs are revised as follows:

The Local Borrower, the Corporation, and the Department acknowledge that changes in Project costs may occur as a result of the Local Borrower’s Project audit or a Department audit pursuant to Chapter 62-503 of the Florida Administrative Code. Unless this Agreement is amended subsequent to an audit, the following Project disbursements shall be final.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>PROJECT COST($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance Cost</td>
<td>415,718.00</td>
</tr>
<tr>
<td>Construction and Demolition</td>
<td>4,646,987.00</td>
</tr>
<tr>
<td>SUBTOTAL (Total Disbursed)</td>
<td>5,062,705.00</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>55,605.07</td>
</tr>
<tr>
<td>TOTAL (Loan Principal Amount)</td>
<td>5,118,310.07</td>
</tr>
</tbody>
</table>

9. The Project-specific audit required under Subsection 2.04(4) of the Agreement shall be submitted within twelve months after the effective date of this amendment.

10. All other terms and provisions of the Loan Agreement shall remain in effect.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
This Amendment 3 to Loan Agreement WW882030 shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Corporation has caused this amendment to the Loan Agreement to be executed on its behalf by its Chief Executive Officer and the Local Borrower has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Chief Executive Officer of the Corporation.

for
FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

____________________________________  ______________________
Chief Executive Officer                    Date

Reviewed and approved by the Corporate Secretary

for
ISLAMORADA, VILLAGE OF ISLANDS

____________________________________
Village Manager

Attest: Attest as to form and correctness:

____________________________________  ______________________
Village Clerk                             Village Attorney

SEAL

APPROVED AND ACCEPTED BY THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION.

____________________________________
Program Administrator
State Revolving Fund