

Return to  
Douglas Manson Esq  
Carey O Malley Whitaker & Manson P A  
712 S Oregon Avenue  
Tampa Florida 33606

**PEACE RIVER/MANASOTA REGIONAL WATER SUPPLY AUTHORITY  
MASTER WATER SUPPLY CONTRACT**

**THIS CONTRACT** entered into this 5<sup>th</sup> day of October 2005 by and between the **PEACE RIVER/MANASOTA REGIONAL WATER SUPPLY AUTHORITY** a regional water supply authority created and existing pursuant to Sections 373.196, 373.1962 and 163.01 Florida Statutes and other applicable law acting by and through its Board of Directors the governing board thereof ( Authority' ) **MANATEE COUNTY** a political subdivision of the State of Florida acting by and through its Board of County Commissioners the governing board thereof ( Manatee ) **CHARLOTTE COUNTY** a political subdivision of the State of Florida acting by and through its Board of County Commissioners the governing board thereof ( Charlotte ) **DeSOTO COUNTY** a political subdivision of the State of Florida acting through its Board of County Commissioners the governing board thereof ( DeSoto ) **SARASOTA COUNTY** a political subdivision of the State of Florida acting by and through its Board of County Commissioners the governing board thereof ( Sarasota ) and the **CITY OF NORTH PORT** a municipal corporation of the State of Florida acting by and through its Board of City Commissioners the governing board thereof ( North Port ) (collectively Customers )

**WITNESSETH**

**WHEREAS** the Authority was created for the purpose of developing storing and supplying water for county and municipal purposes and exists pursuant to the Second Amended Interlocal Agreement Creating the Peace River/Manisota Regional Water Supply Authority executed concurrent with this Contract and

**WHEREAS** the Authority has determined that the potable water supply needs for citizens residing within Charlotte Manatee DeSoto and Sarasota Counties and North Port can best be met in whole or in part by expanding the Authority Water Supply Facilities in a cooperative and coordinated manner and

**WHEREAS** the Authority and the Customers agree it is necessary to expand the Peace River Regional Water Treatment Facility to be known as the Regional Expansion Program ( REP ) as more specifically set forth in Exhibit G and incorporated herein by reference in order to provide a total of 32.7 MGD of water to meet the water supply needs of the Authority's Customers and

**WHEREAS** it is the intent of the Parties that this Contract govern the operation maintenance alteration replacement and expansion of the Authority Water Supply Facilities and

**WHEREAS** the Authority has applied and the Southwest Florida Water Management District ( SWFWMD ) has provided New Water Source Initiative funds to assist in development and construction of the REP and

**WHEREAS** the Authority and its Customers recognize that as a result of increased Customers demands the REP will not satisfy all future Customers demands and the Authority has begun developing other water supplies and

**WHEREAS** Manatee has adopted Resolution No. R 05 108 on June 7 2005 conditionally requesting the development of potable water by the Authority for Manatee beginning January of 2014 and

**WHEREAS** expansions to the Authority Water Supply Facilities and the design and construction of new Water Supply Sources may be financed for the Customer(s) through the issuance of Authority revenue bonds capital contributions from the Customer(s) capital contributions from SWFWMD or other governmental grants or any combination thereof and

**WHEREAS** the Customers desire to purchase water from the Authority according to the terms and conditions of this Contract and the Authority desires to provide the Customers water

according to the terms and conditions of this Contract and

**WHEREAS** recognizing the benefits provided by the REP and future Water Supply Sources the Customers and the Authority agree that the Authority shall implement a common Debt Service Cost for the Water Rate only for the REP and all future Water Supply Source projects of the Authority and

**WHEREAS** the Customers desire that the Authority facilitate the transfer of Authority water among Customers with such transfers being made through the Authority at the same Water Rate assessed by the Authority and

**WHEREAS** this Contract is intended to constitute the entire agreement of the Authority Manatee Charlotte DeSoto Sarasota and North Port with respect to the Water Allocations and the terms and conditions contained herein and

**NOW, THEREFORE** in consideration of the foregoing premises which shall be deemed an integral part of this Contract and of the mutual covenants and agreements hereafter set forth the Authority and the Customers intending to be legally bound hereby agree as follows

1 **DEFINITIONS** In the absence of a clear implication otherwise capitalized terms used in this Contract and in the attached exhibits shall have the following meanings

1.1 Annual Average Daily Quantity The total water quantity provided by the Authority to a Customer in a Contract Year divided by 365 as set by its Water Allocation

1.2 Authority The Peace River/Manasota Regional Water Supply Authority

1.3 Authority Board The Authority's governing body

1.4 Authority Water Supply Facilities All real property interest in real property fixtures personal property wells treatment systems pumps pipes storage facilities reservoirs aquifer storage and recovery facilities water transmission mains any future expansion of said facilities and appurtenant or associated installations owned leased or otherwise controlled by the Authority and used for the provision of potable water supply

1.5 Available Water That portion of a Customer's Water Allocation that is temporarily available to other Customers

1.6 Base Rate Charge For any Contract Year the rate established by resolution of the Authority for payment of the Authority Obligations Bond Coverage Costs Debt Service Costs Charlotte Oversized Facilities Payment Capital Component Charge Hydraulic

Pipeline Capacity Entitlement Cost and Renewal and Replacement Costs for the Authority Water Supply Facilities. The Base Rate Charge also includes the Fixed Operations and Maintenance Costs budgeted by the Authority for expanding, operating, repair and replacement, maintaining and securing the Authority Water Supply Facilities regardless of the quantity of water, if any, being produced or delivered by the Authority, with such fixed costs being assessed proportionately in accordance with the Annual Average Daily Water Allocation.

- 1 7 Bond Coverage Costs. The costs of providing the coverage requirements established by the Financing Documents.
- 1 8 Capital Component Charge. For any Contract Year, the charge established by resolution of the Authority for payment of the Capital Component Charge paid to Charlotte for the transfer of the Peace River Regional Water Treatment Facility. The Capital Component Charge shall be assessed by the percentages in Exhibit F for the Peace River Regional Water Treatment Facility.
- 1 9 Charlotte Oversized Facilities Payment. The 1991 Facility was stated to possess certain components that had a larger capacity than the 1991 Facility treatment capacity. Charlotte acquired the 1991 Facility, then transferred to the Authority the entire 1991 Facility. However, payment for the oversized components was deferred until the Authority used these oversized components. Under the PRO and REP, the Authority will pay for all the remaining oversized components.
- 1 10 Conservation Rate. For any Contract Year, the charge established by resolution by the Authority to any Customer that exceeds its Water Allocation set forth in Exhibit B.
- 1 11 Contract Year. The period between execution of the Contract and September 30, 2005, and each fiscal year of the Authority (beginning on each October 1 and ending on the immediately following September 30) thereafter during the term of this Contract.
- 1 12 Customers. Manatee, DeSoto, Charlotte, Sarasota and North Port.
- 1 13 Debt Service Cost(s). For any Contract Year, all costs including reserve or coverage requirement, if any, incurred by the Authority during such Contract Year in connection with the Authority Water Supply Facilities for principal payments, interest payments, redemption premiums, if any, and service charges with respect to payment of Obligations.

- 1 14 Delivery Point(s) The point(s) of connection between the Regional Transmission System and the distribution system of the Customers to this Contract having a Water Allocation. The Delivery Point(s) for each Customer is attached hereto as Exhibit D.
- 1 15 DeSoto Payment For any Contract Year, an amount included in the Water Rate transmitted by the Authority to DeSoto in the amounts set forth on Exhibit A for the term of the Contract. The DeSoto Payment as defined herein supersedes the Facility Use Cost as defined in Section 1.8 of the Peace River Regional Water Supply Contract dated May 21, 1991.
- 1 16 Exclusive Provider Customer A subset of Customers that includes only DeSoto in this Master Water Supply Contract.
- 1 17 Financing Documents 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.
- 1 18 Fixed Operating and Maintenance Costs All operating and maintenance costs and expenses other than Variable Operating and Maintenance Costs incurred by the Authority for the operation, maintenance, management, security and development of the Authority Water Supply Facilities.
- 1 19 Hydraulic Capacity Entitlement The Hydraulic Capacity Entitlement for the Regional Transmission System for each Customer is attached as Exhibit E.
- 1 20 Hydraulic Capacity Entitlement Cost The debt service cost associated with Customers Hydraulic Capacity Entitlement.
- 1 21 Maximum Daily Quantity The maximum water quantity to be provided by the Authority to a Customer for any given day as set by its Water Allocation.
- 1 22 Member Governments Members of the Authority. This term refers jointly to Charlotte, DeSoto, Manatee and Sarasota.
- 1 23 MGD Million gallons per day.
- 1 24 New Water Supply Demands The new water supplies the Authority is committed by this Contract to develop and complete to meet Customer demands as shown on Exhibit C, as updated annually pursuant to Section 1.1.
- 1 25 Obligation(s) A series of bonds or other evidence of indebtedness, including but not limited

to Financing Documents notes commercial paper capital leases or any other debt of the Authority issued or incurred

- 1 26 Operating and Maintenance Cost(s) For any Contract Year all costs budgeted and reserves established by the Authority for operating maintaining and securing the Authority Water Supply Facilities during such Contract Year including but not limited to a) personnel staffing and operating costs of the Authority related to the operation maintenance and security of the Authority Water Supply Facilities b) the general and administrative costs of the Authority related to the operation maintenance and security of the Authority Water Supply Facilities c) minor capital expenditures of the Authority for items such as tools parts and other equipment and vehicles necessary for the operation maintenance and security of the Authority Water Supply Facilities and d) all costs incurred in obtaining and maintaining the Permits for the Authority Water Supply Facilities
- 1 27 Party or Parties Party shall mean a signatory to this Contract Parties shall mean DeSoto Charlotte Sarasota Manatee North Port and the Authority
- 1 28 Peace River Regional Water Treatment Facility (the 1991 Facility ) All real property interest in real property fixtures personal property wells buildings treatment systems pumps pipes storage facilities reservoirs aquifer storage facilities and appurtenant or associated facilities located in DeSoto and Sarasota which were transferred by Charlotte to the Authority pursuant to that certain Acquisition Agreement dated May 21<sup>st</sup> 1991 by and among the Authority Charlotte DeSoto Manatee Sarasota and the Southwest Florida Water Management District and any expansion of said facilities undertaken pursuant to that certain Peace River Water Supply Contract dated May 21<sup>st</sup> 1991 by and among the Authority Charlotte DeSoto Manatee and Sarasota The foregoing notwithstanding this term shall not include the construction acquisition or use of any groundwater production wells Groundwater production wells shall not include facilities withdrawing water from the Peace River through the use of horizontal wells not more than 50 feet deep or aquifer storage and recovery wells
- 1 29 Peak Month Average Daily Quantity The total water quantity provided by the Authority during the calendar month of the Customer s highest water use divided by the number of days in that month and expressed in MGD as set by the Customer s Water

Allocation

- 1 30 Permits All licenses permits authorizations or other approvals from any government or governmental agency whether federal state regional or local necessary or convenient for the acquisition construction expansion and operation of Water Supply Facilities and Water Supply Sources including but not limited to any general water use permit temporary water use permit or individual water use permit issued by the Southwest Florida Water Management District or any entity
- 1 31 PRO The Amended Peace River Option Water Supply Contract dated March 8<sup>th</sup> 1996 that expanded the Peace River Regional Water Treatment Facility by adding 6 MGD annual average daily quantity of water to the System Capacity
- 1 32 Redistribution Pool A depository of each Customer s Available Water for any Contract Year for purchase by all Customers
- 1 33 Regional Transmission System Those facilities including appurtenant and associated facilities owned by the Authority pertaining to the delivery and measurement of potable water to the Customers of the Authority including but not limited to primary transmission pipes real property interest in real property fixtures and personal property Regional Transmission System does not include the Aquifer Storage and Recovery ( ASR ) system or its connecting piping
- 1 34 Regional Water System All real property interest in real property fixtures personal property wells buildings treatment system pumps pipes storage facilities reservoir(s) aquifer storage and recovery facilities and appurtenant or associated facilities owned by the Authority excluding the Regional Transmission System
- 1 35 Renewal and Replacement Charges The charges established by the Authority for the exclusive purpose of funding renewals and replacements of the Authority Water Supply Facilities The charges will be established to satisfy the requirements of the Authority s Obligations and shall be set forth in the annual budget approved by the Authority for the ordinary renewal replacement upgrade and betterment of the Authority Water Supply Facilities
- 1 36 Renewal and Replacement Costs The capital expenditures set forth in the annual budget approved by the Authority for the ordinary renewal replacement upgrade and betterment of

the Authority Water Supply Facilities Renewal and Replacement Costs do not include capital expenditures associated with the expansion or addition of water treatment storage pumping or transmission capacity or the costs associated with reconstruction of any major components of the Authority Water Supply Facilities

- 1 37 Renewal and Replacement Fund The fund established by the Authority for the exclusive purpose of funding renewals and replacements of the Authority Water Supply Facilities The deposits to such fund shall be made in accordance with the requirements of the Financing Documents of the Authority The balances on deposit in the Renewal and Replacement Fund will be expended for those Renewal and Replacement Costs specifically identified in the annual budget approved by the Authority
- 1 38 Second Amended Interlocal Agreement The Second Amended Interlocal Agreement Creating the Peace River/Manasota Regional Water Supply Authority executed concurrently with this Contract
- 1 39 System Capacity The total combined capacities of the various components of the Regional Water System in terms of a quantity of water on an average annual daily basis expressed in MGD
- 1 40 Variable Operating and Maintenance Costs All operating and maintenance costs and expenses of the Authority for the operation maintenance and management of the Authority Water Supply Facilities that change in proportion to changes in the volume of water produced by the Authority including but not limited to power chemicals and water purchases
- 1 41 Water Allocation The portion of the System Capacity of the Regional Water System allotted to a Customer for the term of this Contract as initially specified at Exhibit B as increased from time to time pursuant to Section 11
- 1 42 Water Rate For any Contract Year the rate established by resolution of the Authority for the sale of water which to the extent applicable shall be comprised of a Base Rate Charge the DeSoto Payment and a Water Use Charge
- 1 43 Water Supply Emergency A loss or reduction in System Capacity caused by drought or a sudden unexpected unavoidable interruption in water delivery as declared by resolution by the Authority Board



- 1 44 Water Supply Facilities All real property interest in real property fixtures personal property wells treatment systems pumps pipes storage facilities reservoirs aquifer storage and recovery facilities water transmission mains any future expansion of said facilities and appurtenant or associated installations owned leased or otherwise controlled by Charlotte DeSoto Manatee North Port Sarasota or the Authority and used for the provision of potable water supply
- 1 45 Water Supply Source Any project construction acquisition transfer or transaction creating a new water source or expanding an existing water source developed by the Authority Charlotte Sarasota Manatee DeSoto or North Port
- 1 46 Water Use Charge For any Contract Year the rate established by the Authority for payment of the Variable Operating and Maintenance Costs This Water Use Charge shall be based on Customer metered water usage and shall be the same charge per thousand gallons used for each Customer

2 **TERM** The term of this Contract shall begin on the date of its complete execution by all Parties and end on the last day of the Contract Year in which the thirty fifth (35<sup>th</sup>) anniversary of the execution date falls The rights and obligations of any Customer may be extended prior to expiration of the initial term at the option of that Customer for another thirty five (35) years said extension to expire on the last day of the Contract Year in which the seventieth (70<sup>th</sup>) anniversary of the execution date falls Such option must be exercised at least two (2) years prior to expiration If during the Contract term the Authority issues Obligations to construct additional System Capacity to provide additional or maintain existing Water Allocation of the Customers that is secured from the payments made by the Customers for service from the Authority and which repayment period extends beyond the termination date of the Contract as set forth above the Contract will automatically be extended to include the last payment date of such additional Obligations Before the expiration of this Contract the Authority and Customers recognize that a new contract or extension of this Contract will need to be in place to provide ongoing water service from the Authority Water Supply Facilities and all Parties agree to work together in good faith to extend this Contract or create a new contract prior to this Contract s expiration date to meet the overall intent of the Authority to provide regional drinking water

3 **AUTHORITY CAPACITY** The Authority shall not be prohibited from maintaining

unallocated capacity of the Authority Water Supply Facilities

4 **CONDITIONS PRECEDENT** All rights obligations and liabilities of the Authority and the Customers shall be subject to the satisfaction of the conditions precedent identified in Section 4.1

4.1 Conditions Precedent The following are conditions precedent to the Parties' rights obligations and liabilities under this Contract:

4.1.1 The complete execution of this Contract by the Authority and the Customers

4.1.2 The representations set forth in Section 8 are true and correct as of the date this Contract is fully executed by all Parties

4.1.3 No change shall have occurred on or before the date this Contract is fully executed by all the Parties in any applicable federal, state or local law, or any applicable federal, state or local rule, regulation or ordinance thereunder, or an interpretation thereof by any applicable regulatory authority or court of competent jurisdiction, that would make the execution or delivery of this Contract, or that would make compliance by the Parties with the terms and conditions of said Contract, or the consummation by the Parties of the transactions contemplated thereunder, a violation of such law, rule, regulations or ordinance.

4.1.4 The Authority and North Port shall execute a Settlement Agreement that requires North Port to file a Voluntary Dismissal with prejudice in *City of North Port v. Peace River/Manasota Regional Water Supply Authority*, Case No. 03-05254, Thirteenth Judicial Circuit in and for Hillsborough County, Florida, within ten (10) days of execution of this Contract.

4.1.5 DeSoto and the Authority shall execute a transfer agreement pursuant to Section 2.1 herein.

4.1.6 Notwithstanding Paragraphs 8.4 and 10.5 herein, Charlotte and Sarasota shall establish a means to settle their disagreement over the Water Sale and Purchase Agreement between Charlotte and Sarasota dated March 8, 1996.

4.2 Satisfaction of the Conditions Precedent The Parties shall exercise good faith and due diligence in satisfying the conditions precedent set forth above, and the Authority shall give prompt notice to the other Parties when the foregoing conditions precedent have been

satisfied or waived in writing by all the Parties

**5 FUNDING FROM THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY ("EPA')** The funding from the EPA grant dated March 28 1995 shall be used for the construction of the REP

**6 INTANGIBLE ASSETS OF THE CUSTOMERS** Each Customer's Water Allocation and Hydraulic Capacity Entitlement is an intangible asset of that Customer's utility system pursuant to the terms and conditions of the Contract

**7 FUNDING FROM SWFWMD** The funding from the SWFWMD New Water Sources Funding Agreements shall be used for the construction of the REP All Parties shall work to obtain the maximum amount of funding from SWFWMD for the REP any future expansion of or addition to the Authority Water Supply Facilities and new Authority Water Supply Sources

**8 REPRESENTATION OF THE PARTIES** The Authority Manatee Charlotte DeSoto Sarasota and North Port make the following representations

- 8 1 Each Party is duly organized and existing in good standing under the laws of the State of Florida and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Contract
- 8 2 Each Party has the power authority and legal right to enter into and perform its obligations set forth in this Contract and the execution delivery and performance hereof by it a) has been duly authorized by its governing board b) does not require any other approvals by any other governmental officer or body c) does not require any consent or referendum of the voters for Authority financed projects d) will not violate any judgment order law or regulation applicable to the Party and e) does not constitute a default under or result in the creation of any lien charge encumbrance or security interest upon the assets of the Party under any agreement or instrument to which it is a Party or by which the Party and its assets may be bound or affected except as provided herein under Sections 16 5 and 16 6
- 8 3 This Contract has been duly entered into and delivered by the respective governing boards and as of the date of its full execution by all Parties constitutes a legal valid and binding obligation of said Party fully enforceable in accordance with its terms provided the enforceability thereof may be limited by any applicable bankruptcy insolvency reorganization or other similar laws affecting creditors' rights generally or by the exercise of

judicial discretion in accordance with general principles of equity

8.4 There is no action, suit or proceeding at law or in equity before or by any court or governmental authority pending or to the best of the Party's knowledge threatened against the Party which is not resolved by the execution of this Contract wherein any unfavorable decision, ruling or finding would materially adversely affect the performance by the Party of its 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 Party in connection with the transaction contemplated hereby.

9 **REP CONSTRUCTION** In consideration for financial and other commitments made by the Customers herein, the Authority agrees to permit and construct the REP as a necessary Water Supply Source for the Water Allocations. The cost of construction and construction schedule are attached as Exhibit G. The Authority agrees to use its best efforts to construct the REP in accordance with the schedule set forth in Exhibit G. The Customers recognize that the construction schedule may be affected by circumstances beyond the control of the Authority including, but not limited to, weather, availability of material and contractors, governmental approvals, and other force majeure. The Authority agrees to keep the Customers apprised of the progress made in construction of the REP and of any delays that may affect the scheduled completion date.

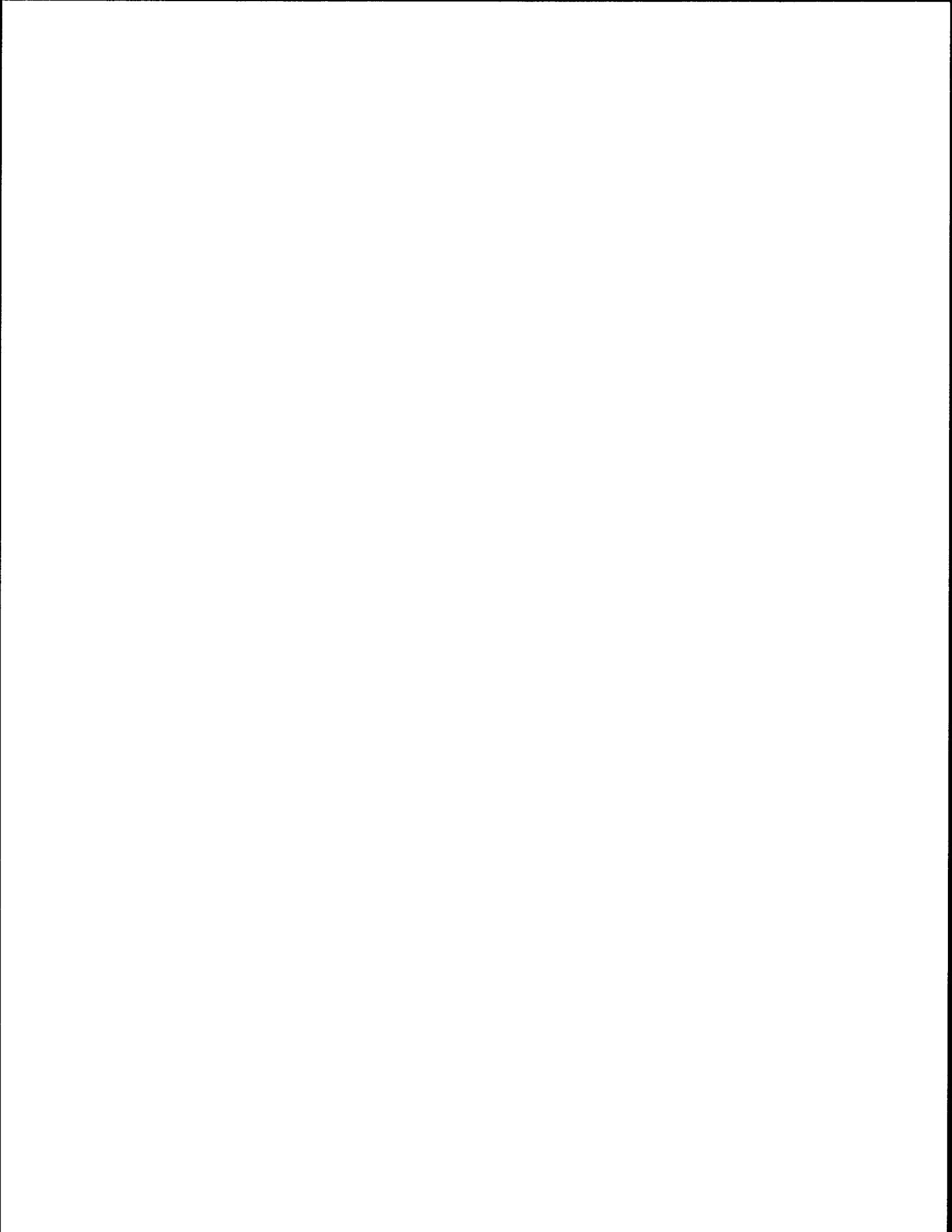
9.1 Cost of Construction The Authority will use its best efforts to complete the REP construction project within the budgeted amount shown in Exhibit G. The Authority will comply with its procurement procedures in the construction of the REP.

9.2 Insurance The Authority shall require suitable payment and performance bonds from all principal contractors working on the construction of the project. The Authority shall further require the provision by the principal contractors of hazard insurance, general liability insurance, and worker's compensation insurance from such carriers and at such limits as are customary.

10 **DELIVERY OF WATER** During each Contract Year, the Authority shall deliver water to each Customer in accordance with their Water Allocations and the terms and conditions of this Contract. Customers shall pay for and the Authority shall timely develop and deliver new Water

Supply Sources and facilities to meet the needs of its Customers as set forth in Sections 11 and 12 herein

- 10.1 Allocation The Authority shall be required to deliver water for a Customer's water demand from its Water Allocation. Future Water Allocations will be delivered only in accordance with a Customer's New Water Supply Demands in Exhibit C as modified by projected water demands pursuant to Section 11 herein. If a Customer meets its payment obligations to the Authority, the Authority shall have the absolute and unequivocal obligation to develop and provide for the Customer's permissible future potable water demand in its Water Allocation and New Water Supply Demands.
- 10.2 Limitation of Allocation The Authority shall not be required to deliver water to a Customer if prohibited by any applicable federal, state, regional or local statute, rule, ordinance, law, administrative order or judicial decree or in violation of applicable Permits. If at any time there is insufficient potable water available to fully meet the Water Allocations described above for any reason, then the Customers shall have their Water Allocations reduced on a pro-rata basis.
- 10.3 Delivery Point The Authority shall deliver water through the Regional Transmission System to each Customer only at their respective Delivery Point(s) as identified in Exhibit D. Additional Delivery Point(s) may be added by mutual agreement of the Authority and receiving Customer(s).
- 10.4 Exceedance of Delivery Schedule Subject to Section 10.5 herein, in the event a Customer should receive delivery of water in excess of its Peak Month Average Daily Quantity, its Maximum Daily Quantity, and/or its Annual Average Daily Quantity of its Water Allocation, the Customer shall pay a Conservation Rate as set forth in the Water Rate resolution. During emergency conditions as declared by resolution of the Authority Board, the Authority shall not charge the Conservation Rate for water delivery in excess of the Water Allocation.
- 10.5 Authority Water Transfers Upon execution of this Contract by all Customers, all prior contracts transferring Authority water between any of the Customers shall terminate. All Authority water transfers shall be provided solely through the Authority. Notwithstanding the termination of the Water Sale and Purchase Agreement between Charlotte and Sarasota pursuant to this paragraph, both Charlotte and Sarasota hereby reserve and do not in any



manner waive any rights or causes of action that one may have against the other with regard to any past due obligations or debts arising out of said Water Sale and Purchase Agreement to be resolved pursuant to Section 4.1.6. As part of the New Water Supply Demands process set forth below, each Customer shall annually provide to the Authority its projected Authority Water Demands for the next twenty (20) years. The Authority shall then determine the total Customer demands for Authority Water. The Authority shall determine the difference between each Customer's Water Allocation and projected water demands for the next ten (10) years on an annual basis. By February 15 of each year, the Authority shall provide each Customer with a Notice of Available Water indicating the amount of Water Allocation, if any, above the Authority's projected water demands for each of the next ten (10) years. Each Customer shall file a response with the Authority within thirty (30) days of receipt of the Notice of Available Water, either accepting the Available Water quantities as determined by the Authority or providing alternative Available Water quantities, if any, for each of the next ten (10) years. Failure of a Customer to respond within thirty (30) days shall result in that Customer's Available Water quantity as determined by the Authority being transferred into the Redistribution Pool. Nothing herein shall be construed to require any Customer that timely responds to the Notice of Available Water to provide any of its Water Allocation to the Redistribution Pool. The Redistribution Pool shall be maintained by the Authority to provide the amount of Available Water, by Contract Year, for up to ten (10) years. Each year shall have a separate Redistribution Pool of water quantities designated. A receiving Customer's failure to pay for water transferred from the Redistribution Pool shall be treated as a default of this Contract. The Authority shall not transfer more water than the amount of Available Water placed in the Redistribution Pool. Nothing in this Section shall relieve a Customer from the irrevocable commitment to pay for its Water Allocations in this Contract.

10.5.1 Assignment and Payment The Authority shall assign the Available Water based upon Customer request and written confirmation by their governing body of the corresponding payment obligations under this Contract. Customers may request Available Water from the Redistribution Pool for the corresponding timeframe of their need for additional water. If there is more

demand for water than there is Available Water in a given year the Authority shall distribute the water on pro rata basis based on the proportionate Customer demand in the New Water Supply Demands for the year at issue

10.5.2 Payment Payment adjustments to the Customers supplying Available Water shall be on a pro rata basis based on the percentage of water supplied to the Redistribution Pools for water sold from each Redistribution Pool

10.5.3 Assessment of Conservation Rate Only for purposes of calculating the assessment of the Conservation Rate the Water Allocation of the Customer(s) receiving the Available Water and the Customer(s) providing the Available Water to the Redistribution Pool will be adjusted by the transferred water quantity

10.6 Water Supply Emergency The Authority and its Customers shall seek the interconnection of the Water Supply Facilities with other water supply facilities in the region and the Authority's Water Supply Facilities for the purpose of facilitating the transfer of water among the Authority and the Customers under emergency conditions. The Authority and its Customers shall make available capacity if any in their respective Water Supply Facilities to the Customers experiencing a Water Supply Emergency at the established rate of the supplying entity. In a Water Supply Emergency Conservation Rates including block rates or excess demand charges of any type shall be waived by all Parties to this Contract for the duration of the declared Water Supply Emergency.

**11 FUTURE WATER SUPPLY PROCEDURE** It is the intention of the Parties that this Section set forth the manner in which each Customer will request and the Authority will provide future water supply from the Authority Water Supply Facilities. The Customers acknowledge that a procedure is necessary to provide the Authority with sufficient lead time for planning and development of new Water Supply Sources to meet New Water Supply Demands.

11.1 No later than January 15<sup>th</sup> of each Contract Year each Customer shall submit to the Authority a report which identifies the following



- (i) Total projected water demand by Contract Year for the next 20 years ( Total 20 Year Demand )
- (ii) That portion of the Total 20 Year Demand the Customer requires the Authority to fulfill ( Authority Supplied Water ) in terms of Annual Average Daily Quantity Peak Month Average Daily Quantity and Maximum Daily Quantity and
- (iii) The basis for each projection

The Authority shall review coordinate and compile the submitted Total 20 Year Demand and Authority Supplied Water and provide such information to all Customers and the Authority Board The Authority shall also report to the Customers and Authority Board its estimation of water demand projections to be supplied by the Authority for its Customers on an annual basis for the applicable twenty year planning period The Authority shall use this data as well as other population and water demand data as a basis for the planning and development of new Water Supply Sources to meet New Water Supply Demands Each Customer may modify its Total 20 Year Demand and projections for Authority Supplied Water with each subsequent annual filing subject to the provisions in this Section

11.2 By submitting its projections for Authority Supplied Water each Customer is identifying that quantity of water it shall purchase from the Authority in the designated Contract Year For the initial time period through Contract Year 2013 the New Water Supply Demands as modified at Exhibit C shall be the water each Customer irrevocably commits to purchase from the Authority and the Authority agrees to supply such water After Contract Year 2013 by submitting its projection for Authority Supplied Water each Customer agrees to purchase and the Authority agrees to supply that quantity of Authority Supplied Water identified in the first seven (7) Contract Years of the Total 20 Year Demand Each Customer may annually update its Total 20 Year Demand and its projection of Authority Supplied Water However unless it otherwise has excess water capacity available the Authority shall not be obligated to accept any change in demand for Authority Supplied Water within the upcoming seven (7) Contract Year period Annually the Authority shall issue an addendum to the Contract to update the New Water Supply Demands table at Exhibit C for the applicable years beyond Contract Year 2013 to reflect the first seven (7) Contract Years of projected demand for Authority Supplied Water by the Customers

11.3 The parties acknowledge that the planning, permitting and construction of new Authority Water Supply Sources cannot exactly match the annual New Water Supply Demands. Therefore, the Authority will, from time to time, develop new Authority Water Supply Sources with water quantities that exceed immediate Customer demands. Upon the Authority's determination to develop a specific Water Supply Source, the Authority shall assign a proportionate share of the new Water Supply Source Water Allocation to the Customers, to the extent practicable, by applying the new Water Supply Source project quantity to the most immediate New Water Supply Demands. The Authority shall assign Water Allocations to the Customers pro rata based on their proportionate New Water Supply Demands at the time when the new Water Supply Source Water Allocation would be fully utilized by the total New Water Source Demand. For example, in year 2006, the Authority designates a new Water Supply Source project for 6 MGD to provide water by 2008. The total of New Water Supply Demands does not exceed 6 MGD until 2010, when it is 6.7 MGD. The Water Allocation assigned by the Authority to Customer A for the 6 MGD project is calculated by taking Customer A's New Water Supply Demand of 2.3 MGD for 2010 divided by the total of all the Customers' New Water Supply Demands of 6.7 for 2010 to determine the Customer Water Allocation Cost Percentage of 34.33%. When the Authority approves a new Water Supply Source project, it shall issue an addendum to the following: (1) to increase and update the Water Allocation table at Exhibit B; (2) to update the Cost Allocation Percentages table at Exhibit F to show the new project's cost allocation percentages; and (3) to update the table at Exhibit H to show the new project water quantity allocation. The Customers may only be assigned a Water Allocation for their New Water Supply Demands. All costs associated with a new Water Supply Source project, including but not limited to planning, design, and construction, shall be recovered from the Customer receiving the Water Allocations of the new Water Supply Source project.

**12. DESOTO DESIGNATION OF THE AUTHORITY AS ITS EXCLUSIVE PROVIDER OF WATER.** Notwithstanding the foregoing and pursuant to Section 8.1 of the Second Amended Interlocal Agreement, DeSoto elects to be an Exclusive Provider. Customer DeSoto agrees not to develop any additional Water Supply Sources beyond those currently existing identified in Exhibit I, unless as a joint project with the Authority. If DeSoto meets its payment

obligations to the Authority the Authority shall have the absolute and unequivocal obligation to develop and provide adequate potable water for DeSoto based upon its permissible future potable water demand as outlined herein. The Authority is free to meet DeSoto's water demands by any means it deems fit including but not limited to using water from the Redistribution Pool or assignment of Water Allocation to meet DeSoto's demands and assigning the associated cost of constructing that portion of new Water Supply Sources to DeSoto as outlined herein.

12.1 Exclusive Provider Customer Water Allocation DeSoto and the Authority agree that the current Water Allocation system must be adapted to assure that the Authority maintains its absolute and unequivocal obligation to provide adequate potable water for DeSoto and still assure that DeSoto pays its fair share of new water source development costs. For New Water Supply Demands DeSoto has provided and agrees to continue to provide the Authority water demand projections in the same manner as other Customers pursuant to Section 11 however the Authority shall use DeSoto's projections as well as other data collected by the Authority to set DeSoto's New Water Supply Demands for each Contract Year. DeSoto shall provide water demand projections in good faith and the Authority shall use its best efforts to match DeSoto's water demand to its assigned Water Allocation. This Water Allocation shall be used to determine DeSoto's Base Rate Charge and other share of costs in the same manner as all other Customers. Nothing in Section 12 shall allow the Authority to assign all or any portion of another Customer's Water Allocation to DeSoto.

12.2 Exclusive Provider Customer Water Allocation for the Redistribution Pool The Authority may designate any portion of the DeSoto's Water Allocation as part of the Redistribution Pool.

13 **ALTERNATIVE DELIVERY** The Authority shall consider alternative delivery such as design build when developing new Water Supply Sources including the REP.

14 **REFUNDING THE PRO BONDS** The Authority shall issue Obligations to refund any and all debt outstanding and provide for the rights of bond holders for the PRO. Such refunding obligations shall be issued in an amount sufficient to provide for the payment of the principal of redemption premium if any and interest on the outstanding debt to be refunded.

15 **SUPERSEDING AND REPLACING ALL PRIOR WATER SUPPLY CONTRACTS** Upon full execution of this Contract and payment described in Section 14 this Contract shall supersede and replace the Amended Peace River Option Water Supply Contract dated March 8 1996 Upon full execution of this Contract this Contract shall supersede and replace all other water supply contracts with the Authority including but not limited to the Peace River Option Water Supply Contract dated September 20 1995 the Peace River/Manasota Regional Water Supply Authority/City of North Port Florida dated May 30 1991 Peace River Water Supply Contract dated May 21 1991 and the Acquisition Agreement dated May 15 1991

16 **WATER RATE** For each Contract Year each Customer with a Water Allocation from the Regional Water System shall pay the Authority the Water Rate adopted by resolution of the Authority Board

16.1 **Rate Setting** In conjunction with the Authority's annual budget development and adoption process the Authority shall fix a Water Rate consisting of the Base Rate Charge (adjusted as necessary for customer financing) DeSoto Payment, and Water Use Charge to be paid on a monthly basis by the Customers for water furnished by the Authority The Authority shall charge and collect rates that are reasonable and just for all Customers The rates are not subject to the supervision or regulation by any other commission board bureau agency or other political subdivision or agency of the county or state Unless a common rate is established for all Debt Service Cost components of the Authority Water Supply Facilities in determining a Customer's Water Rate the Authority shall allocate to each Customer a Base Rate Charge as follows (1) the Base Rate Charge for 12 MGD 1991 Facility known as the Peace River Regional Water Treatment Facility pursuant to the 1991 Facility percentages set forth on Exhibit F (2) the 6 MGD PRO shall be allocated pursuant to the PRO percentages

set forth on Exhibit F and (3) the Base Rate Charge for the 14.7 MGD REP shall be allocated pursuant to the REP percentages set forth on Exhibit F. All Debt Service Cost for new Authority Water Supply Sources and other costs associated therewith such as reserves, coverages, expansion of existing water supply, or the fixed water purchase costs associated with a new Water Supply Source shall be combined with the REP Debt Service Cost for the common Debt Service Cost in the Water Rate. Provided however, any Customer has the right to carry its own financing or pay in advance for their portion of a new Water Supply Source or expansion of the Authority Water Supply Facility and in such event the Debt Service Costs component of the Water Rate shall be adjusted accordingly.

16.2 Customer Financing Each Customer shall have the option to issue their own debt or pay with its available money with respect to its portion of any new Authority Water Supply Source. The entire payment for a Customer's proportionate share shall be made to the Authority within fourteen (14) days of the Authority bond closing. The Authority shall provide notice to all Customers of the Authority bond closing date thirty (30) days prior to the Authority bond closing. To the extent not inconsistent with the Financing Documents, the Base Rate Charge for a Customer who issues its own debt or pays in advance for any such new Water Supply Source (including the REP) shall be adjusted to remove that Customer's Debt Service Costs attributed to the Customer's Water Allocation corresponding to the payment by the Customer for that new Water Supply Source or expansion.

16.3 Accounting, Audits and Adjustments The Authority shall maintain accounts and records for all funds received and disbursed by it with respect to the Authority Water Supply Facilities in accordance with generally accepted accounting practices applicable to governmental owned and operated water utilities. On an annual basis, the Authority shall

provide for an audit to be conducted by a recognized certified public accounting firm experienced in water utility audits

16.4 Joint Authority and Customer REP Review and Oversight Each Party shall designate a staff representative for a joint Authority and Customer committee for the review and oversight of the REP design and construction activities. The Executive Director of the Authority shall be the Authority representative on the committee.

16.5 Water Charge to Customers Each Customer shall pay the Authority its invoiced Water Rate and any applicable Conservation Rate charges on a monthly basis following the calendar month in which the charges were incurred and invoiced. The Customers shall submit payment to the Authority for the monthly charges within thirty (30) days of receipt of the invoice. Failure to pay monies shall create a debt with respect to the non-paying Customer's utility system. A Customer that fails to pay within ninety (90) days after the Authority has mailed its invoice shall be in default pursuant to this Contract. Upon thirty (30) days written notice, the Authority may discontinue delivery of water to any Customer in default for nonpayment and/or may transfer the defaulting Customer's Water Allocation in whole or in part to another Customer in good standing for the remaining term of this Contract.

16.6 Source of Payments Each Customer's obligation to pay any monies due under this Contract does not constitute general indebtedness. Neither the Authority nor the holders of any obligations issued by the Authority in order to finance or refinance the expansion, alteration, improvement, replacement or operation of the Authority Water Supply Facilities shall have a right to require or compel any Customer to exercise its ad valorem taxing power to pay its obligations and liabilities under this contract or to compel payment from any source other than as indicated in this Section. Each of the Customers, however, shall and do hereby

covenant to set water rates for its respective customers at a level sufficient to pay all monies due the Authority under this Contract

16.7 DeSoto Payment The Authority shall collect from its Customers in accordance with Exhibit A the DeSoto Payment and remit it to DeSoto. If the quantities of water allocated to the Authority under SWFWMD Water Use Permit Number 2010420-01 issued in 1996 for 32.7 MGD annual average water use are modified or if additional entities become Customers of the Authority then the amount of the DeSoto Payment to be paid to DeSoto shall be readdressed by all Parties to this Contract.

**17 FUNDING FOR MANAGEMENT AND PLANNING** It is acknowledged that Management and Planning Costs of the Authority may be obtained from the Customers in a manner determined by the Authority Board and that additional funds available for Management and Planning Costs shall be sought by the Authority from the federal and state government including but not limited to the Florida Department of Environmental Protection, Florida Department of Community Affairs, the Southwest Florida Water Management District, the Basin Boards of the Southwest Florida Water Management District and appropriate utilities and agencies.

**18 PAYMENT TO CHARLOTTE FOR OVERSIZED FACILITIES** Pursuant to prior contract provisions, payment is due to Charlotte for certain oversized facilities. Any Customer may prepay its portion of the Charlotte Oversized Facilities Payment directly to Charlotte but must elect to do so on or before October 15, 2005 with immediate notice to the Authority and payment to Charlotte by November 30, 2005.

18.1 Payment for Oversized Facilities for the PRO The PRO oversized facility payment was made to Charlotte in the amount of \$3,191,883.00. When the PRO bonds are refunded, Customers other than Charlotte are to pay the Debt Service Cost on the remaining financed portion of the \$3,191,883.00.

with Sarasota paying 87.5% and DeSoto paying 12.5%

18.2 Payment for Oversized Facilities for the REP The Authority shall pay Charlotte all remaining oversized facility charges totaling \$3,287,098.00 upon closing of the bond issuance for the REP. This payment is calculated as the total oversized facility charge of \$4,515,864.00 less Charlotte's portion of 27.21% of the REP allocation percentage from Exhibit F or \$1,228,766.00. All obligations to Charlotte for oversized facilities payment set forth in all previous contracts or agreements including but not limited to the Peace River Water Supply Contract dated May 21, 1991, the Amended Interlocal Agreement creating the Peace River/Manasota Regional Water Supply Authority dated May 21, 1991, and the Acquisition Agreement dated May 21, 1991, shall be satisfied upon receipt of the payment by Charlotte of the \$3,287,098.00. The REP oversized facilities payment is to be paid by Customers other than Charlotte and shall be based on the Debt Service Cost associated with financed portion of the oversized facilities payment to Charlotte of \$3,287,098.00 for the REP and shall be allocated with Sarasota paying 85.62%, North Port paying 13.28% and DeSoto paying 1.1%.

19 **PAYMENT TO CHARLOTTE FOR PEACE RIVER REGIONAL WATER TREATMENT FACILITY ("1991 FACILITY")** Upon payment of the \$3,287,098.00 specified above, the Authority's total debt to Charlotte for the transfer from Charlotte of the 1991 Facility shall be \$18,299,274.17 with the Authority annually paying \$1,971,557.00 in equal installments on a monthly basis with the last payment being on October 1, 2021. The redemption of this debt shall be governed by Exhibit J. The Authority's payment to Charlotte for the 1991 Facility shall be allocated among DeSoto, Charlotte and North Port pursuant to the 1991 Facility cost allocation percentages set forth on Exhibit F. This payment schedule shall supersede and replace any prior agreement, contract or other document for any payment or Obligation to Charlotte for transfer of the



1991 Facility or any other assets real estate facilities or any other property or service to the Authority prior to the date of this Contract

**20 NORTH PORT PAYMENT TO CHARLOTTE** Pursuant to the Peace River/Manasota Regional Water Supply Authority/City of North Port Florida Water Supply Contract dated May 30 1991 Charlotte reserved water capacity for a period of time for North Port North Port was then obligated to repay the cost of the water reservation to Charlotte Payment by North Port through the Authority to Charlotte has been made since 1992 at a monthly amount of \$398.42 Since the Master Water Supply Contract supersedes the Peace River/Manasota Regional Water Supply Authority/City of North Port Florida Water Supply Contract dated May 30 1991 this North Port obligation is established in this Contract North Port shall pay the Authority \$398.42 monthly with the last payment on October 1 2021 The Authority shall pass through the payment being made to Charlotte each month

**21 TRANSFER OF DESOTO FACILITY** Provided a transfer agreement is executed by DeSoto and the Authority the Authority shall pay DeSoto \$800,000.00 for DeSoto to transfer to the Authority the real property and water well appurtenances and any necessary permits for use of the water well and specified facilities in place identified in the transfer agreement This payment from the Authority shall be funded from REP Debt Service Cost The payment to DeSoto will be in the form of a credit for DeSoto's payment obligation pursuant to the DeSoto County Regional Pipeline Extension Amended Pipeline Agreement dated June 21 2004

**22 DEVELOPMENT OF FUTURE WATER SOURCES** The Authority and its Customers shall develop new Water Supply Facilities as follows

**22.1 General** The Authority shall develop new Authority Water Supply Facilities to meet the water demands of its Customers in Exhibits B and C which will reflect the projections

provided as specified above or at the determination of the Authority for DeSoto

22.2 Procedures for New Authority Water Supply Facilities The Authority shall have written consent of the governing body of a Customer in whose jurisdiction the Authority intends to acquire, develop, construct or operate new Authority Water Supply Facilities. For new Authority Water Supply Facilities located or proposed to be located within the jurisdiction of North Port, North Port shall be the sole entity that grants or denies consent to the Authority.

22.2.1 The Authority shall provide written notification of its intention to apply or seek the transfer of a Permit for new Authority Water Supply Facilities to the Customer in whose jurisdiction the Authority Water Supply Facilities are located or will be located. Such notification shall be given no less than sixty (60) days prior to submitting the Permit application or requesting the Permit transfer. The Customer shall notify the Authority within sixty (60) days of its decision to grant or deny consent to the Authority to acquire, develop, construct or operate the new Authority Water Supply Facilities within its jurisdiction. If a Customer denies consent, the Customer's notification shall provide an explanation of the reasons for denial.

22.2.2 Upon notification of denial by a Customer to the Authority, a meeting between the staff of the Authority and the Customer shall be held within forty-five (45) days of the notification of denial. This meeting shall be organized and scheduled by the Authority. During this meeting, the staff of the Authority and the Customer shall attempt to reach an agreement to grant consent to the Authority to acquire, develop, construct or operate new Authority Water Supply Facilities within the Customer's jurisdiction.

22 2 3 If no agreement is reached within forty five (45) days of notification of denial the Authority and the Customer shall participate in mediation the costs of which shall be equally divided between them The Authority and the Customer shall endeavor in good faith to select a mutually acceptable mediator If the Authority and the Customer are unable to mutually agree on a mediator within fourteen (14) days after the staff meeting held pursuant to paragraph 22 2 2 the Authority and the Customer shall agree to accept a mediator selected by the Florida Conflict Resolution Consortium Upon the selection of a mediator the Authority and the Customer shall schedule mediation to occur within fourteen (14) days Mediation shall be completed within forty five (45) days of the first mediation conference unless extended by mutual written agreement of the Authority and the Customer Subsections (b) (c) (d) and (e) of Rule 1 720 of the Florida Rules of Civil Procedure are applicable to the mediation proceedings Designees of the Authority and the Customer attending the mediation shall include a governing body member who has the full authority to negotiate on behalf of its entity and to recommend an agreement to its governing body In the event of any breach or failure to perform mediation under this section the Authority or Customer may seek appropriate remedies to mandate this mediation process

22 2 4 If consent to the Authority by a Customer is not agreed to at the mediation the Authority shall withdraw the Permit application or request for Permit transfer

22 3 Procedure for the Authority's Customers Whenever a Customer ( Applicant Customer )

intends to apply or seek the transfer of a Permit for Water Supply Facilities located or that will be located within the jurisdiction of another Customer the Applicant Customer shall provide written notification of its intention to apply or seek the transfer of a Permit for Water Supply Facilities to the Customer ( Host Customer ) in whose jurisdiction the Water Supply Facilities are located or will be located Such notification shall be given no less than sixty (60) days prior to submitting the Permit application or requesting the Permit transfer The Host Customer shall notify the Applicant Customer within sixty (60) days of its decision to grant or deny consent to the Applicant Customer to acquire develop construct or operate the Water Supply Source within its jurisdiction If a Host Customer denies consent the Host Customer s notification shall provide an explanation of the reasons for denial The Applicant Customer shall immediately withdraw its Permit application or request for transfer of a Permit upon notification of denial by the Host Customer

### **23 HYDRAULIC CAPACITY ENTITLEMENT IN REGIONAL TRANSMISSION**

**SYSTEM** Each Customer shall be provided its respective Hydraulic Capacity Entitlement of the hydraulic capacity in the transmission facilities that has been constructed at the time of execution of this Contract or will be constructed by the Authority during the term of this Contract for the benefit of such Customer(s) to deliver potable water from the Regional Water System to the respective Customer(s) Delivery Point Each Customer s Hydraulic Capacity Entitlement percentage or amount in the current Regional Transmission System is set forth on Exhibit E A Customer s Hydraulic Capacity Entitlement in segments of the Regional Transmission System constructed after the date of this Contract will be determined on a transmission line segment basis by the Authority All Hydraulic Capacity Entitlement Cost of the Hydraulic Capacity Entitlement will be the sole responsibility of the Customer(s) benefiting from such facilities If more than one Customer uses the

same transmission segment as designated by the Authority then each shall pay their proportionate share of the Hydraulic Capacity Entitlement Cost

23 1 In the event a Customer requests capacity in a transmission line segment that is an existing component of the Regional Transmission System and the capacity percentage of which has been fully allocated the Authority shall not grant capacity to the requesting Customer without first obtaining approval from the Customer(s) to whom the hydraulic capacity in that transmission line has previously been allocated In the event the Authority modifies the Hydraulic Capacity Entitlement the application of all future service rates and charges will be adjusted accordingly

23 2 If requested by North Port the Authority shall construct and North Port shall pay for its proportional share of the Hydraulic Capacity Entitlement Cost of a new segment of the Regional Transmission System between Delivery Points identified by North Port and acceptable to the Authority on the basis of system hydraulics The Authority and North Port may agree to a water delivery alternative utilizing the existing stub outs along the 42 Inch RTS (2) transmission main identified in Exhibit D subject to the change of apportionment of Hydraulic Capacity Entitlement Cost on terms mutually agreeable to North Port Sarasota and Authority

#### 24 **ADDITIONAL REPRESENTATIONS WARRANTIES AND COVENANTS**

**OF THE AUTHORITY** The Authority hereby represents warrants and covenants to the Customers as follows

24 1 System Operation Operation and maintenance of the Authority Water Supply Facilities shall be the responsibility and the obligation of the Authority The Authority shall be responsible to adopt an adequate budget to pay all of the Operating and Maintenance Costs of the

Authority to satisfy all the Authority's Obligations to provide for the requisite Bond Coverage Costs to meet all required tests set forth in the Financing Documents to provide for renewal and replacement costs to keep the Authority Water Supply Facilities in good operating order and to provide for any sinking funds and other reserves necessary to provide the water service as set forth in this Master Water Supply Contract. The Authority shall provide sufficient personnel with appropriate experience to undertake all regulatory requirements including but not limited to those imposed by the Florida Department of Environmental Protection, the Southwest Florida Water Management District, the State of Florida Department of Health and the United States Environmental Protection Agency. If new regulatory requirements necessitate capital improvements or budget amendments, the Authority shall take all necessary actions to accomplish the same. The Authority shall be responsible for all regulatory violations including compliance costs or penalties assessed for same which arise out of or are solely created through (1) material errors or omissions by its personnel and agents in the day to day operations of the Authority Water Supply Facilities or (2) the failure of the Authority to timely proceed administratively to undertake or complete a requirement imposed by any regulatory agency in any consent order or operating permit. The Authority shall maintain adequate catastrophic insurance on the Authority Water Supply Facilities on such terms and amounts as established by the Authority.

24.2 Water Quality The Authority shall use its best efforts to deliver water of good and uniform quality from the Authority Water Supply Facilities to the Delivery Point(s). The water delivered by the Authority to the Delivery Point(s) shall be stabilized and shall meet all federal, state or regional regulations and orders relating to drinking water which are applicable to water produced, stored and transported at and through the Authority Water

### Supply Facilities

24.3 Water Measurement The Authority shall use its reasonable efforts to measure all water delivered to the Delivery Point(s) of Customers. The Authority shall own and maintain the meters at all Delivery Point(s). The Authority shall maintain complete and accurate records of its water measurements. Water flow measurements recorded by the Authority shall be the exclusive means of determining the quantity of water delivered to the Delivery Point(s) under this Contract. The metering equipment shall be of standard make and type installed at a readily accessible location and shall record flow with accuracy sufficient to meet all applicable reporting requirements. The Authority will check the accuracy of the meters annually, provide a report regarding the condition, accuracy and state of the meters and provide for a certified calibration test and any appropriate recalibration. Upon request and at the expense of the Customer, the Authority shall make arrangements for a meter test to be conducted by an independent testing facility who shall conform to the manufacturer's standards and where appropriate conduct the test as a field test. The Customers may be present when the meters are checked for accuracy and the test records shall be made available for inspection by the Customers upon reasonable request. If the accuracy of the meter is determined to be at least four (4) percent beyond the limits prescribed by the manufacturer, the meter will be assumed to have been inaccurate from the mid point of the time since the last annual inspection, or the last calibration, or the last independently certified test, or the last six (6) months whichever is less. 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 Customer for the metered flow for that period.

24.4 Permits The Authority shall use its best efforts to obtain all Permits necessary to provide

the Customers with water in accordance with the Water Allocations New Water Supply Demands and its duty to its Exclusive Provider Customer(s)

24 5 Financing the Authority Water Supply Facilities The Authority shall use its best efforts to borrow funds and to set adequate reserves and budgeted expenditures necessary to cover costs to be incurred in constructing acquiring operating maintaining repairing replacing or upgrading the Authority Water Supply Facilities

24 6 Acquisition of Real Property The Authority shall use its best efforts to acquire all interest in real and personal property (if any) necessary for the expansion construction management and operation of the Authority Water Supply Facilities The Authority shall retain in its own name any interest in real property acquired in connection with the Authority Water Supply Facilities

24 7 Water Pressures The Authority shall use its best efforts to supply water under normal operating conditions at the Annual Average Daily Quantity at a pressure not less than 65 psi at the Customer Delivery Point(s) to the Customer unless a different pressure is specified in Exhibit D The Authority will not be responsible for interruptions or abnormal operating conditions that cause reduced pressures for interim periods that are beyond the Authority s control

24 8 Priority of Payment All monies received by the Authority from the Customers pursuant to this Contract shall be applied in the following order of priority

FIRST To the payment of Operating and Maintenance Cost (other than renewal of replacement costs) as provided in the Financing Documents for the Obligations

SECOND To the payment of Debt Service Cost as provided in the Financing Documents for the Obligations



THIRD To the payment of the renewal and replacement costs

FOURTH To the payment of the DeSoto Payment and Charlotte Obligations

FIFTH To the payment of any charges or Obligations due and owing by the Authority

2> **ADDITIONAL REPRESENTATIONS WARRANTIES AND COVENANTS**

**OF THE CUSTOMERS** The Customers hereby represent warrant and covenant to the Authority as follows

2> 1 Irrevocable Commitment to Pay The Customers recognize that circumstances such as equipment maintenance or failure construction delays failure to obtain Permits limitations on Permits transmission line ruptures or defects acts of God etc may prevent the performance by the Authority of its obligations pursuant to this Contract Under such circumstances the Customers shall continue to pay their respective Water Rate throughout the term of this Contract Said payments by the Customers shall be made without notice or demand and without set off counterclaim abatement suspension or deduction. The Authority is undertaking construction of the REP and additional water supply projects and operation and maintenance of the Authority Water Supply Facilities based in part on the representations warranties and covenants of the Customers set forth in this Contract

2> 2 Acquisition of Real Property Subject to Section 22 herein the Customers shall promptly cooperate with the Authority in acquiring all interests in real property necessary to construct manage and operate the Authority Water Supply Facilities and Water Supply Sources

2> 3 Utility System Charges The Customers shall fix revise maintain and collect such fees rates tariffs rentals or other charges for the use of products services and facilities of their water utility systems as shall be necessary to fund the timely payment of their respective

obligations and liabilities under this Contract as well as all other obligations payable from the revenues of their water systems

- 25 4 Cooperation on Permits Subject to Section 22 herein for the construction and operation of the facilities necessary for the REP and future Authority Water Supply Sources the Customers shall promptly cooperate with the Authority in obtaining any and all Permits necessary or convenient for construction expansion alteration replacement or operation
- 25 5 Cooperation on the REP The Customers shall promptly cooperate with the Authority in operating or expanding for the REP
- 25 6 Utility System Operation and Maintenance Account Each Customer shall maintain its water utility system operation and maintenance accounts throughout the term of this Contract for the purpose of paying its obligations and liabilities under this Contract At all times during the term of this Contract the Customers obligations and liabilities under this Contract shall be considered an operating expense of its water utility systems and shall be paid from its water utility systems operation and maintenance accounts or capacity fee account or facility investment fees if appropriate provided however that such obligations and liabilities of a Customer 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 Customer has budgeted and appropriated legally available moneys for such purpose and is current on all its obligations arising hereunder For the purpose of paying their obligations and liabilities under this Contract Customers may utilize in addition to their water utility operation and maintenance accounts facility investment fees or other capacity fees as identified in their adopted rate resolutions
- 25 7 Cooperation on Issuance of Authority Obligations Each Customer shall cooperate with the

Authority in issuance of the Authority's Obligations. In such connection, each Customer 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 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 Second Amended Interlocal Agreement and this Contract, and pending litigation which could materially affect its performance hereunder. Each Customer 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 Customer covenants to assist the Authority in any reasonable manner with respect to the issuance of such Obligations, including but not limited to participation and assistance with any court proceeding seeking to validate the Obligations pursuant to Chapter 75, Florida Statutes.

25.8 Payment for Obligations. If a Customer defaults on the payment of its Water Rate established pursuant to this Contract, each non-defaulting Customer shall have the option to take the defaulting Customer's pro rata share (based on each Customer's percentage of the total Water Allocation of the Authority) and corresponding payment obligation of the defaulting Customer's Water Allocation within sixty (60) days of notice of the defaulting

Customer's Water Allocation from the Authority. If any of the defaulting Customer's Water Allocation remains after the expiration of sixty (60) days notice period, then each non-defaulting Customer may by mutual agreement with the Authority take any or all of the remaining Water Allocation and corresponding payment obligation created by the default. Any portion of the defaulting Customer's Water Allocation that remains unallocated shall be added to the Redistribution Pool or designated as Authority water capacity; however, these actions shall not relieve the defaulting Customer of its payment obligation to the Authority.

**26 PLEDGE OF CONTRACT REVENUES** The Authority may pledge any payments, interest or other income or revenues derived under this Contract for the purpose of securing any revenue bonds issued by the Authority to finance the REP and new water supply projects of the Authority Water Supply Facilities.

**27 NORTH PORT'S OPTION TO BECOME A MEMBER** If the Authority pursuant to the process set forth in the Second Amended Interlocal Agreement adds a municipality as an Authority Member Government, then North Port at its option may become a member of the Authority upon the same terms and conditions as the new municipality member. North Port must exercise its option within thirty (30) days of the effective date of the amendment to the Second Amended Interlocal Agreement adding the new municipality as a member.

**28 IMPLEMENTATION AGREEMENT** An Implementation Agreement dated March 8, 1996 was entered into by the Authority and Charlotte that provides, in part, that no further expansion of the Peace River Regional Water Treatment Facility beyond the PRO can be implemented without the Southwest Florida Water Management District setting the Minimum Flow and Levels for the Peace River, Charlotte, without waiving the application of the Implementation Agreement to any further expansion of the Authority Water Supply Facilities beyond the REP, agrees

not to apply the provision of the Implementation Agreement to the development construction or operation of the REP. However, the Implementation Agreement applies to any further expansion of the Peace River Regional Water Treatment Facility beyond the REP, and it requires that before any further expansion is implemented, Minimum Flows and Levels must be set for the Peace River or the Authority must complete a Section 403.412, Florida Statutes, action including an appeal of an adverse ruling of the lower tribunal against the District to require it to set Minimum Flows and Levels for the Peace River.

**29 RE-RATING REGIONAL WATER SYSTEM** To the extent that any component of the Regional Water System is re-rated or treatment capacity is modified with the appropriate regulatory agencies (either an increase or decrease in capacity), then each Customer's corresponding Water Allocation will be adjusted pro-rata on a basis consistent with the Cost Allocation percentage of each Customer. The Authority agrees not to initiate a re-rating process with the intent to reduce System Capacity. For example, a Customer with a Water Allocation of 10% would receive an increase in Water Allocation of 100,000 gallons per day for a 1,000,000 gallon per day re-rating increase. To the extent that the re-rating of the Regional Water System results in the incurrence of additional capital expenditures, the Authority will notify the affected Customers of such expenditures. The expenditures required for and the associated re-rating will be allocated proportionately pursuant to the Water Allocation percentage unless any Customer(s) decide not to participate in the cost and associated benefits of the re-rating. If a Customer does not participate in the re-rating, then the change in Water Allocation and the expenditures will be allocated pro-rata to the participating Customers in accordance with their Water Allocation. All expenditures associated with re-rating will be the responsibility of the participating Customers and are to be paid to the Authority in accordance with the Contract. To the extent any increase in Water Allocation is not

allocated to the Customers it shall be transferred to the Redistribution Pool

**30 DEFAULT AND REMEDY** Recognizing the region's paramount need for a safe and dependable source of water supply the Parties agree this Contract may not be terminated prior to the normal expiration date specified in Section 2 and the remedy for a breach of the Contract shall be specific performance injunctive relief and any other equitable relief as well as monetary damages

**31 DESIGNATION AS REPRESENTATIVE AND CO APPLICANT STATUS**  
The Authority and the Customers shall be co applicants for any SWFWMD water use permits needed for the Authority Water Supply Facilities and Authority Water Supply Sources Subject to Section 22 herein the Customers shall waive all objections to the Permit applications relating to the acquisition operation replacement or expansion of the Authority Water Supply Facilities and Authority Water Supply Sources issued by a federal state or regional governmental entity The Customers hereby designate the Authority as their representative with respect to any such Permit or in any administrative or judicial proceeding relating thereto

**32 APPLICABLE LAW AND VENUE** The laws of the State of Florida govern the validity interpretation construction and performance of this Contract and venue for any suit involving this Contract shall be in Hillsborough County Florida

**33 NO ASSIGNMENT** The rights obligations and interests of the Customers and Authority under this Contract may not be wholly or partially sold assigned transferred pledged or hypothecated unless approved in writing by all Parties

**34 NOTICE** All notices demands requests and other communications shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses sent by certified or registered mail or by overnight delivery postage prepaid with return receipt requested at such addresses provided if such notices demands requests or other

communications are sent by mail or overnight delivery 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 The Authority s Executive Director s Office 1645 Barber Road Suite A Sarasota Florida 34240 the Charlotte County Administrator s Office Charlotte County Administration Center 18500 Murdock Circle Port Charlotte Florida 33948 1094 Manatee County Administrator s Office Manatee County Administration Center 1112 Manatee Avenue West Suite 920 Bradenton Florida 34205 the DeSoto County Administrator s Office 201 East Oak Street Arcadia, Florida 34266 the Sarasota County Administrator s Office 1660 Ringling Boulevard Sarasota Florida 34236 and the North Port City Manager s Office 5650 North Port Boulevard North Port Florida 34287 Any Party may by like notice designate any further or different addresses to which subsequent notices shall be sent

**35 RELATIONSHIP OF THE PARTIES** Nothing herein shall be deemed to constitute any Party a partner or joint venturer or to create any fiduciary relationship among the Parties

**36 THIRD PARTY BENEFICIARIES** No right or cause of action shall accrue upon or by reason hereof or for the benefit of any person not expressly named as a Party in this Contract except for any holders of Obligations and/or credit enhancers relating to Obligations who shall be third party beneficiaries of this Contract

**37 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

38 **AUTHORIZED REPRESENTATIVES** For purposes of this Contract the Parties authorized representatives are as follows the Authority Executive Director the Charlotte County Administrator the DeSoto County Administrator the Manatee County Administrator the Sarasota County Administrator and the City of North Port City Manager Any Party may change its authorized representative at any time by written notice to all other Parties

39 **SECTION CAPTIONS AND REFERENCES** The section headings and captions contained herein are included for convenience 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

40 **SEVERABILITY** In the event any provision of this Contract shall for any reason be determined invalid illegal or unenforceable in any respect the Parties shall negotiate in good faith and agree to such amendments modifications or supplements to this Contract or such other appropriate actions as shall to the maximum extent practicable in the 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

41 **ATTORNEYS FEES AND COST** In the event there is litigation arising under or related to this Contract the losing Party or Parties shall pay to the successful Party or Parties all attorneys fees and costs and expenses incurred in enforcing the Contract including attorneys fees incurred on appeal in adversarial administrative proceedings and in connection with bankruptcy



proceedings to the extent allowed by law This provision shall survive the termination of this Contract

42 **AMENDMENT** This Contract may only be amended by a writing duly executed by the Authority Manatee Charlotte DeSoto Sarasota and North Port and only to the extent permitted by the Financing Documents authorizing the issuance of the Obligations

43 **ENTIRE AGREEMENT** This Contract shall constitute the entire agreement of the Authority Charlotte Manatee DeSoto Sarasota and North Port with respect to the Authority's provision of drinking water supply

44 **FURTHER ASSURANCES** The Authority Manatee Charlotte DeSoto Sarasota and North Port each shall use all reasonable efforts to provide such information execute such further instruments and documents and take actions as may be reasonably requested by another Party and not inconsistent with the provisions of this Contract and not involving the assumption of obligations or liabilities different from in excess of or in addition to those expressly provided for in this Contract to carry out the intent of this Contract

45 **CONSENTS** To the extent that the consent of any Party to this Contract is required as a condition to the action of other Parties such consent shall not be unreasonably withheld

46 **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 Manatee Charlotte DeSoto Sarasota and North Port

47 **EXECUTION OF DOCUMENTS** This Contract shall be executed in fifteen (15) 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

48     **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 recorded by the Authority with the clerk of the circuit court in Manatee Charlotte DeSoto and Sarasota.

49     **AMBIGUITY**     The Parties agree that each one has played an equal part in the negotiation and drafting of this Contract and in the event any ambiguity should be asserted or realized in the interpretation or construction of this Contract the result of such ambiguity shall be equally assumed and realized by each Party.

50     **SOVERIGN IMMUNITY**     The Customers intend to avail themselves to the benefits of Sections 768 28 and 163 01(9)(c) Florida Statutes and of other statutes and common law governing sovereign immunity to the fullest extent possible. In accordance with Section 163 01(5)(o) Florida Statutes therefore the Customers 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 Customers intend the Authority to have all 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 Contract is intended to inure to the benefit of any third party for the purposes of allowing any claim which would otherwise be barred under the Doctrine of Sovereign Immunity or by operation of law.

51     **CONFLICT WITH INTERLOCAL AGREEMENT**     To the extent any provision herein shall conflict with a provision in the Second Amended Interlocal Agreement the provision in the Second Amended Interlocal Agreement shall be controlling.

52 **GOOD FAITH** The Parties agree to exercise good faith and fair dealing in respect to all matters relating to this Contract

53 **WATER PURCHASE** The Customers shall have a preferential right to purchase water from the Authority The Authority may purchase water from any source available

**IN WITNESS WHEREOF** the Authority Manatee Charlotte DeSoto Sarasota and North Port have executed this Contract on the day month and year first above written

PEACE RIVER/MANASOTA REGIONAL  
WATER SUPPLY AUTHORITY

WITNESS

Edward Yates  
Linda Stewart

By Patricia M. Glass  
Date October 5 2005

Approved as to form  
Joseph M. [Signature]  
Attorney for Peace River/Manasota  
Regional Water Supply Authority



STATE OF FLORIDA  
COUNTY OF SARASOTA

I HEREBY CERTIFY that on this day before me an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements personally appeared Patricia M Glass to me known to be the person described in and who executed the foregoing instrument on behalf of the Peace River/Manasota Regional Water Supply Authority and Patricia M Glass acknowledged before me that Patricia M Glass executed same as a free act and deed for the uses and purposes therein stated

WITNESS my hand and official seal in the County and State last aforesaid this 5th day of October 2005

Edward Yates  
Notary Public My  
Commission  
Expires



WITNESS

[Signature]  
[Signature]

CHARLOTTE COUNTY  
BOARD OF COUNTY COMMISSIONERS

By [Signature]  
Sara J Devos Chairman  
Date 9/29/05

Approved as to form

[Signature]  
Attorney for Charlotte County MB  
Janette S Knowlton  
LR #05-43

ATTEST

Barbara T Scott, Clerk of Circuit  
Court and Ex-Officio Clerk to the  
Board of County Commissioners

By [Signature]  
Deputy Clerk

STATE OF FLORIDA  
COUNTY OF CHARLOTTE

I HEREBY CERTIFY that on this day before me an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements personally appeared Sara J Devos, to me known to be the person described in and who executed the foregoing instrument on behalf of the Charlotte County, and \_\_\_\_\_ acknowledged before me that \_\_\_\_\_ executed same as a free act and deed for the uses and purposes therein stated

WITNESS my hand and official seal in the County and State last aforesaid this 29<sup>th</sup> day of September, 2005

[Signature]

Notary Public My  
Commission  
Expires

NOTARY PUBLIC STATE OF FLORIDA  
Stacey K Miller  
Commission # DD448505  
Expires JULY 07 2009  
Bonded Thru Atlantic Bonding Co Inc

DESOTO COUNTY

WITNESS

Giang M. Cotten  
Donna F. Holt

By Ronald P Needs  
Date September 13, 2005

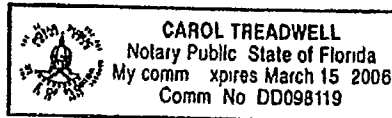
Approved as to form  
[Signature]  
Attorney for DeSoto County

STATE OF FLORIDA  
COUNTY OF DESOTO

I HEREBY CERTIFY that on this day before me an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements personally appeared RONALD P NEEDS to me known to be the person described in and who executed the foregoing instrument on behalf of the DeSoto County and RONALD P. NEEDS acknowledged before me that RONALD P. NEEDS executed same as a free act and deed for the uses and purposes therein stated

WITNESS my hand and official seal in the County and State last aforesaid this 14<sup>th</sup> day of September 2005

Carol Treadwell  
Notary Public My  
Commission  
Expires



WITNESS

\_\_\_\_\_  
\_\_\_\_\_

MANATEE COUNTY

By [Signature]

Date 9/30/05



Approved as to form  
Not applicable  
Attorney for Manatee County

ATTEST: R B SHORE  
Clerk of the Circuit Court

By [Signature]

STATE OF FLORIDA  
COUNTY OF MANATEE

I HEREBY CERTIFY that on this day before me an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements personally appeared, \_\_\_\_\_ to me known to be the person described in and who executed the foregoing instrument on behalf of the Manatee County and \_\_\_\_\_ acknowledged before me that \_\_\_\_\_ executed same as a free act and deed for the uses and purposes therein stated

WITNESS my hand and official seal in the County and State last aforesaid this \_\_\_\_ day of \_\_\_\_\_ 2005

\_\_\_\_\_  
Notary Public My  
Commission  
Expires



CITY OF NORTH PORT

WITNESS

Babara Cross  
Cynthia Mick

By Richard A. Lockhart, Commission Chair  
[Signature]  
Date October 4, 2005

Approved as to form  
Robert K. Rol  
Attorney for City of North Port

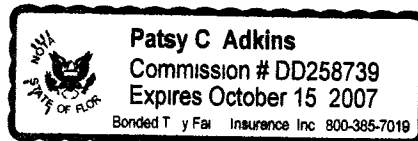
ATTEST  
[Signature]  
Allen M. Raimbeau CMC  
Clerk

STATE OF FLORIDA  
COUNTY OF SARASOTA

I HEREBY CERTIFY that on this day before me an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements personally appeared Commissioner Richard A. Lockhart to me known to be the person described in and who executed the foregoing instrument on behalf of the City of North Port and Commissioner Richard A. Lockhart acknowledged before me that Commissioner Richard A. Lockhart executed same as a free act and deed for the uses and purposes therein stated

WITNESS my hand and official seal in the County and State last aforesaid this 4th day of October 2005

Patsy C Adkins  
Notary Public My  
Commission  
Expires October 15, 2007





PR Contract Exhibits

- A DESOTO PAYMENT
- B WATER ALLOCATION
- C NEW WATER SUPPLY DEMANDS
- D REGIONAL TRANSMISSION SYSTEM DELIVERY POINTS
- E REGIONAL TRANSMISSION SYSTEM HYDRAULIC CAPACITY ENTITLEMENT
- F COST ALLOCATION PERCENTAGES
- G REGIONAL EXPANSION PROGRAM
- H WATER ALLOCATION BY PROJECT
- I DESOTO EXISTING WATER SOURCES TO REMAIN AFTER DESIGNATION OF THE AUTHORITY AS EXCLUSIVE PROVIDER
- J PEACE RIVER REGIONAL WATER TREATMENT FACILITY – ANNUAL CAPITAL COMPONENT CHARGE REDEMPTION PROVISION

**EXHIBIT "A"**

**DeSoto Payment Schedule**

DeSoto Payment (Annual Assessment)					
Contract Fiscal Year	Charlotte County	DeSoto County	Sarasota County	City of North Port	Total
FY05	\$368 564	\$15 889	\$101 111	\$34 436	\$520 000
FY06	\$368 564	\$15 889	\$101 111	\$34 436	\$520 000
FY07	\$368 564	\$15 889	\$101 111	\$34 436	\$520 000
FY08	\$368 564	\$15 889	\$101,111	\$34 436	\$520 000
FY09	\$361 403	\$15 424	\$177 073	\$44 346	\$598 247
FY10	\$363 140	\$15 341	\$244 396	\$53 586	\$676 463
FY11	\$369 266	\$15 482	\$303 326	\$61 927	\$750,000
FY12	\$369 266	\$15 482	\$303 326	\$61 927	\$750 000
FY13	\$369 266	\$15 482	\$303 326	\$61 927	\$750,000
FY14	\$369 266	\$15 482	\$303 326	\$61 927	\$750 000
Remaining Years	\$369 266	\$15 482	\$303 326	\$61 927	\$750 000

**EXHIBIT 'B**

**Water Allocation**

Annual Average Daily (MGD)					
Contract Fiscal Year	Charlotte County	DeSoto County	Sarasota County	City of North Port	Total
FY05	12 525	0 535	3 048	1 192	17 300
FY06	12 758	0 550	3 500	1 192	18 000
FY07	12 758	0 550	3 500	1 192	18 000
FY08	12 758	0 550	3 500	1 192	18 000
FY09	13 895	0 593	6 808	1 705	23 001
FY10	15 031	0 635	10 116	2 218	28 000
FY11	16 100	0 675	13 225	2 700	32 700
FY12	16 100	0 675	13 225	2 700	32 700
FY13	16 100	0 675	13 225	2 700	32 700
FY14	16 100	0 675	13 225	2 700	32 700
Remaining Years	16 100	0 675	13 225	2 700	32 700

Peak Monthly Average Day (MGD)					
Contract Fiscal Year	Charlotte County	DeSoto County	Sarasota County	City of North Port	Total
FY05	15 030	0 642	3 658	3 146	22 476
FY06	15 310	0 660	4 200	3 146	23 316
FY07	15 310	0 660	4 200	3 146	23 316
FY08	15 310	0 660	4 200	3 146	23 316
FY09	16 187	0 690	7 931	3 146	27 954
FY10	17 512	0 740	11 785	3 146	33 183
FY11	18 757	0 786	15 407	3 146	38 096
FY12	18 757	0 786	15 407	3 146	38 096
FY13	18 757	0 786	15 407	3 146	38 096
FY14	18 757	0 786	15 407	3 146	38 096
Remaining Years	18 757	0 786	15 407	3 146	38 096

Maximum Day (MGD)					
Contract Fiscal Year	Charlotte County	DeSoto County	Sarasota County	City of North Port	Total
FY05	17 535	0 749	4 267	3 780	26 331
FY06	17 861	0 770	4 900	3 780	27 311
FY07	17 861	0 770	4 900	3 780	27 311
FY08	17 861	0 770	4 900	3 780	27 311
FY09	19 453	0 830	9 531	3 780	33 594
FY10	21 043	0 889	14 162	3 780	39 874
FY11	22 540	0 945	18 515	3 780	45 780
FY12	22 540	0 945	18 515	3 780	45 780
FY13	22 540	0 945	18 515	3 780	45 780
FY14	22 540	0 945	18 515	3 780	45 780
Remaining Years	22 540	0 945	18 515	3 780	45 780

Annual Average Day Peak Monthly Average Day Maximum Day are expressed in million gallons per day (MGD)

**EXHIBIT C**  
**New Water Supply Demands**

Annual Average Day (MGD)					
Fiscal Year	Charlotte Co	DeSoto Co	Sarasota Co	North Port	Total
FY05	0 000	0 000	0 000	0 000	0 000
FY06	0 000	0 153	0 000	0 808	0 961
FY07	0 000	0 578	0 000	1 558	2 136
FY08	0 000	1 200	0 000	2 308	3 508
FY09	0 000	2 080	0 000	2 065	4 145
FY10	0 000	3 114	0 000	2 082	5 196
FY11	1 658	3 429	0 000	2 200	7 287
FY12	1 658	3 785	0 000	2 700	8 143
FY13	1 658	4 140	3 000	3 200	11 998

Peak Monthly Average Day (MGD)					
Fiscal Year	Charlotte Co	DeSoto Co	Sarasota Co	North Port	Total
FY05	0 000	0 000	0 000	0 000	0 000
FY06	0 000	0 184	0 000	1 547	1 731
FY07	0 000	0 694	0 000	2 731	3 425
FY08	0 000	1 440	0 000	3 714	5 154
FY09	0 000	2 496	0 000	4 740	7 236
FY10	0 000	3 737	0 000	5 255	8 992
FY11	0 000	4 115	0 000	5 825	9 940
FY12	1 990	4 542	0 000	6 229	12 761
FY13	1 990	4 968	3 600	6 599	17 157

Maximum Day (MGD)					
Fiscal Year	Charlotte Co	DeSoto Co	Sarasota Co	North Port	Total
FY05	0 000	0 000	0 000	0 000	0 000
FY06	0 000	0 214	0 000	2 460	2 674
FY07	0 000	0 809	0 000	4 010	4 819
FY08	0 000	1 680	0 000	5 285	6 965
FY09	0 000	2 912	0 000	6 606	9 518
FY10	0 000	4 360	0 000	7 245	11 605
FY11	0 000	4 801	0 000	7 950	12 751
FY12	2 321	5 299	0 000	8 430	16 050
FY13	2 321	5 796	4 200	8 860	21 177

Annual Average Day Peak Month Average Day Peak Day are expressed in million gallons per day (MGD)

**EXHIBIT ' D**

**Regional Transmission System  
Delivery Points**

	Delivery Points	Pressure (5)
36 Inch/12 Inch RTS (1)	<u>Charlotte County</u> <ul style="list-style-type: none"> <li>• Harbor Boulevard @ Bachman</li> <li>• Kings Highway @ DeSoto/Charlotte County Line</li> </ul> <u>DeSoto County</u> <ul style="list-style-type: none"> <li>• Pem Brook Pines</li> <li>• Kings Highway @ Lake Suzy Utilities City of North Port</li> <li>• Raintree @ Serris Drive</li> </ul>	65 psi
42 Inch RTS (2)	<u>Sarasota County</u> <ul style="list-style-type: none"> <li>• T Mabry Carlton Jr WTP</li> </ul>	20 psi
24 Inch Kings Highway RTS (3)	<u>Charlotte County</u> <ul style="list-style-type: none"> <li>• Kings Highway @ Kingsway Circle</li> </ul> <u>DeSoto County</u> <ul style="list-style-type: none"> <li>• Kings Highway @ Riverside RV Park</li> <li>• Kings Highway @ Peace River Street*</li> <li>• Kings Highway @ adjacent to Lake Suzy*</li> </ul>	65 psi
20 Inch DeSoto Regional Pipeline (4)	<u>DeSoto County</u> <ul style="list-style-type: none"> <li>• 8 delivery points along the transmission line as identified in the contract*</li> </ul>	65 psi

- (1) The 36 Inch/12 Inch RTS consists of approximately 7 miles of 36 inch pipeline starting at the Peace River Water Treatment Facility and ending south of the Charlotte/Sarasota County border and 12-inch pipeline extending from the 36 inch pipeline at the DeSoto/Sarasota County border south to Kings Highway and ending at the DeSoto/Charlotte County line
- (2) The 42 inch RTS consists of approximately 23 miles of 42 inch pipeline starting at the Peace River Water Treatment Facility and ending at the T Mabry Carlton Jr Water Treatment Plant in Sarasota County
- (3) The 24 inch Kings Highway RTS consists of approximately 5 miles of 24 inch pipeline starting at the Peace River Water Treatment Facility and paralleling Kings Highway ending at the DeSoto Charlotte County line See contract entitled Kings Highway

Segment Regional Transmission System Pipeline Agreement between The Peace River/Manasota Regional Water Supply Authority and Charlotte County dated October 27 1998

- (4) The 20 Inch DeSoto Regional Pipeline See contract entitled DeSoto County Regional Pipeline Extension Amended Pipeline Agreement dated June 21 2004
- (5) Water pressure at delivery points at a quantity no greater than the average annual daily rate as designated on Exhibit B or as specifically designated by the Authority for a delivery point
- \* Future Delivery Points already in planning design or construction

**EXHIBIT 'E**

**Regional Transmission System  
Hydraulic Capacity Entitlement**

	Charlotte County	DeSoto County	Sarasota County	City of North Port
36 Inch/12 Inch RTS (1)	89.65%	0.42%	0.000	9.93%
42 Inch RTS (2)	0.000	0.000	100%	0.000
24 Inch Kings Highway RTS (3)	80%	20%	0.000	0.000
20 Inch DeSoto(4)	0.000	3.1 MGD	0.000	0.000

- (1) The 36 Inch 12 Inch RTS consists of approximately 7 miles of 36 inch pipeline starting at the Peace River Water Treatment Facility and ending south of the Charlotte/Sarasota County border and 12 inch pipeline extending from the 36 inch pipeline at the DeSoto/Sarasota County border south to Kings Highway and ending at the DeSoto/Charlotte County line
- (2) The 42 inch RTS consists of approximately 23 miles of 42 inch pipeline starting at the Peace River Water Treatment Facility and ending at the T Mabry Carlton Jr Water Treatment Plant in Sarasota County
- (3) The 24 inch Kings Highway RTS consists of approximately 5 miles of 24 inch pipeline starting at the Peace River Water Treatment Facility and paralleling Kings Highway ending at the DeSoto/Charlotte County line See contract entitled Kings Highway Segment Regional Transmission System Pipeline Agreement between The Peace River/Manasota Regional Water Supply Authority and Charlotte County dated October 27 1998
- (4) The 20 Inch DeSoto Regional Pipeline See contract entitled DeSoto County Regional Pipeline Extension Amended Pipeline Agreement dated June 21 2004

Current pipelines are more than adequate to transport Charlotte's 16.1 MGD to its water system



**EXHIBIT "F"**

**COST ALLOCATION PERCENTAGES**

	<u>Charlotte</u>	<u>DeSoto</u>	<u>Sarasota</u>	<u>North Port</u>
Peace River Regional Water Treatment Facility (1991 Facility) Cost Allocation	89.65%	0.42%	0.00%	9.93%
PRO Cost Allocation	33.33%	8.33%	58.34%	0.00%
REP Cost Allocation*	27.21%	0.81%	61.72%	10.26%

\* The REP cost allocation percentages were applied to the total oversized facilities payment to Charlotte for the REP however Charlotte paid in advance for its portion so that payment by the remaining participating Customers is made pursuant to the cost allocation percentages in Section 18.2 as follows: Sarasota paying 85.62%, North Port paying 13.28% and DeSoto paying 1.1%.

## **EXHIBIT 'G'**

### **Regional Expansion Program Proposed Project Plan**

#### **Authority Water Supply Facilities Overview**

The Authority Water Supply Facilities located in DeSoto County provide public drinking water to residents of Charlotte DeSoto and Sarasota counties. The facilities allow for the use of surface water to alleviate further stress on groundwater supplies and resultant degradation in the Southern Water Use Caution Area ( SWUCA ).

The Regional Expansion Program ( REP ) is to build out the Authority Water Supply Facilities to its existing water use permit ( WUP ) capacity and intended to meet water demand in the Authority's system service area as detailed in Figure A attached. The issuance of the WUP in 1996 provides for expansion of the Authority Water Supply Facilities to meet an anticipated demand of 32.7 million gallons per day ( MGD ) by the year 2016. The permit includes future water quantities to meet the needs of Charlotte DeSoto and Sarasota counties and the City of North Port.

The Authority Water Supply Facilities have a current delivery capacity to supply 18 MGD of water and is located next to the Peace River in southwest DeSoto County. The Authority Water Supply Facilities utilizes the Peace River as a primary source and integrates the use of an off stream reservoir for raw water storage and aquifer storage and recovery (ASR) wellfield for treated water storage. The reservoir and ASR wellfield are used for source supply when river flow is below minimum limits for withdrawal or when river water quality is poor.

#### **PROJECT Description**

The existing water treatment plant capacity is 24 MGD to provide for ASR recharge capacity. The treatment process provides for color removal of surface water including alum coagulation, filtration and disinfection. Build out of the facility to meet projected water demands projected within the WUP of 32.7 MGD by 2016 is proposed by the Authority's Regional Expansion Program. The Southwest Florida Water Management District ( SWFWMD ) issued a WUP to the Authority in 1996 that allows for withdrawal from the Peace River to meet a demand of 32.7 MGD. The term of the permit is for 20 years through 2016.

The source of raw water for the Authority Water Supply Facilities is the Peace River. Under the SWFWMD's WUP issued to the AUTHORITY, the AUTHORITY can divert up to 10 percent of the Peace River flow to the Authority Water Supply Facilities when flow exceeds 130 cubic feet per second (cfs). During periods of high flows from the Peace River, raw water is stored in an off stream reservoir and any water after treatment in excess of customers' demand is stored in the ASR wellfield which consists of 21 ASR wells. When the conditions of the Peace River are such that the ability to withdraw from the river is partially or completely eliminated, the off stream reservoir and ASR wellfield are utilized to meet the water supply demands of the Authority's customers.

The Authority's Regional Expansion Program will provide expanded facilities to provide the ability to deliver the total allocation of 32.7 MGD to the Authority's customers. The PROJECT includes expanding the raw water reservoir capacity with a second new off stream reservoir with a capacity of 6 billion gallons, increasing the water treatment plant capacity by 24 MGD and extension of the regional transmission system to serve areas of DeSoto County.

#### *Regional Reservoir Expansion*

The existing off stream reservoir capacity is approximately 0.6 billion gallons for the purpose of storing raw water withdrawn from the Peace River. The reservoir is used for raw water supply to the Authority Water Supply Facilities when river flow is below minimum limits for withdrawal or when river water quality is poor. The proposed Regional Reservoir Expansion is to provide approximately 6 billion gallons of additional storage, resulting in a total reservoir storage capacity of approximately 6.6 billion gallons. This storage volume is required to provide a sustainable supply to meet the Authority's customers' demand during dry periods when withdrawal from the Peace River is limited in order to maintain minimum flow to the downstream estuary and Charlotte Harbor.

The new reservoir will be an above-ground basin formed by an engineered earthen embankment approximately 30 feet above existing ground surface. The embankment will consist of compacted fill with a geosynthetic membrane and an impervious water retaining zone within the embankment. A soil bentonite slurry wall will be installed extending from the geosynthetic membrane zone to the underlying clay layer to cut off underseepage beneath the embankment. In addition, an internal chimney drain will be installed to intercept potential seepage through the embankment. A perimeter seepage collection ditch will be constructed at the downstream toe of the embankment to collect and convey seepage. Access to the reservoir will be limited for security reasons.

Mitigation for the reservoir impacts is planned through restoration of the RV Griffin Reserve. This reservoir is the largest surface area that can reasonably be built on the site without the need for off site mitigation of on site wetland impacts.

New piping to pump up to 90 MGD of raw water from the river to the reservoir and piping to transfer water from the new reservoir to the existing reservoir is also included in the project. The PROJECT includes design, permitting and construction of the reservoir expansion, including raw water piping improvement to improve the ability to divert raw water from the Peace River to the Reservoir.

The reservoir expansion will be located on AUTHORITY property and the RV Griffin Reserve owned by the SWFWMD. The land use plan presented in "A Plan for the Use and Management of the RV Griffin Reserve" (SWFWMD November 1996) provides a conceptual siting of a reservoir expansion.

#### *Peace River Water Treatment Plant Treatment Capacity Expansion*

The current water treatment plant treatment capacity is 24 MGD. The proposed expansion is anticipated to provide an additional 24 MGD of treatment capacity and result in a total capacity of 48 MGD. The facility expansion is to include raw water pumping (river and reservoir), powder

activated carbon (PAC) contact basins rapid mix flocculation and sedimentation basins filters chlorine contact basins chemical feed systems above ground storage tanks high service pumping backwash recovery basins residual thickening and mechanical dewatering system instrumentation and controls The additional treatment components will be incorporated into the existing treatment scheme and supervisory control and data acquisition (SCADA) system The expansion also includes the construction of an operations center

Improvements to the river raw water pump station will include the addition of new river pumps to increase the installed diversion pumping capacity to 90 MGD consistent with the maximum day withdrawal allowed by the Authority's WUP and construction of a second 48 inch raw water pipeline from the river pumping station to the reservoir site

New pumps will be added to the existing reservoir pumping station to increase the reservoir pumping capacity to a firm capacity of 54 MGD of raw water from the reservoir to the treatment plant A new 30 inch pipeline from the reservoir pump station to the treatment plant is also planned to accommodate the increased capacity of the reservoir pumping station

#### *DeSoto County Regional Transmission System Extension*

The DeSoto County Regional Transmission System (RTS) extension will provide transmission of potable water from the Authority Water Supply Facilities to extended areas of DeSoto County The RTS extension consists of approximately 5 miles of 20 inch diameter pipeline from the Peace River Facility to an end point at U S 17 and Enterprise Drive where it connects to the DeSoto County utility system The pipeline route is adjacent to County Road 761 and U S 17 and is entirely within DeSoto County

The RTS is sized beyond DeSoto's need to provide the capacity for potential future expansion of the Authority Water Supply Facilities to locations beyond DeSoto County and future interconnection with other neighboring utilities within DeSoto and Charlotte counties Further interconnection of utility systems would enhance regional supply management and provide the opportunity to rotate and rest sources of supply

**Schedule**

The anticipated schedule is provided in Table 1

**Table 1  
Authority Water Supply Facilities Expansion  
Project Schedule**

	Regional Reservoir Expansion	Water Treatment Plant Expansion	DeSoto County RTS Extension
Consultant Selection	Completed	Completed	Completed
Expansion Analysis	Completed	Completed	Completed
Water Quality Master Plan Update	N/A	Completed	N/A
Basis of Design Report	September 2005	September 2005	Completed
Permitting	September 2006	September 2006	Completed
Detailed Plans and Specifications	September 2006	September 2006	Completed
Bidding	November 2006	November 2006	Completed
Award Construction Contract	December 2006	December 2006	Completed
Project Substantial Completion*	October 2008	October 2008	September 2005
Final Completion of Construction	March 2009	March 2009	September 2005

\*Project Substantial Completion is the beneficial use of the facilities to produce and deliver water

**Costs**

The summary of probable costs (2005 dollars) is provided in Table 2

**Table 2  
Authority Water Supply Facilities Expansion  
Summary of Probable Costs**

Activity	Total Project Cost
Regional Reservoir Expansion	\$49 000 000
Water Treatment Plant Expansion	\$70 768 000
DeSoto County RTS Extension	<u>\$3,632,000</u>
<b>TOTAL REP COST</b>	<b>\$123 400 000</b>

The probable costs shown are hard costs for engineering services and construction. The costs do not include Authority administrative costs or cost of bond issuance.

**EXHIBIT 'H**  
**Water Allocation by Project**

	Charlotte	DeSoto	Sarasota	North Port
Peace River Regional Water Supply Facility (1991 Facility)	10 758	0 050	0 000	1 192
PRO Water Allocation	2 000	0 500	3 500	0 000
REP Water Allocation	3 342	0 125	9 725	1 508

**EXHIBIT "I**

**DeSoto Existing Water Sources to Remain After Designation  
of the Authority as Exclusive Provider**

- 1) Sources associated with that certain Interlocal Bulk Water and Wastewater Supply Agreement Between the City of Arcadia and DeSoto County dated January 30 2001
- 2) The Reverse Osmosis Facility at DeSoto Correctional Institute
- 3) The Reverse Osmosis Facility at the G Perce Wood Memorial Hospital Facility



**EXHIBIT "J"**

**Peace River Regional Water Treatment Facility – Annual Capital  
Component Charge Redemption Provision**

Annual Capital Component Charge After REP Oversized Capacity Payment made to Charlotte County of \$3 287 098 00	\$1 971 557 00
Monthly Capital Component Charge payable To Charlotte County beginning January 1 2006 Through and including October 1 2021	\$ 164 296 42
Level Debt Service Factor based on Allocable Amount of Bond Issue related to Peace River Facility	7 491893%
Redemption value of Capital Component Charge Assuming a Series 2005 bond closing of December 14 2005 and a Level Debt Service Factor of 7 491893% (Illustrative purposed only)	\$18 299 274 17

**Redemption of Annual Capital Component Charge**

Upon mutual agreement between the Authority and Charlotte the remaining Annual Capital Component Charges of \$1 971 557 00 can be redeemed on any date at the following redemption price

The sum of the present values of the remaining scheduled Annual Capital Component Charges on a monthly basis (\$164 296 42) discounted to the date of redemption on a monthly basis (assuming a 360 day year consisting of twelve 30 day months) at the Capital Component Charge for Peace River Regional Water Treatment Facility – level debt service factor based on allocable amount of 7 491893%