

**Levy County Board of County Commissioners Agenda Item Summary Form**

1. **Name:** Nicolle Shalley

2. **Organization/Title/Telephone:** County Attorney

3. **Meeting Date:** Tuesday, May 7, 2024

4. **Requested Motion/Action:**

Receive a Memorandum and presentation from County staff regarding the request for the County to join the Board of the Waccasassa Water and Wastewater Cooperative.

5. **Agenda Presentation:** Yes ☒ No ☐ N/A ☐

6. **Time Requested:** 10 minutes
(Request will be granted if Possible) allotted time not more than 15 minutes

7. **Is this Item Budgeted (If Applicable):** Yes ☐ No ☒ N/A ☐

8. **If no, State Action Required:**

a. **Budget Action:** EnterTextHere

b. **Financial Impact Summary Statement:** EnterTextHere

c. **Detailed Analysis Attached** EnterTextHere

d. **Budget Officer Approval:** EnterTextHere

If approved enter date: Click or tap to enter a date.

9. **Background: (Why is the action necessary, and what action will be accomplished) (All supporting documentation must be attached if any)**

At the March 5, 2024 Regular Commission Meeting, the County Coordinator presented an item to discuss adding a County Commissioner to the Board of the Waccasassa Water and Wastewater Cooperative. The Commission requested that County Staff return with further information. This Item is intended to provide information and analysis to assist the Commission in developing a basic understanding of the Cooperative in order to make a reasonably informed decision.

10. **Recommended Approval**

a. **Department Director:** Yes ☐ No ☐ N/A ☒

b. **County Attorney:** Yes ☐ No ☐ N/A ☒

c. **County Coordinator:** Yes ☐ No ☐ N/A ☒

d. **Other:** Yes ☐ No ☐ N/A ☒

Memorandum

Date: April 25, 2024

To: Levy County Board of County Commissioners (“BoCC”)

From: Nicolle Shalley, County Attorney; Andrew Carswell, County Engineer; Stacey Hectus, County Planning and Zoning Director; Jared Blanton, County Budget Officer; and Wilbur Dean, County Coordinator (“County Staff”)

Re: Request for the County to join the Board of the Waccasassa Water and Wastewater Cooperative (the “Cooperative”)

Background

At the November 22, 2022 Regular Meeting, the BoCC heard an informational item regarding potential County involvement in the Cooperative. As part of that item, the BoCC received a Feasibility Report titled “Phase 1: Regional Alternative Water Supply Feasibility – Cedar Key, Bronson, Otter Creek, and Unincorporated Areas in Levy County” and dated September 26, 2022, prepared for the Suwannee River Water Management District by Wetland Solutions, Inc. (the “Report”); a draft Interlocal Agreement to form the Cooperative; and a County Staff Memorandum dated November 16, 2022 that summarized the Report (and the Project objectives and two Project alternatives described therein), along with some preliminary questions/issues for the BoCC to consider. After discussion and public comment, the BoCC directed County Staff to gather additional information and report back at the December 6, 2022 regular meeting.

At the December 6, 2022 Regular Meeting, County Staff presented a second County Staff Memorandum dated December 5, 2022 that provided answers to several key questions and a decision tree (with issues and alternatives noted) for BoCC consideration. After discussion and public comment, the BoCC approved sending a letter of support for the Project and the Cooperative to the Suwannee River Water Management District.

On June 13, 2023, the Cooperative was created by Interlocal Agreement between the Town of Bronson, the Town of Otter Creek and the Cedar Key Water and Sewer District, an independent special district governmental entity (“CKWSD.”) **A copy of the Interlocal Agreement is attached as it is referred to by Section throughout this Memo.** Pursuant to Section 163.01(7), Florida Statutes, the Cooperative functions as a legal entity separate from its Members. To date, the Cooperative has retained legal counsel (Fugate & Fugate Law) and financial and administrative assistance (Beauchamp & Edwards CPAs). The Cooperative is considering a grant writing consultant to assist with locating funding for the Cooperative and Project and an engineering consultant to provide design, inspection and related services for the Project.

At their January 17, 2024 Meeting, the Cooperative Board discussed expanding the Board to include the Levy County BOCC and Levy County School Board and the Meeting Minutes reflect that: “Levy County is ready to jump back into the cooperative. As such, Mayor Partin will be reaching out to Commissioner John Meeks of Bronson to represent Levy County and Tammy Boyle of Cedar Key to represent the School Board. Each of these individuals has more clout in Tallahassee. Zim Padgett makes a motion allowing Chair Partin to speak with Levy County and the School Board about joining the board and expanding the board to reflect five voting members. Joe Hand seconds the motion. The motion passes. It is important to note that each of the municipalities must approve of the change in leadership. In addition, both members must be added to the board at the same time to allow for an odd number of voting members.”

At the March 5, 2024 Regular Meeting, the County Coordinator presented an item for the BoCC to discuss adding a County Commissioner to the Cooperative Board. The BoCC requested that County Staff return with further information. This Memo is intended to provide information and analysis to assist the BoCC in developing a basic understanding of the Cooperative in order to make a reasonably informed decision.

Information and Analysis

A County Commissioner cannot be a Director of the Cooperative unless the County becomes a Member of the Cooperative. (Section 2.04 of the Interlocal Agreement)

- **Who are the Members of the Cooperative and how is a new Member added?** The initial members are the CKWSD, the Town of Bronson and the Town of Otter Creek. The Cooperative Board may admit additional Public Agencies (as defined in Section 163.01, F.S. – which includes counties) to membership upon application of the Public Agency and the affirmative vote of the majority plus one of all Directors at a duly called meeting of the Cooperative. Approval of the governing bodies of the Cooperative Members are not required to admit a new Cooperative Member. (Section 2.03 of the Interlocal Agreement)
- **Who governs the Cooperative and how are they chosen?** A Board of Directors comprised of one Director appointed by each Member is given broad powers and duties “for the governance and management of the affairs of the Cooperative, for the execution of the powers, obligations, and responsibilities vested in the Cooperative, and for carrying into effect the provisions of this Interlocal Agreement.” (Sections 2.04 and 2.08 of the Interlocal Agreement)

In deciding whether to become a Member of the Cooperative (and therefore eligible to appoint a Director to the Cooperative Board), the BoCC should carefully consider the purpose of the Cooperative, the requirements of each Member, the objective(s) of the County, and the County resources that will be required.

- **What is the purpose of the Cooperative?**

“[T]o plan for, develop, finance, construct, improve, own, operate, maintain, manage, acquire, and dispose of Cooperative Facilities for the purpose of providing Wholesale Water Service

and/or Wholesale Wastewater Service. The Cooperative may also provide local/retail water and wastewater service subject to the express consent of the entity that provides or is otherwise authorized to provide retail/local water and/or wastewater services to such areas.” (Section 2.02 of the Interlocal Agreement)

“Wholesale Wastewater Service” is defined as “the Cooperative’s transmission, treatment, and disposal of wastewater collected by a wholesale customer of the Cooperative, via such wholesale customer’s local wastewater collection system, and transmitted to the Connection Point(s).” “Wholesale Water Service” is defined as “the Cooperative’s production, withdrawal/pumping, treatment, and transmission of water to the Connection Point(s) to be used by a wholesale customer of the Cooperative for distribution to its retail customers via a local distribution system.” (Section 1.01 of the Interlocal Agreement)

The Cooperative is granted broad powers to achieve its purpose, including hiring staff, adopting a budget, capital improvement planning, constructing infrastructure, setting rates and connection fees (Article III of the Interlocal Agreement). The Cooperative must generate its revenue from Utility fees, rates and charges; grants; contributions from its Members; and bonds and other indebtedness. The Cooperative is not authorized to levy ad valorem taxes. (Section 3.07 of the Interlocal Agreement)

- **What are the requirements of the Members?**

- a. Are Members required to purchase Water and Wastewater Service from the Cooperative? The Interlocal Agreement does not generally address whether its Members are required to purchase Wholesale Water Service or Wholesale Wastewater Service; however, there are specific provisions for the CKWSD that make clear that CKWSD is not required to receive any service from the Cooperative and that CKWSD does not consent to the Cooperative providing local/retail service to customers within the CKWSD service area. (Section 3.11 of the Interlocal Agreement)

This is interesting because (1) the purpose of the Cooperative is to provide Wholesale Water and Wastewater Service; and (2) the Project identifies Cedar Key (including its tourist population) as the largest water and wastewater service user and a primary driver for the Project need. Presumably, the Cooperative would not undertake a Project to serve Cedar Key until such time as binding wholesale agreements were signed with CKWSD. And likely, if CKWSD was not a wholesale customer, the Project would not be financially viable.

- b. Are Members required to consent to the location of Cooperative Facilities? Yes, each Member does so when it signs the Interlocal Agreement. “Cooperative Members hereby consent and agree to the Cooperative acquiring, owning, improving, operating and maintaining Cooperative Facilities within their respective jurisdictions in accordance with the terms of this Interlocal Agreement, sound engineering practices and applicable law.” (Section 2.02 of the Interlocal Agreement). “In carrying out their statutorily

conferred zoning, land use and comprehensive planning powers and responsibilities, the Cooperative Members shall not prohibit or unreasonably restrict the use of land for the location of Cooperative Facilities or for other Cooperative purposes.” (Section 3.05.B. of the Interlocal Agreement).

The BoCC should consider whether it is prudent to give such consent and acquiescence in advance, or whether same should be given on a project by project basis when there is a clear and complete understanding of what the Cooperative is proposing.

- c. Are Members allowed to withdraw from the Cooperative? Yes, at any time, provided there are at least two Cooperative Members remaining. (Section 5.01.A. of the Interlocal Agreement). If the County becomes a Member and other Members withdraw – such as Bronson and CKWSD - the County could be left with significantly greater responsibilities.
 - d. Are Members responsible for the obligations of the Cooperative while active or upon termination? The Cooperative is a separate legal entity and responsible for its own obligations (Section 4.01.F. of the Interlocal Agreement); however, upon termination of the Cooperative “prior to any such termination becoming effective, provision must be made for payment of all outstanding expenses and liabilities of the Cooperative” and “[i]f the Cooperative has insufficient funds to satisfy its outstanding Obligations, expenses, and liabilities (including any grants awarded to the Cooperative that could trigger repayment requirements if they are not satisfied), the responsibility for funding any deficiencies shall be shared equally by the Cooperative Members unless all Cooperative Members agree in writing to a different method of allocating responsibility for such deficiencies.” (Section 5.02. of the Interlocal Agreement)
 - e. Is the County required to take over the Cooperative utilities if terminated or abandoned? No, not if it does not become a Member. Section 367.165, Florida Statutes, states that in the event of abandonment of a water or wastewater utility regulated by the Public Service Commission (which is defined in Section 367.022, F.S. to exempt systems owned by governmental authorities – such as the Cooperative and local governments- and certain other systems), the County is required to petition the Court for appointment of a receiver to operate the utility until a permanent owner/operator can be found and the County may be the receiver.
- **What is the County’s objective in becoming a Member?**
 - a. To purchase water for the County’s existing Manatee Water Utility? Manatee Water is not within the Study Area, so it will not be served by the Project or the Cooperative.
 - b. To purchase water for the County’s existing University Oaks Water? University Oaks is within the Study Area, but is located approximately 3 miles from the planned Project. The Cooperative could make alternative plans to extend wholesale lines to serve

University Oaks and other areas North of Bronson. The County could install infrastructure to connect the University Oaks distribution system to the Cooperative wholesale transmission lines, but County staff recommends exploring the cost and feasibility— both capital and O&M for such a project. The Report (page 25) stated that Bronson has considered annexing University Oaks and including it in their water service area, this should be explored if the County would prefer to exit the utility business and leave that to the municipalities.

- c. To purchase water/wastewater service for new County utilities in the unincorporated area (e.g. Rosewood and Sumner)? The BoCC could consent to the Cooperative serving as the local utility in this area, rather than becoming a Member of the Cooperative. Alternatively, the BoCC could establish a County utility and install local distribution/collection infrastructure to serve such areas. The Report (Pages 110-111) estimated the cost for distribution/collection infrastructure to serve the Rosewood and Sumner areas to be \$4.3 million for water and \$15.8 million - \$19.5 million for wastewater depending how far service extends from State Road 24.

Regardless, the BoCC should consider – from a Planning and Zoning perspective - that providing utilities encourages and supports development. This area is primarily zoned F/RR (low density, 20 acres per dwelling unit) and is affected by Flood Zones, Hurricane Surge areas and Environmental Sensitive Land overlays – it is generally not conducive to the high density development that is necessary to pay for utility infrastructure and operations.

- d. To support the regional effort? The BoCC can support the regional effort without becoming a Member and incurring the responsibilities that come with that membership.
- e. Other?

- **Does the County have adequate resources (staff and money) to devote to local utility operations and to being a Member of the Cooperative?**

Existing County Water Utilities are managed by the County Construction and Maintenance Department and operated by a Contractor. County Planning & Zoning, Engineering, Legal and Budget staff are currently functioning at workload capacity. If the County becomes a Member of the Cooperative, additional County staff and assistance from outside consultants will be needed to support and inform the BoCC and the BoCC's appointed Director. Funds will need to be budgeted for these purposes.

- **Has the BoCC gauged resident interest and acceptance of mandatory connection and paying for water and wastewater utilities?** The Study focuses on the need for the Project in terms of environmental benefits and existing poor water quality and septic tank issues. Often government must take on projects that serve necessary public purposes but do not “pay for

themselves” (meaning they are subsidized by the General Fund.) However, as a general principal, utilities should be paid for by the users – those who take the service. Is this Project requested by residents in the unincorporated Study Area? Is the BoCC prepared to mandate connection (as required by Section 381.00655, F.S.) once a system is available to serve? Are residents along the Project route amenable to this mandatory connection, to abandoning their existing wells and septic systems, and are they willing and able to pay the rates that must be established to make the water and wastewater utility service sustainable?

Recommendation

County Staff recommends the BoCC carefully consider and discuss its objective(s) and the responsibilities that it will take on if the County becomes a Member of the Cooperative, including necessary staffing and budgeting. The BoCC can also consider timing – is it necessary to become a Member now or can that decision be made at some point in the future.

If the BoCC decides the County should become a Member at this time, it must make application to the Cooperative. Upon unanimous approval by the Cooperative Board, the BoCC must execute, deliver and record a counterpart to the Interlocal Agreement to effectuate the County’s Membership. The BoCC could request and negotiate amendments to the Interlocal Agreement, if any provisions are concerning to the BoCC. After executing the Interlocal Agreement, the BoCC will be eligible to appoint a Director to the Cooperative Board. The Director (and assigned County staff) will have an on-going obligation to monitor and keep the BoCC informed of the Cooperative’s activities and projects and to develop and represent the BoCC position on those activities and projects. Keeping in mind, the County will have but one vote on the Cooperative Board.

**INTERLOCAL AGREEMENT
RELATING TO ESTABLISHMENT OF
THE WACCASASSA WATER AND WASTEWATER COOPERATIVE**

Among

**Town of Bronson, Florida
Town of Otter Creek, Florida
Cedar Key Water and Sewer District**

Dated as of June 13, 2023

**INTERLOCAL AGREEMENT RELATING TO ESTABLISHMENT
OF THE WACCASASSA WATER AND WASTEWATER COOPERATIVE**

THIS INTERLOCAL AGREEMENT RELATING TO ESTABLISHMENT OF THE WACCASASSA WATER AND WASTEWATER COOPERATIVE is made and entered into this 13th day of June, 2023, between the Town of Bronson, a municipal corporation of the State of Florida, the Town of Otter Creek, a municipal corporation of the State of Florida, and the Cedar Key Water and Sewer District, an independent special district governmental entity.

W I T N E S S E T H

WHEREAS, the constituent local governmental entities to this Agreement (the “Cooperative Members”) desire to establish a unified entity related to water, wastewater, and reclaimed water services (the “Cooperative”); and

WHEREAS, each of the Cooperative Members has the power to plan for, acquire, dispose of, own, improve, operate, finance, and maintain potable water, reclaimed water, and wastewater utility facilities pursuant to their powers of local self-government, Section 166.021, Florida Statutes (in the case of municipalities) or their specialized powers expressly granted by the Florida Legislature pursuant to chapter 63-1569, Laws of Florida, as amended by chapters 75-426, 76-416, 80-531, 87-528, 98-473, 2000-352, Laws of Florida, (the Cedar Key Water and Sewer District Charter) and Chapter 189, Florida Statutes; and

WHEREAS, Section 163.01, Florida Statutes (the “Interlocal Act”), permits the Cooperative Members to enter into interlocal agreements with each other to exercise jointly any power, privilege or authority which they have in common and which each might exercise separately, enabling the Cooperative Members to make the most

efficient use of their powers through mutual cooperation for their mutual benefit and thereby provide services and facilities in a manner and pursuant to forms of governmental organization that will best serve the present and future needs of the area encompassed; and

WHEREAS, Section 163.01(7), Florida Statutes, authorizes the Cooperative Members, pursuant to an interlocal agreement, to create a separate legal entity to exercise the common power of the Cooperative Members, and subsection 163.01(7)(g) additionally authorizes the separate legal entity created pursuant to an interlocal agreement to finance, plan for, construct, own, improve, operate, maintain, and dispose of public facilities, including water, reclaimed water, and wastewater utility facilities which may serve populations within or outside of the members of the entity; and

WHEREAS, the Cooperative Members desire access to cost-effective and reliable water and wastewater services suitable to serve the present and prospective needs of their citizens; and

WHEREAS, the Cooperative Members have determined that it is in their best interests to create a new legal entity to acquire, own, improve, operate and maintain water, wastewater, and reclaimed water utility facilities; and

WHEREAS, creation of the Cooperative is intended to facilitate the development of a regional mechanism for the provision of potable water production, treatment, and transmission and wastewater transmission, treatment, and disposal service which can be made available to the Cooperative Members on a wholesale basis; and

WHEREAS, the Cooperative Members also intend for the Cooperative to be authorized to provide local/retail water and wastewater service to areas, subject to the

express consent of the entity that provides or is otherwise authorized to provide retail/local water and/or wastewater services to such areas.

NOW, THEREFORE, in consideration of the foregoing and the covenants herein, it is mutually agreed and understood by and among the Cooperative Members that execute this Interlocal Agreement that the “Waccasassa Water and Wastewater Cooperative,” a legal entity and public body and a unit of local government with all of the privileges, benefits, powers and terms of the hereinafter defined Act and this Interlocal Agreement, is hereby created for the purposes described herein, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINITIONS.

(A) Whenever any words are used in this Agreement in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all situations where they would so apply, and whenever any words are used in this Interlocal Agreement in the singular form, they shall be construed as though they were also used in the plural form in all situations where they would so apply.

(B) The following definitions shall govern the interpretation of this Agreement:

“Act” shall mean, collectively, Sections 125.01 and 125.045, Florida Statutes (in the case of counties), Section 166.021, Florida Statutes (in the case of municipal corporations), the Interlocal Act, any Charters of the Cooperative Members, and other applicable provisions of law.

“Agreement” or **“Interlocal Agreement”** shall mean this Interlocal Agreement Relating to the Establishment of the Waccasassa Water and Wastewater Cooperative, including any amendments or supplements hereto executed and delivered in accordance with the terms hereof.

“Assessable Improvements” shall mean improvements to the Cooperative Facilities of a local nature and of special benefit to the premises or lands served thereby.

“Board of Directors” or **“Board”** shall mean the governing board of the Cooperative, consisting of the Directors appointed hereunder.

“Connection Fees” shall mean fees and charges imposed by the Cooperative to

acquire, construct, equip or expand the capacity of the Utility Facilities for the purpose of paying or reimbursing the equitable share of the capital cost relating to such acquisition, construction, expansion or equipping of capacity of the Utility Facilities or expansion thereof in order to serve new users of the Utility Facilities and new development within the Corridor Area. Such Connection Fees may include interest carrying costs associated with the Utility Facilities.

“Connection Point” or **“Connection Points”** shall mean the location(s) where a wholesale customer’s local/retail water distribution system or wastewater collection system is physically connected to the Cooperative’s Water Supply Facilities or Wastewater Treatment and Transmission Facilities for the purpose of providing Wholesale Wastewater Service and/or Wholesale Water Service to the wholesale customer.

“Cooperative” shall mean the Waccasassa Water and Wastewater Cooperative, a legal entity, public body, and independent special district created pursuant to the provisions of this Interlocal Agreement and the Act.

“Cooperative Area” shall mean the geographic boundaries within which each Cooperative Member provides or is otherwise authorized to provide water and/or wastewater water services and such other areas within which the Cooperative is authorized to provide water and/or wastewater services by express consent of the entity having jurisdiction.

“Cooperative Facilities” shall mean water production, transmission, treatment and distribution facilities and property, and wastewater treatment, transmission, collection and disposal facilities and property, including reuse and reclaimed water

facilities, as they may be modified, improved or expanded from time to time, which are owned, leased, operated, managed and/or used, from time to time, by the Cooperative to provide public water and wastewater services. Cooperative Facilities shall include all property, real or personal, tangible or intangible, now or hereafter owned, leased, operated or managed by the Cooperative in connection with the provision of the above enumerated services.

“Cooperative Member” or **“Cooperative Members”** shall mean the members of the Cooperative as provided by this Interlocal Agreement.

“Cost” when used in connection with a Project, shall mean (1) the Cooperative’s cost of construction; (2) costs of acquisition by or for the Cooperative of such Project; (3) costs of land and interests thereon and the cost of the Cooperative incidental to such acquisition; (4) the cost of any indemnity and/or surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Obligations relating to the Project during the period of acquisition and construction of such Project and for a reasonable period subsequent to completion of acquisition and construction as the Board may determine by resolution; (6) engineering, legal and other consulting fees and expenses; (7) costs and expenses of the financing incurred for such Project, including audits, fees and expenses of any paying agent, registrar, trustee, consultants, attorneys, engineers, credit enhancers or depository; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any interim or temporary indebtedness incurred for such Project; (9) costs of machinery, equipment, supplies and spare parts required by the Cooperative for the commencement of operation of such Project or continuation of operation of such Project; and (10) any

other costs properly attributable to such Project or to the issuance of Obligations which finance such Project, as determined by generally accepted accounting principles applicable to such Project, and shall include reimbursement to the Cooperative for any such items of cost paid by the Cooperative prior to issuance of the Obligations issued to finance such Project. Additional items of cost may be provided pursuant to the Financing Documents.

“Director” shall mean that individual appointed in accordance with the provisions hereof to serve as part of the Board of Directors. “Director” shall also include an alternate who is appointed to fill such role by an Cooperative Member.

“Financing Documents” shall mean the resolution or resolutions duly adopted by the Cooperative, as well as any indenture of trust, trust agreement or other instrument relating to the issuance or security of the Obligations.

“Fiscal Year” shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be determined by the Board.

“General Manager” shall mean the individual or entity selected and employed by the Board to serve the Cooperative in such capacity.

“Interlocal Act” shall mean Part I of Chapter 163, Florida Statutes.

“Obligations” shall mean a series of bonds or other evidence of indebtedness, including, but not limited to, notes, commercial paper, capital leases or any other obligations of the Cooperative issued hereunder and pursuant to the Financing Documents.

“Pledged Funds” shall mean (i) the revenues, fees, charges, and other moneys

received by the Cooperative or its designee relating to its ownership or operation of the Cooperative Facilities, or some portion thereof, (2) until applied in accordance with the terms of the Financing Documents, all moneys in the funds, accounts and subaccounts established thereby, including investments therein, and (3) such other property, assets and moneys of the Cooperative as shall be pledged pursuant to the Financing Documents; in each case to the extent provided by the Board pursuant to the Financing Documents. The Pledged Funds pledged to one series of Obligations may be different than the Pledged Funds pledged to other series of Obligations.

“Project” shall mean any structure, property, or facility which the Cooperative, from time to time, may determine to construct, improve, or acquire as part of its Cooperative Facilities, together with all improvements, equipment, structures and other facilities necessary or appropriate in connection therewith. This term is to be broadly construed so as to include any lawful undertaking which will accrue to the benefit of the Cooperative, or the Cooperative Facilities, including joint ventures and acquisitions of partial interests or contractual rights. “Project” may also include working capital, as well as any costs or judgments associated with litigation.

“Public Agencies” shall mean any “public agency”, as defined in the Interlocal Act.

“State” shall mean the State of Florida.

“Wastewater Transmission and Treatment Facilities” shall mean Cooperative Facilities involved in the transmission, treatment, reclamation, and/or disposal of wastewater. The term “Wastewater Supply Facilities” does not include facilities used for local collection of wastewater from retail customers.

“Water Supply Facilities” shall mean Cooperative Facilities involved in the production, withdrawal/pumping, treatment, and/or transmission of water. The term “Water Supply Facilities” does not include facilities used for local distribution of water to retail customers.

“Wholesale Wastewater Service” shall mean the Cooperative’s transmission, treatment, and disposal of wastewater collected by a wholesale customer of the Cooperative, via such wholesale customer’s local wastewater collection system, and transmitted to the Connection Point(s).

“Wholesale Water Service” shall mean the Cooperative’s production, withdrawal/pumping, treatment, and transmission of water to the Connection Point(s) to be used by a wholesale customer of the Cooperative for distribution to its retail customers via a local distribution system.

ARTICLE II

CREATION AND GOVERNANCE

SECTION 2.01. CREATION. The Cooperative Members hereby create and establish the “Waccasassa Water and Wastewater Cooperative,” a legal entity, public body, and independent special district unit of local government, with all of the privileges, benefits, powers and terms provided for herein and by the Act.

SECTION 2.02. PURPOSE.

A. The purpose of this Interlocal Agreement is for the establishment of the Cooperative in order to plan for, develop, finance, construct, improve, own, operate, maintain, manage, acquire, and dispose of Cooperative Facilities for the purpose of providing Wholesale Water Service and/or Wholesale Wastewater Service. The Cooperative may also provide local/retail water and wastewater service subject to the express consent of the entity that provides or is otherwise authorized to provide retail/local water and/or wastewater services to such areas.

B. The Cooperative Members hereby consent and agree to the Cooperative acquiring, owning, improving, operating and maintaining Cooperative Facilities within their respective jurisdictions in accordance with the terms of this Interlocal Agreement, sound engineering practices and applicable law.

C. The creation and organization of the Cooperative and the fulfillment of its objectives serves a public purpose, and is, in all respects, for the benefit of the people of this State, the Cooperative Members and their constituents. The Cooperative is performing an essential governmental function. All property of the Cooperative is and shall in all respects be public property, and the title to such property shall be held by it

for the benefit of the public. The use of such property shall be considered to serve a public purpose until disposed of upon such terms as the Cooperative may deem appropriate. To the full extent provided by law all obligations relating thereto and interest or income thereon and all the property, facilities, services, activities, and revenues of the Cooperative are declared to be nontaxable for any and all purposes by the State or federal government or any unit of the State or federal government to the same extent as if owned or issued by or on behalf of any of the Cooperative Members.

SECTION 2.03. MEMBERSHIP.

A. The Cooperative Members shall originally consist of: the Cedar Key Water and Sewer District, the Town of Bronson, and the Town of Otter Creek.

B. To the extent permitted by the Interlocal Act, the Cooperative may admit any Public Agency to membership upon application of such Public Agency and the affirmative vote of the majority plus one of all Directors at a duly called meeting of the Cooperative. This Interlocal Agreement need not be amended in order to admit any Public Agency as an Cooperative Member. Approval of the governing bodies of the Cooperative Members shall not be required to admit a new Cooperative Member.

C. As a precondition to membership in the Cooperative, each Cooperative Member shall constitute a Florida municipality, county, or such other Public Agency which is permitted by the Interlocal Act to be a member of the Cooperative. Such new Cooperative Member shall execute, deliver and record a duly authorized counterpart to this Interlocal Agreement. Cooperative Members may be admitted regardless of whether any Cooperative Facilities are located within the jurisdiction of such Cooperative Member.

SECTION 2.04. BOARD OF DIRECTORS.

A. The Cooperative shall be governed by a Board of Directors made up of the following:

1. One (1) Director appointed by the Cedar Key Water and Sewer District, who will be a member of the Cedar Key Water and Sewer District Board of Commissioners.

2. One (1) Director appointed by the Town of Bronson, who will be a member of the Town of Bronson Town Council.

3. One (1) Director appointed by the Town of Otter Creek, who will be a member of the Town of Otter Creek Town Council.

4. One (1) additional Director for any future Cooperative Members to be appointed by each future Cooperative Member.

B. Each Cooperative Member may appoint alternate Directors to serve in the absence or unavailability of their appointed Directors.

C. Each Director shall serve on the Board until resignation or removal.

D. Each Cooperative Member, in its sole discretion, may remove its Director at any time and may appoint a new Director to serve on the Board upon notice being given to the Cooperative. Such notice shall be in the form of a resolution, official meeting minutes, or other official document approved by the governing body of the Cooperative Member.

E. Any Director may be removed for cause upon the affirmative vote of at least two-thirds (2/3) of all Directors at a duly called meeting of the Cooperative.

F. Any Director may resign from all duties or responsibilities hereunder by

giving at least thirty (30) calendar days' prior written notice. Such notice shall state the date said resignation shall take effect and such resignation shall take effect on that date. Any resigning Director who is an officer of the Cooperative shall immediately turn over and deliver to the Cooperative any and all records, books, documents or other property in his or her possession or under his or her control which belong to the Cooperative.

G. In the event the Director of a Cooperative Member shall resign or be removed, such Cooperative Member shall appoint a new Director within thirty (30) calendar days. In the event such Cooperative Member does not appoint a new Director within thirty (30) calendar days of resignation or removal and such Cooperative Member has appointed an alternate Director, such alternate Director shall serve in the capacity as Director. In the event such Cooperative Member does not appoint a new Director within thirty (30) calendar days of resignation or removal and such Cooperative Member has not appointed an alternate Director, the Board may appoint a Director who shall serve until such time as such affected Cooperative Member shall appoint a new Director; provided any new Director appointed by the Board shall be a resident of such Cooperative Member. Any Director who is absent for three (3) consecutive meetings of the Board shall be deemed to have resigned.

H. Directors shall receive no compensation for their service on the Board but may be reimbursed for reasonable expenses incurred in the performance of their official duties.

SECTION 2.05. ACTION.

A. The affairs, actions and duties of the Cooperative shall be undertaken at a

duly called meeting pursuant to Section 2.07 hereof. Each appointed Director of the Board of Directors shall be allocated one (1) vote.

B. At any meeting of the Cooperative at which any official action is to be taken, a majority of all Directors shall constitute a quorum. A majority vote of a quorum of the Directors present at a duly called meeting shall constitute an act of the Cooperative, except as otherwise expressly provided herein.

C. A certificate, resolution, or instrument signed by the Chairman, Vice-Chairman, or such other person of the Cooperative as may be hereafter designated and authorized by the Board shall be evidence of the action of the Cooperative and any such certificate, resolution or other instrument so signed shall conclusively be presumed to be authentic. Likewise, all facts and matters stated therein shall conclusively be presumed to be accurate and true.

SECTION 2.06. ELECTION OF OFFICERS; AUTHORITY OF OFFICERS.

A. At the inaugural meeting of the Board of Directors, and once each year thereafter, and at such other time as may be necessary to fill a vacancy, the Board shall elect a Chairman, a Vice Chairman, and Secretary-Treasurer from its membership to conduct the meetings of the Cooperative and to perform such other functions as herein provided. At the discretion of the Board, the General Manager or other qualified professional (or a representative of either) may be appointed as the Secretary-Treasurer to facilitate administrative actions. Said Chairman, Vice-Chairman, and Secretary-Treasurer shall serve one (1) year terms unless they resign from the Cooperative or such officer is removed as provided herein.

B. The Chairman and the Vice-Chairman shall take such actions, have all such powers and sign all documents on behalf of the Cooperative and in furtherance of the purposes of this Interlocal Agreement as may be approved by resolution of the Board adopted at a duly called meeting.

C. The Secretary-Treasurer, or their designee, shall keep minutes of all meetings, proceedings and acts of the Board, but such minutes need not be verbatim. Copies of all minutes of the meetings of the Cooperative shall be sent by the Secretary-Treasurer or their designee to all Directors to the Cooperative. The Secretary-Treasurer may also attest to the execution of documents. In the performance of these duties, the Secretary-Treasurer shall comply with applicable law and Board policies and procedures regarding records retention, public records, and public meetings requirements. The Secretary-Treasurer or their designee, shall maintain the financial and accounting records for the Cooperative to meet Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) requirements in Florida, coordinate the external audit annual requirements and file audit reports with other government agencies as required, manage the banking and investment accounts in accordance with Board policies, recommend the delegation of signature financial authorities. The Secretary-Treasurer shall have such other powers as may be approved by resolution of the Board adopted at a duly called meeting.

SECTION 2.07. BOARD MEETINGS.

A. The Board shall meet on a regular basis at such times and at such places as determined by the Board. Meetings shall be conducted at such locations as may be determined by the majority of the Directors or the Chairman. Special meetings may be

called by the Chairman, or in his or her absence the Vice-Chairman, or upon receipt by the General Manager of written requests from a majority of Directors. Notice of a special meeting shall be provided at least seven (7) calendar days prior to the date of such meeting unless a bona fide emergency situation exists, in which case a meeting to deal with the emergency may be held as necessary, with reasonable notice, so long as it is subsequently ratified by the Board. All meetings shall be noticed and conducted in accordance with applicable law, including Sections 286.011 and 189.015, Florida Statutes.

B. Within sixty (60) calendar days of the creation of the Cooperative, the duly appointed Directors shall hold an organizational meeting to elect officers and perform such other duties as are provided for under this Interlocal Agreement.

SECTION 2.08. POWERS AND DUTIES OF THE BOARD. The Board shall act as the governing body of the Cooperative and shall have, in addition to all other powers and duties described herein, the following powers and duties:

A. To fix the time and place or places at which its regular meetings shall be held, and to call and hold special meetings.

B. To make and pass rules, regulations, resolutions, orders, bylaws, and policies not inconsistent with the laws of the United States or of the State, or the provisions of the Interlocal Act or this Interlocal Agreement, necessary for the governance and management of the affairs of the Cooperative, for the execution of the powers, obligations, and responsibilities vested in the Cooperative, and for carrying into effect the provisions of this Interlocal Agreement.

C. To fix the location of the principal place of business of the Cooperative

and the location of all offices maintained thereunder.

D. To create any and all necessary offices in addition to Chairman, Vice-Chairman, Secretary-Treasurer; to establish the powers, duties and compensation of all employees; and to require and fix the amount of all official bonds necessary for the protection of the funds and property of the Cooperative.

E. To select and employ a General Manager, if desired, who shall administer the affairs and manage the staff of the Cooperative with Board approval, and perform all other administrative duties as directed by the Board.

F. To employ or hire such attorneys or firm(s) of attorneys as it deems appropriate to provide legal advice and/or other legal services to the Cooperative.

G. To amend the Cooperative's name, as permitted by law.

SECTION 2.09. LIABILITY. No Director, agent, officer, official or employee of the Cooperative shall be liable for any action taken pursuant to this Interlocal Agreement in good faith or for any omission, except gross negligence, or for any act or omission by any other Director, agent, officer, official or employee of the Cooperative.

ARTICLE III
POWERS AND DUTIES

SECTION 3.01. POWERS.

A. The Cooperative shall have all powers to carry out the purposes of this Interlocal Agreement, including the following powers which shall be in addition to and supplementing any other privileges, benefits and powers granted by the Act:

1. To make and execute contracts or other instruments necessary or convenient to the exercise of its powers.
2. To sue and be sued in its own name.
3. To maintain an office or offices at such place or places as the Board may designate from time to time.
4. To hold, control, and acquire by donation or purchase, or dispose of, any public easements, dedications to public use, platted reservations for public purposes, or any reservations for those purposes authorized by this Agreement and to make use of such easements, dedications and reservations for any of the purposes authorized by this Agreement.
5. To lease, as lessor or lessee, to or from any person, firm, corporation, association or body, public or private, facilities or property of any nature to carry out any of the purposes authorized by this Agreement.
6. To borrow money and issue bonds, certificates, warrants, notes, Obligations or other evidence of indebtedness.
7. To apply for, receive, and accept from any federal or state agency, grants or loans for or in aid of the planning, construction, reconstruction, or financing of

improvements, additions, or extensions to the Cooperative Facilities and to receive and accept aid or contributions or loans from any other source of either money, labor, or other things of value, to be held, used, and applied only for the purpose for which such grants, contributions, or loans may be made.

8. To the extent allowed by law and to the extent required to effectuate the purposes hereof, to exercise all privileges, immunities, and exemptions accorded municipalities, counties (provided at least one Cooperative Member is a county), and special districts of the State under the provisions of the Constitution and laws of the State.

9. To acquire water and water rights; develop, produce, store, and transport water; and provide Wholesale Water Service.

10. To provide retail/local water distribution service and wastewater collection service to retail/local customers in defined geographic areas, subject to the express consent of the entity that provides or is otherwise authorized to provide retail/local water and/or wastewater services to such areas.

11. To the extent permitted by law and when the Cooperative is expressly authorized provide retail/local water and/or wastewater service to an area, to provide for mandatory water, wastewater, and reclaimed water connections of potential customers within such service area.

12. To transmit, treat, reclaim, and dispose of wastewater and otherwise provide Wholesale Wastewater Service.

13. To sell or otherwise dispose of the effluent, sludge, or other by-products as a result of water or wastewater treatment.

14. To acquire, construct, own, operate, manage, maintain, dispose of, improve and expand the Cooperative Facilities, and to have the exclusive control and jurisdiction thereof.

15. To acquire, by purchase, gift, devise or otherwise, and to dispose of, real or personal property, or any estate therein. To the extent the power of eminent domain is available to Cooperative in accordance with applicable law, in particular the Interlocal Act, such power may be exercised by Cooperative both within and outside the Cooperative Area for the purpose of carrying out the intent of this Interlocal Agreement.

16. To fix, levy and collect rates, fees and other charges (including, but not limited to, wholesale rates, retail rates, and Connection Fees) from persons or property, or both, for the use of the Cooperative's services, facilities and products or to pay the operating or financing costs of the facilities and services available to potential users; to provide for automatic annual adjustments to rates, fees and other charges; to the extent provided by law, to provide for reasonable penalties to be imposed on any users or property for any such rates, fees or charges that are delinquent.

17. To contract with one or more private or public entities or persons for the purpose of carrying out any of its powers and for that purpose to contract with such other entities for the purpose of financing such acquisitions and operations, and for the division and apportionment of the benefits, services and products therefrom. Such contracts may contain such other and further covenants and agreements as may be necessary and convenient to accomplish the purposes hereof.

18. To enter into other interlocal agreements or join with any other special purpose or general purpose local governments, special districts, public agencies

or authorities in the exercise of common powers or to assist the Cooperative in acquiring land and rights or interests therein.

19. To contract for the service of engineers, accountants, attorneys, rate consultants, and other experts or consultants, and such other agents and employees as the Board may require or deem appropriate.

20. To develop, implement, disseminate, publicize and otherwise encourage water conservation and reuse plans, programs and projects on behalf of one or more of the Cooperative Members hereto in order to reduce the per capita usage of water.

21. To contract with one of more of the Cooperative Members or any private or public entity or person for operation, maintenance or management requirements.

22. Subject to such provisions and restrictions as may be set forth herein and in any Financing Document or grant agreement, to sell or otherwise dispose of the Cooperative Facilities, or any portion thereof, upon such terms as the Board deems appropriate.

23. To appoint advisory, administrative or operating boards or committees to assist the Board in the exercise and performance of the powers and duties provided for under this Agreement.

24. To apply for, obtain, renew, modify, receive by assignment, and comply with any and all permits, licenses or other third party approvals necessary for the acquisition, development, construction, or operation of water, wastewater, or reclamation facilities.

25. To assist Cooperative Members in constructing and operating reclaimed water projects to optimize the use of reclaimed water to replace the need for potable water.

26. To the extent provided by law, to require and enforce the use of services, products and facilities of the Cooperative whenever and wherever they are accessible, and to require and enforce the installation and dedication to the Cooperative of water, wastewater, and reclamation facilities or easements as a condition precedent to the provision of service by the Cooperative or by another entity authorized by the Cooperative to provide interim service until Cooperative services, products and facilities are available.

27. To construct, maintain, and operate connecting, intercepting, or outlet water and wastewater mains, pipes, conduits, pumping stations, or pipelines in, along, or under any streets, alleys, highways or other public places or ways regulated by or under the jurisdiction of the State or any political subdivision or municipal corporation when necessary or convenient.

28. To prescribe methods of pretreatment of industrial wastes not amenable to treatment with domestic wastewater before accepting such wastes for treatment and to refuse to accept such industrial wastes when not sufficiently pretreated as may be prescribed, and, to the extent permitted by law, to prescribe penalties for the refusal of any person or corporation to so pretreat such industrial wastes.

29. To the extent provided by law and when not otherwise inconsistent with the terms of this Agreement, to require and enforce the use of services, products, and facilities of the Cooperative whenever and wherever they are accessible, and to

require and enforce the installation and dedication to the Cooperative of water and wastewater facilities or easements as a condition precedent to the provision of service by the Cooperative or by another entity authorized by the Cooperative to provide interim service until Cooperative services, products and facilities are available.

30. To provide such retirement benefits and program as the Board deems appropriate.

31. To divide the Cooperative Facilities into separate units, benefit areas, subsystems or subdistricts for setting rates, fees, and charges, accounting or financing improvements or additions, or any other purpose.

32. To accomplish construction directly or by letting construction contracts to other entities, whether public or private, for all or any part of the construction of improvements to the Cooperative Facilities as determined by the Board in accordance with applicable law.

33. To invest its moneys in such investments as directed by the Board in accordance with State law and which shall be consistent in all instances with the applicable provisions of the Financing Documents.

34. To purchase such insurance as it deems appropriate.

35. To do all acts and to exercise all of the powers necessary, convenient, incidental, implied or proper in connection with any of the powers, duties or purposes authorized by this Interlocal Agreement or the Act.

B. The powers described in this Section may be exercised by the Cooperative anywhere within the Cooperative Area. Provided, the Cooperative is authorized to exercise all powers described in this Section related to Water Supply

Facilities and Wastewater Treatment and Transmission Facilities outside of the Cooperative Area.

SECTION 3.02. ADOPTION OF RATES, FEES OR OTHER CHARGES.

A. The Board shall adopt by resolution a schedule of rates, fees, and other charges for the use of the services, facilities, and products of the Cooperative to be paid by each user (including wholesale and retail users). The Cooperative may establish separate rates, fees and charges for different portions of the Cooperative Area or Cooperative Facilities, provided such rates, fees and charges are consistent with applicable law.

B. Such rates, fees, and charges shall be adopted and revised so as to provide moneys, which, with other funds available for such purposes, shall be at least sufficient at all times to pay the expenses of operating, managing, expanding, improving, and maintaining the activities of the Cooperative and the Cooperative Facilities, including renewal and replacement reserves for such Cooperative Facilities, to pay costs and expenses provided herein and the Financing Documents, and to pay the principal and interest on the Obligations as the same shall become due and reserves therefore, and to provide a reasonable margin of safety over and above the total amount of such payments. Notwithstanding any other provision in this Interlocal Agreement, such rates, fees and charges should always be sufficient to comply fully with any covenants contained in the Financing Documents or other funding agreements. The Cooperative shall charge and collect such rates, fees, and charges so adopted and revised, and such rates, fees, and charges shall not be subject to the supervision or regulation by any other commission, board, bureau, agency, or other political

subdivision of the State.

C. Such rates, fees and charges shall be just, equitable, and uniform for similarly situated users and may be based upon or computed upon any factor or combination of factors affecting the use of the services, products, or facilities furnished to the Cooperative's users or customers, as may be determined by the Board from time to time. No rates, fees or charges shall be fixed, adopted or revised under the foregoing provisions of this Section 3.02 until after a duly noticed public hearing at which all interested persons shall have an opportunity to be heard concerning the proposed rates, fees, or charges. Notice of such public hearing setting forth the proposed schedule or schedules of rates, fees, or charges shall be given by one publication in a newspaper circulating in the area affected by such proposed rates, fees, or charges at least ten (10) days before the date fixed in such notice for the public hearing, which may be adjourned from time to time. After such hearing, the proposed schedule or schedules, either as initially adopted, or as modified or amended, may be finally adopted. For rates, fees, and charges for use of Cooperative Facilities, the Cooperative shall also comply with Section 180.136, Florida Statutes, where applicable.

D. The rates, fees or charges adopted for any class of customers served shall be extended to cover any additional customers thereafter served which shall fall within the same class, without the necessity of any further hearing or notice.

E. The Board may appoint the General Manager, a Director, committee of Directors, and/or a special master to conduct the public hearing or hearings on its behalf relating to rates, fees and charges. The General Manager, Director, committee of Directors and/or designated special master shall act as hearing officers and report to

the Board its findings relating to such public hearing. Except as provided pursuant to a delegation in an interlocal agreement with an Cooperative Member, only the Board may set or revise rates, fees and charges.

SECTION 3.03. CONNECTION FEES.

A. The Cooperative is empowered to levy and collect Connection Fees relating to the Cooperative Facilities for capital improvements and debt service on such capital improvements under such conditions as shall be prescribed by the Board. Connection Fees may become Pledged Funds in accordance with the terms of the Financing Documents.

B. The Board may change or revise the schedule of Connection Fees upon compliance with the notice and hearing requirements set forth for the adoption of rates, fees and other charges.

SECTION 3.04 UNPAID FEES. The Board shall have the power, under such reasonable procedures as the Board may adopt from time to time, to discontinue and shut off water and wastewater services or discontinue the provision of other services provided by the Cooperative until delinquent fees, rates or charges, including interest and charges for the discontinuance and the cost of restoration of such services, or both, are fully paid; and, for such purposes, the Cooperative may enter onto any lands, waters or premises of any person, firm, corporation or body, public or private, served by the Cooperative.

SECTION 3.05. PLANNING.

A. The Cooperative shall annually submit a five-year capital improvement plan to the Cooperative Members and such other governmental entities with jurisdiction

over areas where Cooperative Facilities are located or are planned for future construction for a determination by each such entity that the capital improvement plan is consistent with the applicable local government comprehensive plan and adopted land development regulations of such Cooperative Member adopted pursuant to Chapter 163, Part II, Florida Statutes.

B. In carrying out their statutorily conferred zoning, land use and comprehensive planning powers and responsibilities, the Cooperative Members shall not prohibit or unreasonably restrict the use of land for the location of Cooperative Facilities or for other Cooperative purposes.

SECTION 3.06. ANNUAL BUDGET.

A. Following the creation of the Cooperative, the Board shall approve an interim budget which shall provide for revenues and expenditures during the remainder of the Fiscal Year in which it was formed. Such interim budget shall be utilized solely for the initial year of creation of the Cooperative, after which the budget shall be created pursuant to the remaining provisions of this Section.

B. Prior to October 1 of each year, the Board will adopt an annual budget for the Cooperative by resolution in accordance with the procedures set forth herein and Section 189.016, Florida Statutes. The annual budget shall contain an estimate of receipts by source and an itemized estimation of expenditures anticipated to be incurred to meet the financial needs and obligations of the Cooperative. The General Manager or such other person designated by the Board shall prepare the annual budget. The annual budget shall contain a five-year capital improvement plan.

C. Tentative Budget. Prior to August 1 of each year, the General Manager,

or such other person designated by the Board, shall prepare and deliver to the Board a balanced tentative budget for the Cooperative covering its proposed operating, capital, and other financial requirements for the ensuing Fiscal Year.

D. Final Budget. The Board shall publish a notice of the meeting in which the annual budget is to be adopted, which notice shall be published at least ten (10) days prior to the date of the budget hearing in a newspaper of general circulation within each Cooperative Member's jurisdiction. The adopted budget shall be the operating and fiscal guide for the Cooperative for the ensuing Fiscal Year.

E. The Board may from time to time amend the budget at any duly called regular or special meeting in accordance with the procedures set forth in Section 189.016, Florida Statutes.

F. Consistent with Section 189.016, Florida Statutes, the tentative budget shall be posted on the Cooperative's official website at least 2 days before the final budget hearing and shall remain on the website for at least 45 days. The final adopted budget must be posted on the Cooperative's official website within 30 days after adoption and must remain on the website for at least 2 years.

G. The Cooperative shall provide financial reports in such form and in such manner as prescribed pursuant to this Interlocal Agreement and Chapter 218, Florida Statutes.

SECTION 3.07. AD VALOREM TAXATION NOT AUTHORIZED. The Cooperative shall not have the power to levy and assess ad valorem taxes.

SECTION 3.08. CONTRIBUTIONS FROM COOPERATIVE MEMBERS; REVENUE SHARING AGREEMENTS.

A. Pursuant to section 163.01(8), Florida Statutes, and subject to compliance with the terms of all Financing Documents and other funding agreements, the Board is empowered to accept contributions, payments, advances, loans, and/or transfers of funds from the Cooperative Members at any time and to repay or return some or all of such funds from Cooperative revenues. All contributions, payments, advances, loans and or/transfers of funds to the Cooperative by Cooperative Members and the terms of repayment or return of such funds (where applicable) by the Cooperative to Cooperative Members shall be governed by separate agreement entered into between the Cooperative and one or more of the Cooperative Members.

B. The Board is empowered to enter into separate agreements with the Cooperative Members governing the sharing, payment, loan, and/or transfer of funds between the Cooperative and any or all of the Cooperative Members from any of the following sources: ad valorem taxes, special assessments, sales surtax revenues imposed pursuant to section 212.055, Florida Statutes, impact fees, Connection Fees, amounts derived from the calculation of a dedicated tax increment, and any other legally available source of funds. The term of such separate agreements shall be for a period of years and the number of such agreements may vary over time as a method to adjust revenue to the Cooperative and provide a mechanism for return of surplus Cooperative revenue to the Cooperative Members after providing for financial reserves and future growth investments in facilities within the Service Area.

SECTION 3.09. ACQUISITION OF UTILITY FACILITIES BY AUTHORITY MEMBERS. The Cooperative agrees that each Cooperative Member shall by granted an option and right of first refusal to acquire any Cooperative Facilities, or portion

thereof, located within the jurisdiction of such Cooperative Member in the event the Cooperative, in its sole discretion, determines to sell Cooperative Facilities, or any portion thereof, to the extent not inconsistent with the applicable Financing Documents or funding agreements (including any grants). The terms of such acquisition and purchase price thereof shall be established pursuant to the Financing Document relating thereto or a utility acquisition agreement between the Cooperative and the respective Cooperative Member. Each Cooperative Member may assign option and right of first refusal to acquire such Cooperative Facilities to another Cooperative Member.

SECTION 3.10. COOPERATIVE APPROVAL OF CONSTRUCTION OF COOPERATIVE FACILITIES.

A. The Board may adopt all necessary regulations by resolution that provide design and construction specifications and procedures for the dedication of facilities to the Cooperative or to an Cooperative Member to which ownership of some or all of the Cooperative Facilities has been or may be transferred.

B. The Cooperative may require, as a condition precedent to the approval of any connection to the Cooperative Facilities, (i) that all subdivision-type infrastructure, or other contributed transmission or distribution infrastructure necessary to serve a particular project or customer, and necessary easements be dedicated to the Cooperative or a Cooperative Member, (ii) that the developer make available interim treatment facilities or services or contract for same on an interim basis from an authorized service provider, and (iii) that the developer, or the person or entity the developer has contracted with, provide interim treatment service, or lease back for nominal consideration and maintain such dedicated or contributed facilities until such

time as the Cooperative or a Cooperative Member provides services; provided in each case the foregoing actions shall be consistent with applicable regulations of the Cooperative Members.

SECTION 3.11. PROVISIONS APPLICABLE TO CEDAR KEY WATER AND SEWER DISTRICT. Notwithstanding any other provision in this Agreement, the Cooperative Members acknowledge and agree that the Cedar Key Water and Sewer District (“CKWSD”) is the exclusive provider of local/retail water and wastewater service to customers within the CKWSD’s service area, as established pursuant to the CKWSD charter. Nothing in this Agreement shall be construed as permitting Cooperative to provide local/retail water or wastewater service to customers within the CKWSD’s service area unless expressly authorized by the CKWSD. Further, nothing herein shall obligate CKWSD to receive Wholesale Water Service or Wholesale Wastewater Service from the Cooperative. The Cooperative and CKWSD may, but are not required to, enter into one or more separate written agreements establishing the terms and conditions pursuant to which Cooperative may provide Wholesale Water Service and/or Wholesale Wastewater Service to the District, including the applicable wholesale service rates. Notwithstanding any other provision in this Agreement, CWKSD shall have the right to obtain Wholesale Water Service and/or Wholesale Wastewater Service from any other source, including from its own facilities or through agreements with any other public or private entities or providers.

ARTICLE IV

OBLIGATIONS

SECTION 4.01. GENERAL.

A. The Board shall have the power and it is hereby authorized to provide pursuant to the Financing Documents, at one time or from time to time in series, for the issuance of Obligations of the Cooperative, or notes in anticipation thereof, for one or more of the following purposes:

1. Paying all or part of the Cost of one or more Projects;
2. Refunding any bonds or other indebtedness of the Cooperative;
3. Assuming or repaying the indebtedness relating to Cooperative Facilities, acquired or leased by the Cooperative from a public or private entity;
4. Setting aside moneys in a renewal or replacement account;
5. Funding a debt service reserve account;
6. Capitalizing interest on the Obligations;
7. Paying costs of issuance relating to the Obligations; and
8. Any other purpose relating to this Interlocal Agreement.

The principal of and the interest on each series of Obligations shall be payable from the Pledged Funds, all as determined pursuant to the Financing Documents. The Cooperative may grant a lien upon and pledge the Pledged Funds in favor of the holders of each series of Obligations in the manner and to the extent provided in the Financing Documents. Such Pledged Funds shall immediately be subject to such lien without any physical delivery thereof and such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the

Cooperative.

B. The Obligations of each series shall be dated, shall bear interest and such rate or rates, shall mature at such time or times not exceeding forty (40) years from their date or dates, may be made redeemable before maturity, at the option of the Cooperative, at such price or prices and under such terms and conditions, all as shall be determined by the Board pursuant to the Financing Documents. The Board shall determine the form of the Obligations, the manner of executing such Obligations, and shall fix the denomination of such Obligations and the place of payment of the principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any Obligations shall cease to be such officer before the delivery of such Obligations, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until delivery. The Board may sell Obligations in such manner and for such price as it may determine to be in the best interest of the Cooperative in accordance with the terms of the Financing Documents. In addition to the Pledged Funds, the Obligations may be secured by such credit enhancement as the Board determines to be appropriate pursuant to the Financing Documents. The Obligations may be issued as capital appreciation bonds, current interest bonds, term bonds, serial bonds, variable bonds or any combination thereof, all as shall be determined pursuant to the Financing Documents.

C. Prior to the preparation of definitive Obligations of any series, the Board may issue interim receipts, interim certificates or temporary Obligations, exchangeable for definitive Obligations when such Obligations have been executed and are available

for delivery. The Board may also provide for the replacement of any Obligation which shall become mutilated or be destroyed or lost. Obligations may be issued without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this Interlocal Agreement, the Financing Documents or other applicable laws.

D. The proceeds of any series of Obligations shall be used for such purposes and shall be disbursed in such manner and under such restrictions, if any, as the Board may provide pursuant to the Financing Documents.

E. The Financing Documents may also contain such limitations upon the issuance of additional Obligations as the Board may deem appropriate, and such additional Obligations shall be issued under such restrictions and limitations as may be prescribed by such Financing Documents. The Financing Documents may contain such provisions and terms in relation to the Obligations and the Pledged Funds as the Board deems appropriate and which shall not be inconsistent herewith.

F. Obligations shall not be deemed to constitute a general obligation debt of the Cooperative or the Cooperative Members or a pledge of the faith and credit of the Cooperative or any of the Cooperative Members, but such Obligations shall be payable solely from the Pledged Funds and any moneys received from the credit enhancers of the Obligations, in accordance with the terms of the Financing Documents. The issuance of Obligations shall not directly or indirectly or contingently obligate the Cooperative or any of the Cooperative Members to levy or to pledge any form of ad valorem taxation whatsoever therefor. No holder of any such Obligations shall ever have the right to compel any exercise of the ad valorem taxing power on the part of any

of the Cooperative Members to pay any such Obligations or the interest thereon or the right to enforce payment of such Obligations, or the interest thereon, against any property of the Cooperative or any of the Cooperative Members, nor shall such Obligations constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Cooperative or any of the Cooperative Members, except the Pledged Funds in accordance with the terms of the Financing Documents.

G. All Pledged Funds shall be deemed to be trust funds, to be held and applied solely as provided in the Financing Documents. Such Pledged Funds may be invested by the Cooperative in such manner as provided in the Financing Documents.

H. Any holder of Obligations, except to the extent the rights herein given may be restricted by the Financing Documents, may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State or granted hereunder or under the Financing Documents, and may enforce and compel the performance of all agreements or covenants required by this Interlocal Agreement, or by such Financing Documents, to be performed by the Cooperative or by any officer thereof.

I. The Obligations may be validated, at the sole discretion of the Board, pursuant to Chapter 75, Florida Statutes. Obligations may be issued pursuant to and secured by a resolution of the Board.

J. In addition to the other provisions and requirements of this Interlocal Agreement, any Financing Documents may contain such provisions as the Board deems appropriate.

K. All Obligations issued hereunder shall not be invalid for any irregularity or

defect in the proceedings for the issuance and sale thereof and shall be incontestable in the hands of bona fide purchasers for value. No proceedings in respect to the issuance of such Obligations shall be necessary except such as are required by this Interlocal Agreement, the Financing Documents and general law. The provisions of the Financing Documents shall constitute an irrevocable contract between the Cooperative and the holders of the Obligations issued pursuant to the provisions thereof.

L. Holders of Obligations shall be considered third party beneficiaries hereunder and may enforce the provisions hereof.

M. The Board may enter into such swap, hedge or other similar arrangements relating to any Obligations as it deems appropriate.

SECTION 4.02. CONDUIT TRANSACTIONS. In addition to the powers granted to the Cooperative hereunder, including the power to issue Obligations pursuant to this Article IV, the Cooperative may issue obligations, to the extent permitted by law, for the principal purpose of loaning the proceeds thereof to a public or private entity, which shall finance or refinance the acquisition and construction of water treatment, production or transmission facilities, or wastewater treatment, transmission, and disposal facilities. Such Obligations shall be secured in such manner as determined by the Board. Such security may include moneys received pursuant to a loan agreement between the Cooperative and such public or private entity. Such Obligations shall have the terms provided in Section 4.01 hereof.

SECTION 4.03. COOPERATIVE MEMBER COOPERATION. Each Cooperative Member shall cooperate with the Cooperative when it issues Obligations. The Cooperative and the Cooperative Members shall comply with reasonable requests

of each other, including, without limitation, the following:

- A. Making available copies of annual reports produced annually by any of the Cooperative Members and the Cooperative containing general and financial information;
- B. Consenting to publication and distribution of such financial information;
- C. Certifying that such general and financial information is accurate, does not contain any untrue statements of a material fact and does not fail to state a material fact necessary to avoid creating and erroneous or misleading impression.
- D. Making available certified copies of official proceedings;
- E. Providing reasonable certifications to be used in a transcript of closing documents; and
- F. Providing reasonably requested certificates and/or opinions of counsel as to the binding effect of this Agreement.

ARTICLE V

WITHDRAWAL AND TERMINATION

SECTION 5.01. WITHDRAWAL OF COOPERATIVE MEMBER.

A. Any Cooperative Member may withdraw from the Cooperative at any time, if the following conditions are satisfied: (i) there shall be at least two (2) Cooperative Members remaining in the Cooperative subsequent to withdrawal, and (ii) a resolution from the Cooperative Member's governing body setting forth its intent to withdraw is presented to the Cooperative. Upon satisfaction of the foregoing conditions, such withdrawal shall be effective.

B. In the event the Cooperative does not own, operate, lease, or manage and Cooperative Facilities, or portion thereof, within the jurisdiction of an Cooperative Member, such Cooperative Member may be dismissed from the Cooperative by majority vote of all Directors unless subsequent to dismissal there shall be less than two (2) Cooperative Members remaining in the Cooperative.

SECTION 5.02. TERMINATION OF COOPERATIVE.

A. This Agreement and the Cooperative may be terminated and dissolved as provided in this Section 5.02:

1. The Cooperative may be terminated and dissolved at any time by unanimous agreement of all Cooperative Members, upon the Board's receipt of notices of intent to terminate approved by the governing body of each Cooperative Member. Such termination shall become effective on the date a notice of intent to terminate approved by the governing body of each Cooperative Member has been transmitted to the Board and the requirements contained within this paragraph have been fully

satisfied. Provided, prior to any such termination becoming effective, provision must be made for payment of all outstanding Obligations, expenses, and liabilities of the Cooperative, and satisfaction of any conditions or obligations contained within any grants awarded to the Cooperative that could trigger repayment requirements if they are not satisfied. Obligations shall be deemed to be paid when: (a) payment of the principal of and premium, if any, on such Obligation, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Financing Documents), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing in trust and irrevocably setting aside exclusively for such payment (x) moneys sufficient to make such payment and/or (y) Governmental Obligations authorized for defeasance under the Financing Documents, maturing as to principal and interest in such amounts and at such time as will provide for the availability of sufficient moneys to make such payment, and (b) all other amounts payable in respect of such Obligations pursuant to the Financing Documents shall have been paid or the payment thereof provided for to the satisfaction of the Cooperative's bond counsel. If the Cooperative has insufficient funds to satisfy its outstanding Obligations, expenses, and liabilities (including any grants awarded to the Cooperative that could trigger repayment requirements if they are not satisfied), the responsibility for funding any deficiencies shall be shared equally by the Cooperative Members unless all Cooperative Members agree in writing to a different method of allocating responsibility for such deficiencies.

2. If the Cooperative does not own, lease, or operate any Cooperative Facilities, there are no Obligations outstanding, and there are no outstanding grants

awarded to the Cooperative containing conditions or obligations that could trigger repayment requirements if they are not satisfied, the Cooperative may be terminated and dissolved by a majority vote of the Board. Provided, prior to any such termination becoming effective, provision must be made for payment of all outstanding expenses and liabilities of the Cooperative

B. In the event of termination, the Cooperative Members shall negotiate a fair and equitable distribution of Cooperative Facilities and other assets.

SECTION 5.03. TRANSFER OF COOPERATIVE FACILITIES TO WITHDRAWING COOPERATIVE MEMBER OR UPON TERMINATION OF COOPERATIVE'S EXISTENCE.

A. In the event of a withdrawing Cooperative Member (the "Withdrawing Member"), the Cooperative may convey any Cooperative Facilities located within the jurisdiction of the Withdrawing Member and any Obligations relating thereto to such Withdrawing Member upon satisfaction of the following conditions:

1. The conveyance is approved by the Board and the governing body of the Withdrawing Member;
2. The Withdrawing Member assumes all Obligations, responsibilities, and liabilities related to the facilities to be transferred to the Withdrawing Member; and
3. The Cooperative's bond counsel provides an opinion that the transfer of the facilities and any Obligations related thereto will not adversely affect the tax-exempt status of outstanding Obligations.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. DELEGATION OF DUTY. Nothing contained herein shall be deemed to authorize the delegation of any of the constitutional or statutory duties of any Cooperative Member or any officers thereof.

SECTION 6.02. FILING.

A. A copy of this Interlocal Agreement shall be filed for records with the Clerk of the Circuit Court of Levy County.

B. Within 30 days of the Effective Date, a copy of this Agreement

SECTION 6.03. IMMUNITY.

A. All of the privileges and immunities from liability and exemptions from laws, ordinances and rules which apply to the activity of officials, officers, agents or employees of the Cooperative Members shall apply to the individuals performing their respective functions and duties under the provisions of this Interlocal Agreement.

B. The Cooperative Members intend to utilize Section 768.28 and 163.01(9)C., Florida Statutes, other Florida Statutes and the common law governing sovereign immunity to the fullest extent possible. Pursuant to Section 163.01(5)(o), Florida Statutes, the Cooperative Members may not be held jointly liable for the torts of the officers or employees of the Cooperative or any other tort attributable to the Cooperative, and that the Cooperative alone shall be liable for any torts attributable to it or its officers, employees or agents, and then only to the extent of the waiver of sovereign immunity or limitation of liability as specified in Section 768.28, Florida Statutes. The Cooperative Members intend that the Cooperative shall have all of the

privileges and immunities from liability and exemptions from laws, ordinances, rules and common law which apply to the municipalities and counties (provided at least one Cooperative Member is a County) of the State. Nothing in this Interlocal Agreement is intended to inure to the benefit of any third-party for the purpose of allowing any claim which would otherwise be barred under the doctrine of sovereign immunity or by operation of law.

SECTION 6.04. LIMITED LIABILITY. No Cooperative Member shall in any manner be obligated to pay any debts, obligations or liabilities arising as a result of any actions of the Cooperative, its Directors, or any other agents, employees, officers or officials of the Cooperative, except to the extent otherwise mutually agreed upon, and neither the Cooperative nor the directors nor any other agents, employees, officers or officials of the Cooperative shall have any authority or power to otherwise obligate any individual Cooperative Member hereto in any way.

SECTION 6.05. INDEMNIFICATION. Without waiving sovereign immunity and within the limits provided by Section 768.28, Florida Statutes, the Cooperative hereby agrees to indemnify, protect, save and hold forever harmless the Cooperative Members and all of their respective officers, employees, and contractors from and against all liabilities, obligations, claims, damages, judgments, penalties, costs and expenses (including, without limitation, attorney's fees, court costs, and expert witness and consultant costs incurred during negotiation, through litigation and all appeals therefrom) which arise after the creation of the Cooperative which may be incurred, suffered, sustained or for which a Cooperative Member may become obligated or liable as a result of (i) the failure of the Cooperative to comply with applicable non-conflicting

laws, rules or regulations, (ii) the breach by Cooperative of its obligations under this Agreement, (iii) any claim for trademark, patent or (iii) the negligent act, errors or omissions, or intentional or willful misconduct, of the Cooperative or its officers, contractors, agents, and employees; provided, however, that the Cooperative shall not be obligated to indemnify any Cooperative Member with respect to any such claims or damages arising solely out of such Cooperative Member's negligence or intentional or willful misconduct.

SECTION 6.06. AMENDMENTS. This Agreement may be amended in writing at any time by majority vote of the Board and subsequent ratification by the governing body of each Cooperative Member. However, this Agreement may not be amended so as to (A) permit any profits of the Cooperative to inure to the benefit of any private person, (B) permit the diversion or application of any of the monies or other assets of the Cooperative for any purposes other than those specified herein, (C) adversely affect the tax-exempt status, if applicable, of interest on Obligations, or (D) materially, adversely affect the security of any Obligations.

SECTION 6.07. SEVERABILITY. In the event that any provision of this Interlocal Agreement shall, for any reason, be determined invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the other provisions of this Interlocal Agreement shall remain in full force and effect.

SECTION 6.08. CONTROLLING LAW. This Interlocal Agreement shall be construed and governed by Florida law.

SECTION 6.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which

shall constitute but one and the same instrument.

SECTION 6.10. EFFECTIVE DATE. This Interlocal Agreement shall become effective on the date the last Cooperative Member executes this Interlocal Agreement and the filing requirements of Section 6.02 hereof are satisfied (the “Effective Date”).

(Signature Pages Follow)

IN WITNESS WHEREOF, this Interlocal Agreement has been executed by and on behalf of the Town of Bronson, by its authorized officers or officials on this 7th day of June, 2023.

TOWN OF BRONSON, FLORIDA

By: , Mayor

ATTEST:


Town Clerk

IN WITNESS WHEREOF, this Interlocal Agreement has been executed by and on behalf of the Town of Otter Creek, by its authorized officers or officials on this 8th day of June, 2023.

TOWN OF OTTER CREEK, FLORIDA

By: Therese Granger
Therese Granger, Mayor

ATTEST:

D. West
Town Clerk

IN WITNESS WHEREOF, this Interlocal Agreement has been executed by and on behalf of the Cedar Key Water and Sewer District, by its authorized officers or officials on this 12th day of June, 2023.

CEDAR KEY WATER AND SEWER DISTRICT

ATTEST:

Flora Haldeman
Chair

Ann Ruckbush
Clerk



Presentation to Levy County BoCC

Memo regarding the request to appoint a Board Member to the
Waccasassa Water and Wastewater Cooperative

May 7, 2024



How did we get here?

- **November 22, 2022:** County Staff presented an informational item regarding potential County involvement in the Cooperative that included the Feasibility Report titled “Phase 1: Regional Alternative Water Supply Feasibility – Cedar Key, Bronson, Otter Creek, and Unincorporated Areas in Levy County”; a draft Interlocal Agreement to form the Cooperative; and a County Staff Memorandum
- **December 6, 2022:** County Staff presented a second Memorandum that provided answers to several questions and a decision tree for BoCC consideration. After discussion and public comment, the BoCC approved sending a letter of support for the Project.
- **June 13, 2023:** the Cooperative was created as a legal entity by Interlocal Agreement between the Town of Bronson, the Town of Otter Creek and the Cedar Key Water and Sewer District, an independent special district governmental entity.
- **January 17, 2024:** The Cooperative Board discussed expanding the Board to include Commissioner John Meeks to represent the Levy County BOCC and Tammy Boyle to represent the Levy County School Board.
- **March 5, 2024:** The County Coordinator presented an item for the BoCC to discuss adding a County Commissioner to the Cooperative Board. The BoCC requested that County Staff return with further information.

Can the BoCC appoint a member to the Cooperative Board?

No, a County Commissioner cannot be a Director of the Cooperative unless the County becomes a Member of the Cooperative.

- The Cooperative Board is comprised of one Director appointed by each Member and has broad powers and duties to govern and manage the Cooperative and carry into effect the provisions of the Interlocal Agreement.”
- The Cooperative Board may admit additional Public Agencies to membership upon application of the Public Agency and the affirmative vote of the majority plus one of all Directors at a duly called meeting of the Cooperative.
- In deciding whether to become a Member of the Cooperative (and therefore eligible to appoint a Director to the Cooperative Board), the BoCC should carefully consider the purpose of the Cooperative, the requirements of each Member, the objective(s) of the County, and the County resources that will be required.

What is the purpose of the Cooperative?

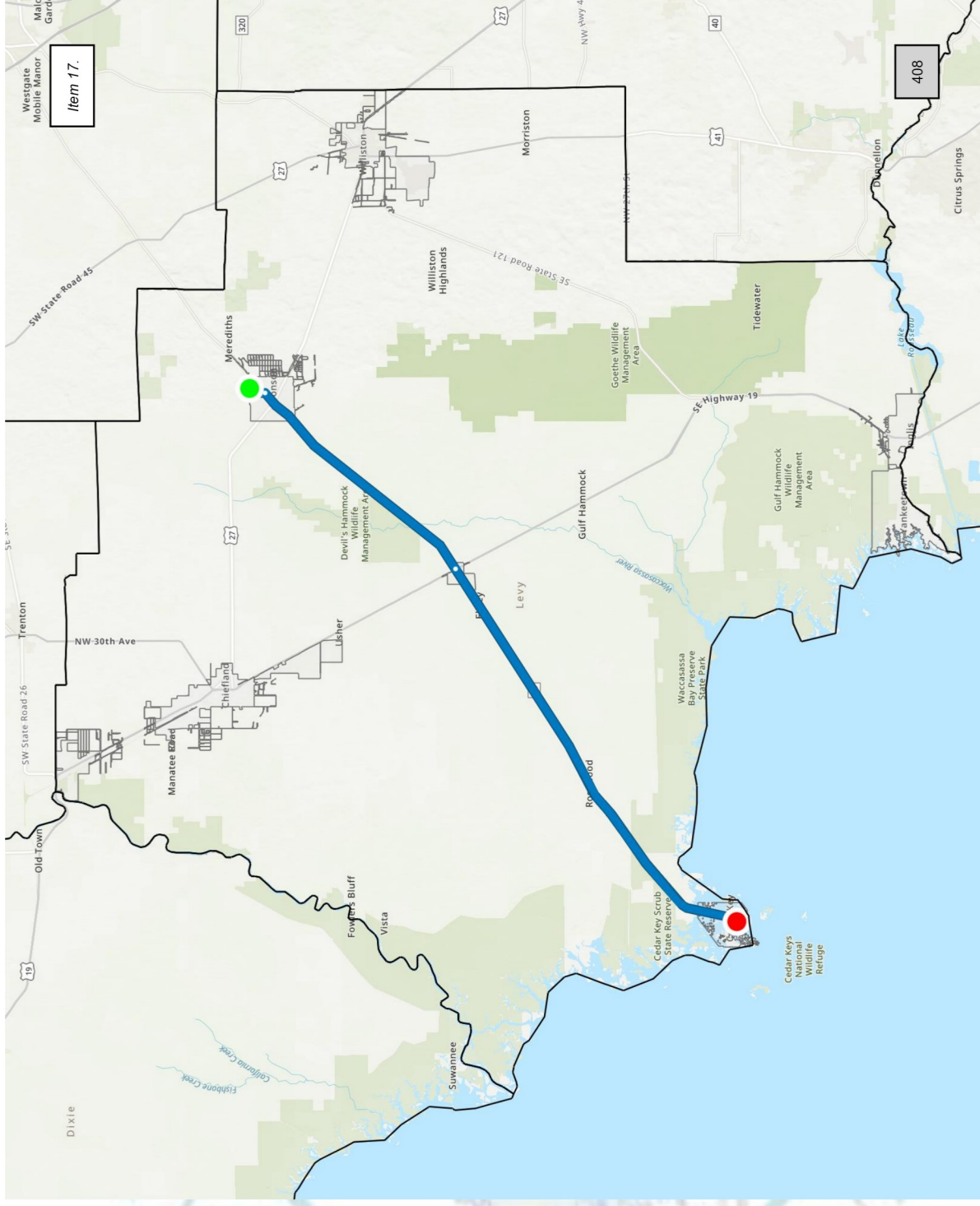
To plan for, develop, finance, construct, improve, own, operate, maintain, manage, acquire, and dispose of Cooperative Facilities for the purpose of providing Wholesale Water and Wastewater Service. The Cooperative may also provide local/retail water and wastewater service with the express consent of the local entity.

The Cooperative is granted broad powers to achieve its purpose, including: hiring staff, adopting a budget, capital improvement planning, constructing infrastructure, setting rates and connection fees.

The Cooperative must generate its revenue from Utility fees, rates and charges; grants; contributions from its Members; and bonds and other indebtedness. The Cooperative is not authorized to levy ad valorem taxes.

The Plan

To bring water and
wastewater
services from
Bronson to Cedar
Key.



What are the member requirements?



What are the Member Requirements?

Is a Member required to purchase Wholesale Water Service or Wholesale Wastewater Service? Not generally addressed; however, there are specific provisions that state CKWSD is not required to receive any service and that CKWSD does not consent to the Cooperative providing local/retail service to customers within the CKWSD service area.

Interesting because (1) the purpose of the Cooperative is to provide Wholesale Water and Wastewater Service; and (2) the Project identifies Cedar Key (including its tourist population) as the largest water and wastewater service user and a primary driver for the Project need.

What are the Member Requirements?

Are Members required to consent to the location of Cooperative Facilities? Yes, each Member does so when it signs the Interlocal Agreement. “Cooperative Members hereby consent and agree to the Cooperative acquiring, owning, improving, operating and maintaining Cooperative Facilities within their respective jurisdictions in accordance with the terms of this Interlocal Agreement, sound engineering practices and applicable law.”

“In carrying out their statutorily conferred zoning, land use and comprehensive planning powers and responsibilities, the Cooperative Members shall not prohibit or unreasonably restrict the use of land for the location of Cooperative Facilities or for other Cooperative purposes.”

What are the Member Requirements?

Are Members allowed to withdraw from the Cooperative?

- **Yes**, at any time, provided there are at least two Cooperative Members remaining.
- If the County becomes a Member and other Members – such as Bronson and CKWSD - withdraw, the County could be left with significantly greater responsibilities.

What are the Member Requirements?

Are Members responsible for the obligations of the Cooperative?

The Cooperative is a separate legal entity and responsible for its own obligations; however, upon termination of the Cooperative “prior to any such termination becoming effective, provision must be made for payment of all outstanding expenses and liabilities of the Cooperative.”

“If the Cooperative has insufficient funds to satisfy its outstanding Obligations, expenses, and liabilities (including any grants awarded to the Cooperative that could trigger repayment requirements if they are not satisfied), the responsibility for funding any deficiencies shall be shared equally by the Cooperative Members unless all Cooperative Members agree in writing to a different method of allocating responsibility for such deficiencies.

What are the Member Requirements?

Is the County required to take over the Cooperative utilities if terminated or abandoned?

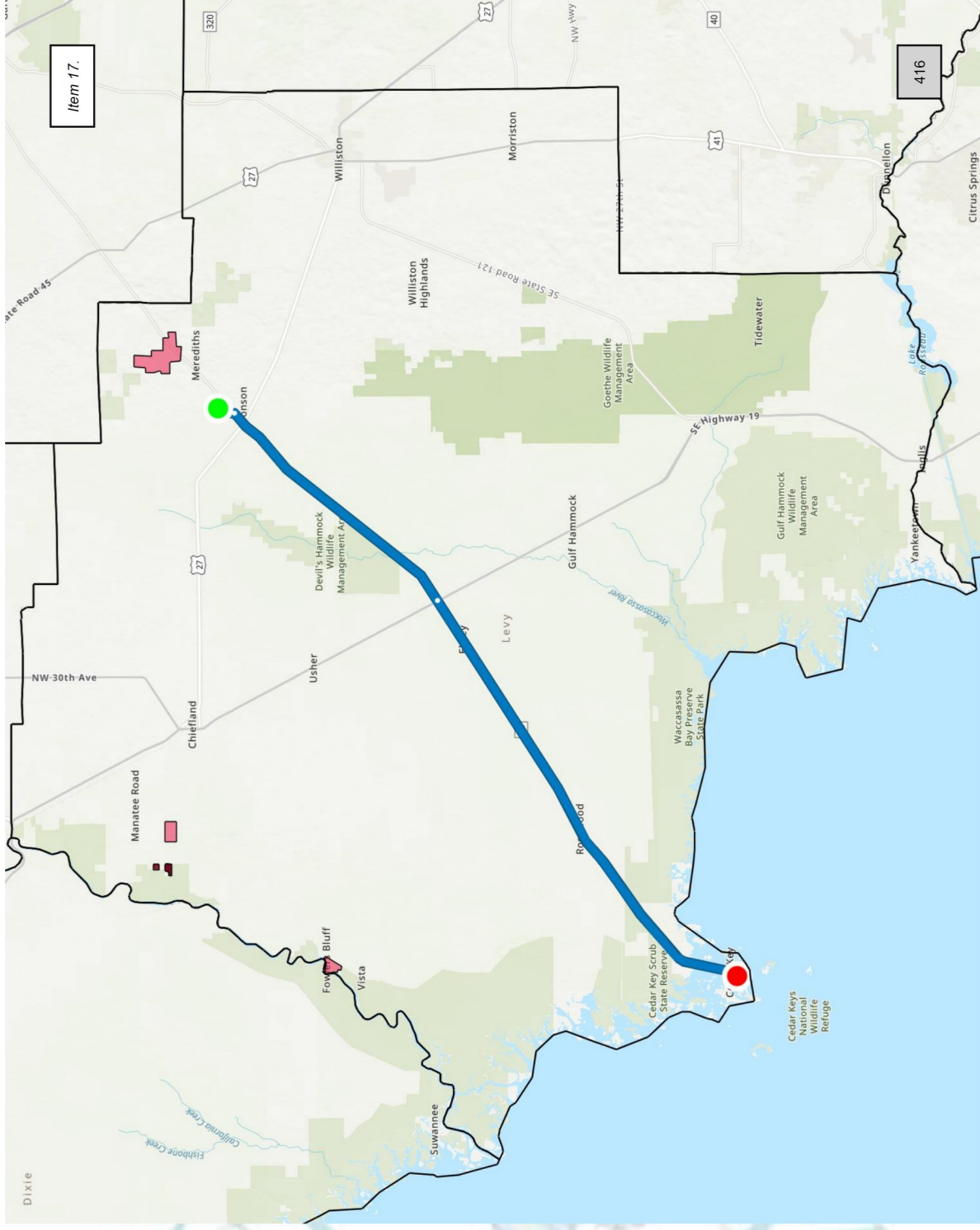
- **No**, not if it does not become a Member.
- Florida Statutes state that in the event of abandonment of a water or wastewater utility regulated by the Public Service Commission (F.S. exempt systems owned by governments- and certain other systems), the Cooperative and local governments- and certain other systems), the County is required to petition the Court for appointment of a receiver to operate the utility until a permanent owner/operator can be found and the County may be the receiver.

The background of the slide features a large, light blue circular seal. The seal contains a map of Elbert County, Colorado, with its various municipalities and unincorporated areas outlined. The words "ELBERT COUNTY" are written in a semi-circle along the top edge of the seal, and "PLANNING & ZONING" is written along the bottom edge.

What is the County's objective in becoming a Member?

Current County Water Utilities

- Approximate locations of areas where county is currently providing water services.
- Projected path would not be able to connect to these.

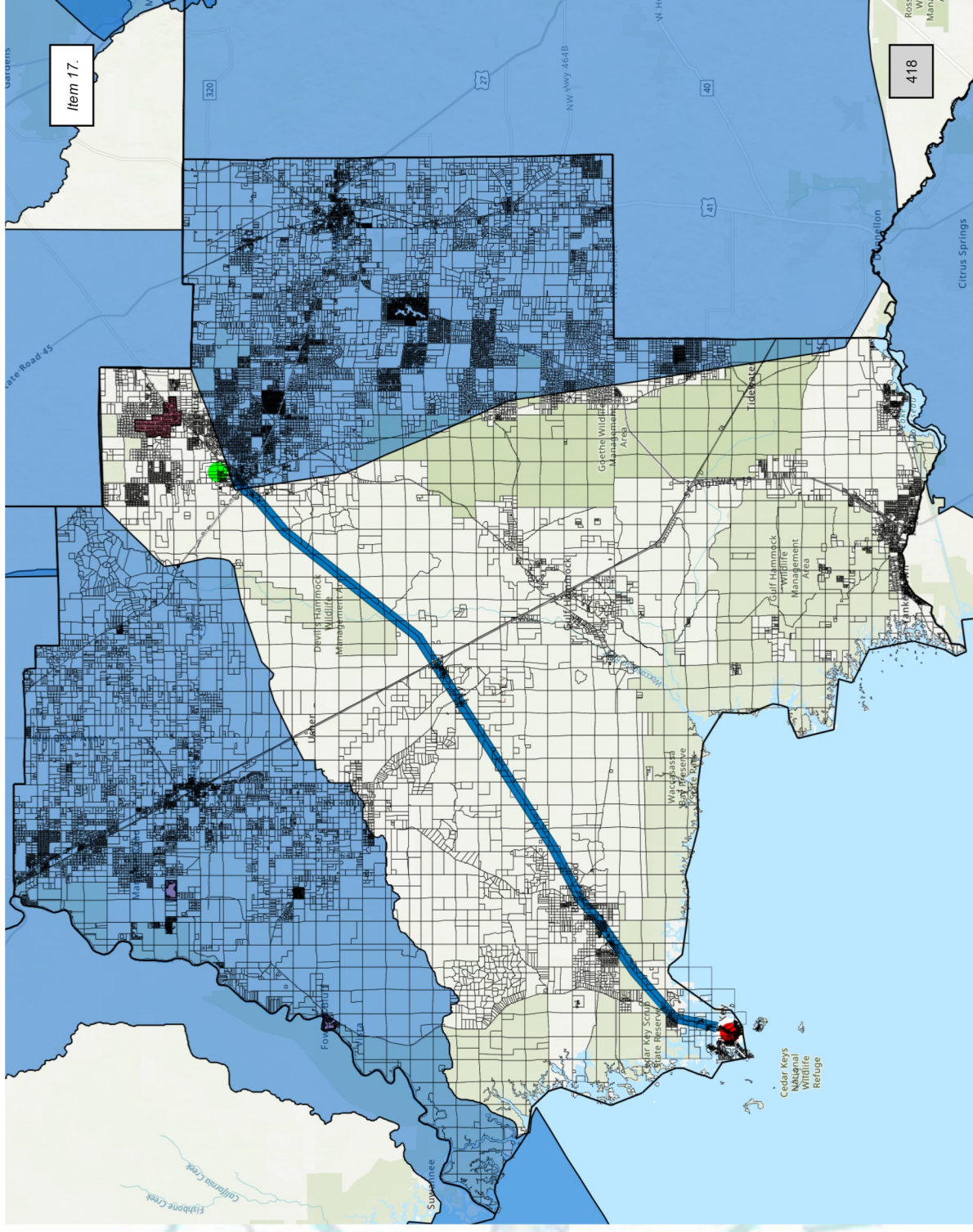


The map displays Suwannee County, Florida, with a proposed road route highlighted in blue. The route begins at a green dot near the intersection of State Road 45 and State Road 27, and extends southeast to a red dot near the intersection of State Road 417 and State Road 40. The map includes various geographical features, roads, and land management areas. Key labels include "Dixie" in the top left, "Suwannee" in the bottom left, "Cedar Key National Wildlife Refuge" in the bottom right, and "Gulf Hammock Wildlife Management Area" in the center. Road numbers 320, 27, 40, and 417 are visible. A box in the top left corner contains the text "Item 17.".

Within the Study Area, County staff notes that higher density development already exists and is rapidly being permitted for single family residential within the purple highlighted area. That makes this area more suitable for utility service expansion.

BMAP

Basin
Management
Action Plan area
where enhanced
nitrogen reducing
septic tanks are
already mandated
to protect our
rivers and springs.



County Objectives: Rosewood and Sumner

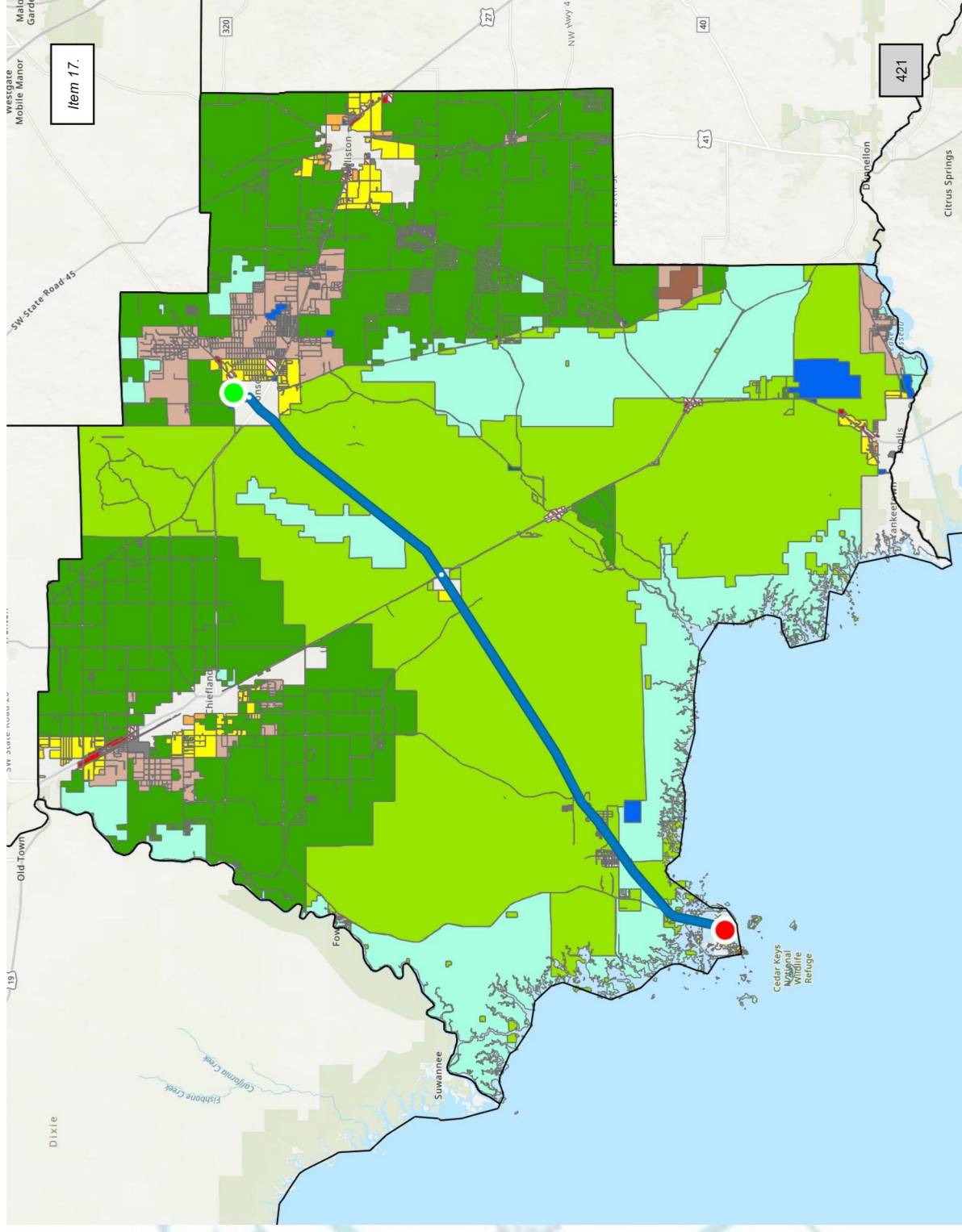
- The County could consent to the Cooperative serving as the local utility in this area, rather than becoming a Member of the Cooperative.
- Alternatively, the County could establish a County utility and install local distribution/collection infrastructure to serve such areas.
- The Report estimated the cost for distribution/collection infrastructure to serve the Rosewood and Sumner areas to be **\$4.3 million** for water and **\$15.8 million** - **\$19.5 million** for wastewater depending how far service extends from State Road 24.

County Objectives: Rosewood and Sumner

- Regardless of who provides service in this area, the County should carefully consider – from a Planning and Zoning perspective - that providing utilities encourages and supports development.
- This area is zoned F/RR (low density, 20 acres per dwelling unit) and is affected by Flood Zones, Hurricane Surge areas and Environmental Sensitive Land overlays – it is generally not conducive to high density development that would support (and pay for) utility infrastructure and operations.

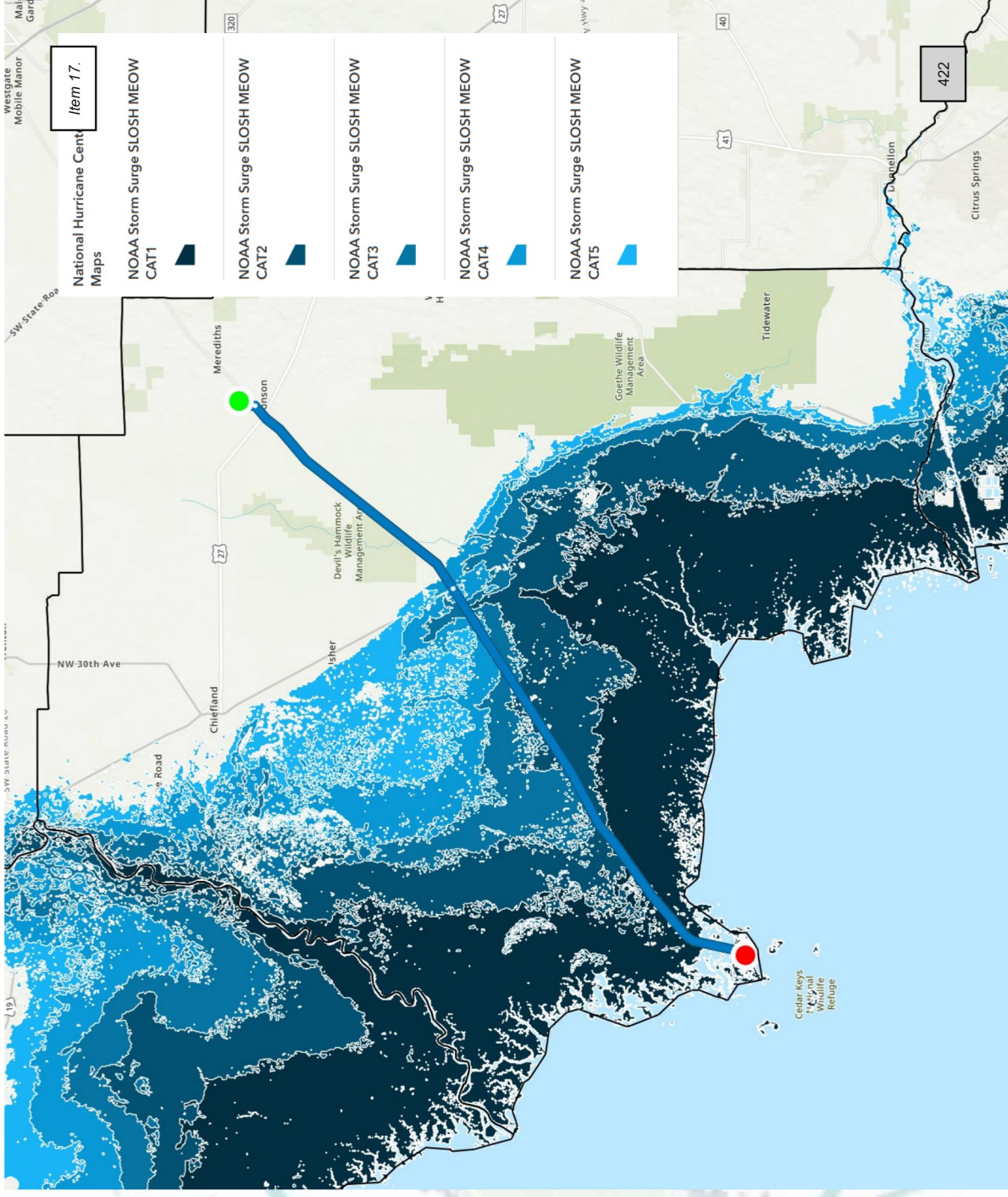
Zoning

Most of the area in the proposed path has a zoning and future land use of **Forestry** (1 unit per 20 acres) or **Natural Resource / Conservation**.



Hurricanes

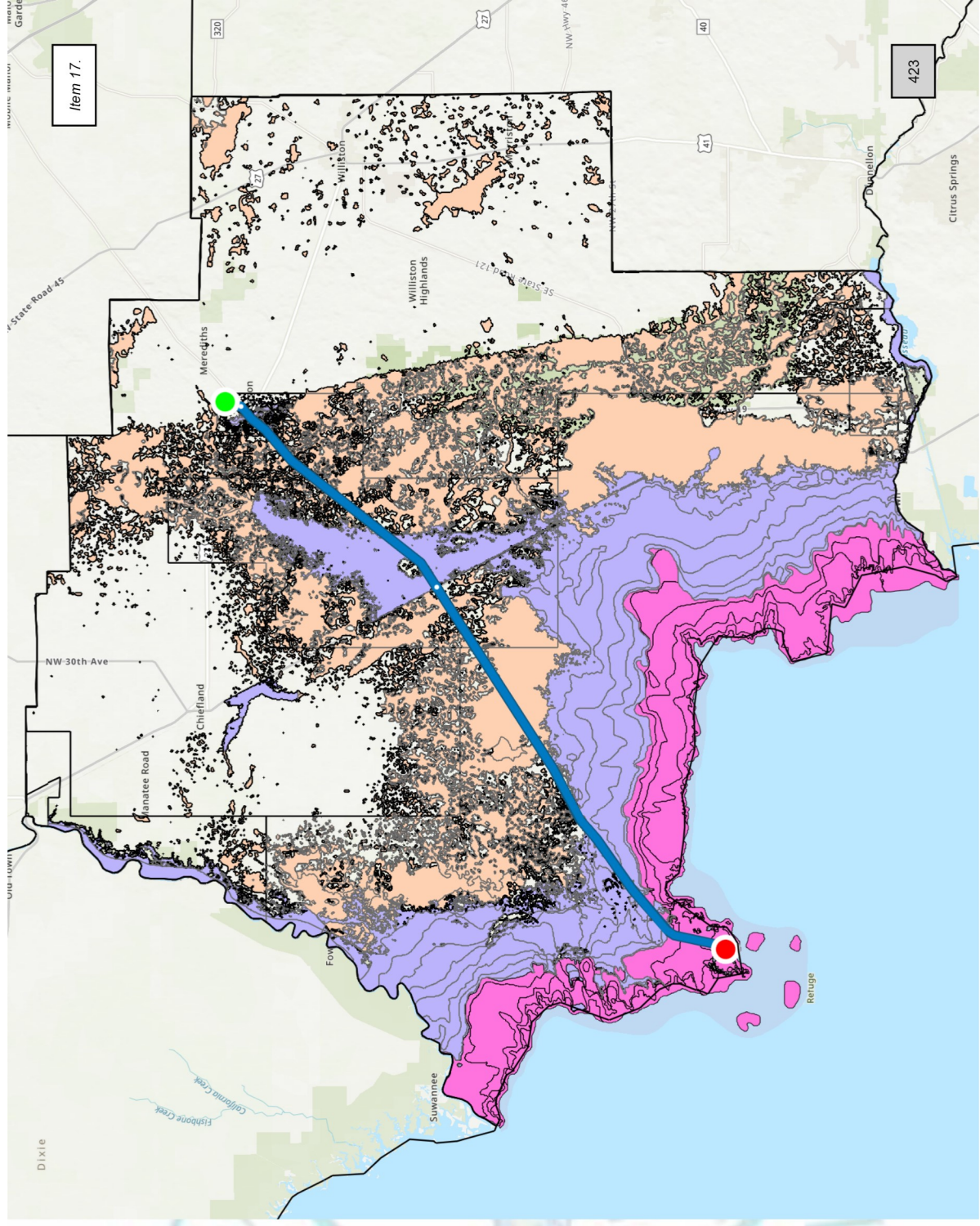
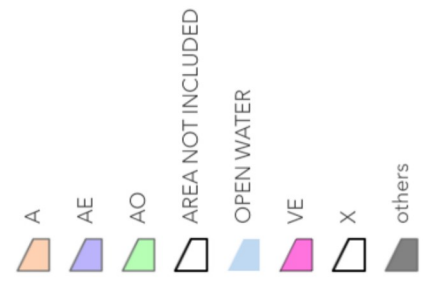
Much of the area
in the proposed
path is in our
Hurricane
Evacuation Areas
(National
Hurricane Center
SLOSH maps).



Flood Zones

Much of the area in the proposed path is in a FEMA Flood Zone.

Levy County Environment_WFL1 - FEMA FLOOD



What resources would the County need to devote to additional utility operations and to being a Member of the Cooperative?

Item 17.

- Existing County Staff are functioning at workload capacity. Current County Water Utilities are managed by the County Construction and Maintenance Staff and operated by an outside contractor.
- If the County becomes a Member of the Cooperative, additional County staff and assistance from outside consultants will be needed to support and inform the BoCC and the BoCC's appointed Director.
- Funds would need to be budgeted for these purposes.

424

Has the Board gauged resident interest and acceptance of mandatory connection and paying for water and wastewater utilities?

Item 17.

- The Study focuses on the need for the Project in terms of environmental benefits and existing poor water quality. Often government must take on projects that serve necessary public purposes, but are not money makers and do not “pay for themselves” (subsidized by the General Fund.)
- As a general principal, utilities should be paid for by the Users – those who take the service.

425

Has the Board gauged resident interest and acceptance of mandatory connection and paying for water and wastewater utilities?

- Is this Project requested by residents in the unincorporated Study Area?
- Is the Board prepared to mandate connection (as required by FS) once a system is available to serve?
- Are residents along the Project route amenable to this mandatory connection, to abandoning their existing wells and septic systems, and are they willing and able to pay the rates that must be established to make the water and wastewater utility service sustainable?



Recommendation

Recommendation

- The BoCC discuss its objective(s) and the responsibilities that it will take on if it becomes a Member of the Cooperative, including staffing and budgeting.
- If the BoCC decides to become a Member, direct appropriate staff to make application to the Cooperative. Upon unanimous approval by the Cooperative Board, the Chair will execute a counterpart to the Interlocal Agreement to effectuate its Membership. The BoCC will then need to appoint a Director to the Cooperative Board.
- The Director (and assigned County staff) will have an on-going obligation to keep the BoCC informed and represent the BoCC position regarding the Cooperative's activities and projects.

Staff Opinion

Given the flood prone nature and hurricane vulnerability of this area, as well as the low density, expanding utilities, which will lead to further development, does not seem fiscally or environmentally responsible.

