

INTERLOCAL AGREEMENT RELATING
TO ESTABLISHMENT OF THE
WACASSASA WATER AND
WASTEWATER COOPERATIVE

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THIS INTERLOCAL AGREEMENT creating the Wacassasa Water and Wastewater Cooperative, hereinafter referred to as "W3C" or "the Cooperative" made and entered into this ____ day of _____ 2022, pursuant to Section 163.01,

Florida Statutes between the County of Levy in the State of Florida, Town of Bronson in the County of Levy, State Florida, the Town of Otter Creek in the County of Levy, State of Florida, the Town of Cedar Key in the County of Levy, State of Florida and the Cedar Key Water and Sewer District, a body politic of the State of Florida shall bear WITNESS THAT:

WITNESSETH

WHEREAS, the Cooperative desires to establish a unified entity relating to water, wastewater, and reclaimed water services; and

WHEREAS, each of the parties has the power to acquire, own, improve, operate and maintain water and wastewater utility facilities pursuant to the Florida Constitution's grant of the privilege of self- government and/or specialized functional authority, and Chapter 125, Florida Statutes; and

WHEREAS, Part I of Chapter 163, Florida Statutes (the "Interlocal Act"), permits the Cooperative, comprised of public agencies under the Interlocal Act, 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 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)(g), Florida Statutes, authorizes the constituent parties, through the medium of an Interlocal Agreement to create a separate legal entity to exercise collectively their inherent power to acquire, own, improve, operate and maintain water and wastewater utility facilities; and

WHEREAS, any party hereto may continue to own and operate a potable water distribution system to distribute potable water within their respective utility service areas; and

WHEREAS, the Cooperative desires to ensure cost-effective and reliable water, wastewater, and reclaimed water services suitable to serve the present and prospective needs of their citizens; and

WHEREAS, the parties have determined that it is in their best interests to create a new legal entity to acquire, own, improve, operate and maintain water and wastewater utilities, recognizing that:

(1) It is in the best interests of those residents of the service area that utility benefits be afforded them.

(2) Certain areas, notably sections of the Town of Bronson, enjoy the availability of superior water quality and the abundance thereof while others struggle to maintain adequate water service and quality.

(3) The participating local government entities must meet the comprehensive planning requirements of Chapter 163, Florida Statutes, which mandate that Florida local governments, including the instant Cooperative, coordinate their plans for future growth with available sources of funding and the availability of infrastructure. The provision of water and wastewater utilities is a major factor in such infrastructure coordination. Public ownership of water and wastewater utility facilities is more desirable and more readily allows for Florida local governments to meet their statutory mandate with respect to the utilities element of their respective comprehensive plans.

(4) The establishment of this newly created legal entity will ensure that the customers of the water and wastewater facilities owned by the Cooperative

are provided the best, most cost-effective service and assure that proper future expansion of the water, wastewater, and reclamation facilities will occur to meet the demands of development in and of each affected entity.

WHEREAS, in order to more effectively address the responsibilities and obligations of local governments with respect to the growth and development of a regional water supply, it is the desire of the parties to enter into this Interlocal Agreement for the W3C;

NOW, THEREFORE, in consideration of the foregoing and the covenants herein, it is mutually agreed and understood by and among the parties hereto that the "Wacassasa Water and Wastewater Cooperative" shall be and is hereby created as a legal entity and public body with all the privileges, benefits, powers and authority conferred by law and by the provisions of this agreement.

ARTICLE I

PREAMBLE/RATIONALE AND BASIC PARAMETERS

It is an established fact that the water supply in certain areas of the Town of Bronson is plentiful and the water itself of exceptional purity, whereas the other parties to this agreement are encountering difficulties with providing their citizenry with the quality of water that is desirable. As a consequence, the municipal entities in question, with the participation of the County of Levy where they are situate, after much study, evaluation and consideration (See report of Wetland Solutions, Inc) have decided to enter into this Interlocal Agreement and form the a cooperative entity as detailed herein to ameliorate any present or potential substandard condition by sharing high quality potable water and the collective requirements for wastewater management, utilizing existing facilities and any additional facilities which they shall determine to be necessary to accomplish the stated objects. The cooperative created is to be managed by a Board of Directors representing the constituent parties and a General Manager to oversee operations, planning and administration on a day to day basis, all as more specifically detailed below.

While this agreement will attempt with reasonable specificity to recognize and relate the essential goals and constituent elements of the facilities to be oprovided, it is intended that there shall be flexibility of design and implementation, the overarching objective being the attainment of excellence in serving the public need.

Flexibility shall likewise be a governing principle with respect to any provisions for financing, rate structure and related items for the Cooperative, with the understanding that both the financial and design/implementation aspects will evolve with time and experience and this agreement contemplates events accordingly.

It is an abiding object and purpose of this agreement to secure necessary financing from those state, local and federal agencies and programs that are available for such and full authority to take all necessary steps in applying therefor, with Board approval, is afforded and shall be availed of.

The service area of the Cooperative shall be as delineated on the map(s) attached hereto by way of appendix and includes peripheral considerations. All planning shall take account of both existing and anticipated development and the needs associated therewith.

ARTICLE II

CREATION AND GOVERNANCE

SECTION 2.01. CREATION

A The parties hereby provide for and create this organization pursuant to the provisions of Section 163.01, Florida Statutes, and other applicable law to be known as the Wacassasa Water and Wastewater Cooperative (W3C).

SECTION 2.02. PURPOSE

A. The purposes of the W3C shall be:

1. To acquire water, wastewater, and/or reclaimed utility facilities and systems throughout the service area;
2. To acquire, construct, own, improve, operate, manage and maintain required facilities and sites as necessary;
3. To provide the most economic and efficient water, wastewater, and reclaimed utility services throughout the service area in a manner that is most beneficial and non-discriminatory;
4. To have plenary authority over its facilities and processes with the right to dispose of, allow the use of and generally implement same as shall be deemed best in the public interest.

B. The creation and organization of the W3C 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 parties and their constituents. W3C is performing an essential governmental function. All property of W3C 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 W3C 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 parties.

SECTION 2.03. POWERS AND DUTIES.

A. The W3C shall have the following powers, in addition to and supplementing any other privileges, benefits, and powers granted by Section 163.01, Florida Statutes and other applicable laws;

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 assess, levy, impose, collect and enforce special assessments to provide Assessable Improvements upon all or any portion of the lands located within its service area. Such special assessments shall be presented to and approved by the respective Authority Member governing bodies of the parties, however, prior to final action by the Cooperative. Such special assessments may be apportioned among benefited.

8. Imposed on property only in a manner proportionate to the benefit afforded or commensurate with the burden relieved by the maintenance and use of property based upon such factors or combination of factors as determined by resolution of the Board. Such special assessments may, in the discretion of the Board, be imposed, collected and enforced using any method and procedure authorized by law, including Section 197.3632, Florida Statutes; or the Board may adopt by resolution its own method or procedures or use any other method or means for levy, imposition, collection and enforcement not inconsistent with law.

9. To apply for and accept grants, loans and subsidies from any governmental entity for the acquisition, construction, operation and maintenance of the Authority Facilities, and to comply with all requirements and conditions imposed in connection therewith.

10. To the extent allowed by law and to the extent required to effectuate the purposes hereof, to exercise all privileges, immunities and exemptions accorded municipalities and counties of the State under the provisions of the constitution and laws of the State.

11. To acquire water and water rights; develop, store, and transport water; and sell water either wholesale or retail in the manner provided herein.

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

13. To acquire, by purchase, gift, devise or otherwise, and to dispose of, real or personal property, or any estate therein.

14. To the extent permitted by law, to provide for mandatory water, wastewater, and reclaimed water connections of potential customers located in a Service Area.

15. To fix, levy and collect rates, fees and other charges

(including connection fees) from persons or property, or both, for the use of W3C's services, facilities and product 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 in such manner as authorized for utilities regulated under Chapter 367, Florida Statutes, or in such other manner as the Board deems appropriate, to fix and collect charges for making connections and, 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.

16. 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.

17. 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 Authority in acquiring land and rights or interests therein.

18. 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.

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

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

21. To accomplish construction directly or by advertising for construction bids and letting contracts for all or any part of construction or improvements to the lowest, best and responsible bidder or rejecting any and all bids at its sole discretion; provided, however, that the competitive bid requirement may be waived if

(A) the Board determines that emergency circumstances are present; or
(B) after consideration of all available alternative materials and systems, the Board determines that the specification of a sole material or system is justifiable based upon its design, cost, interchangeability or any other relevant factor.

22. To issue obligations in the manner provided in the Revenue Bond Act of 1953, as amended, Part I, Chapter 159, Florida Statutes, or Part II, Chapter 159, Florida Statutes, provided, however, that such obligations shall not constitute a debt or obligation of any of the parties hereto, only the Cooperative which fact shall at all times be conspicuously represented and acknowledged.

23. Subject to such provisions and restrictions as may be set forth herein and in any Financing Document, to sell or otherwise dispose of the Authority Facilities, or any portion thereof, upon such terms as the Board deems appropriate. To enter into Utility Acquisition Agreements to affect such dispositions.

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

25. 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 NCRWA's water, wastewater, or reclamation facilities.

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

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

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

29. To construct, maintain and operate connecting, intercepting, or outlet wastewater and wastewater mains and pipes and water mains, conduits 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.

30. To do all acts and things authorized by Florida Statutes, the Florida Constitution and respective home rule power as may be necessary or convenient for the conduct of its business in order to carry out the powers, duties, purposes, aims and objectives encompassed and prescribed in and by this Agreement.

B. The service area of the W3C is established in Appendix A. The Cooperative may exercise rights, powers, privileges or authorities granted herein outside of the service area by an affirmative vote of the majority of the Board and the consent of any affected political entity.

SECTION 2.04. BOARD OF DIRECTORS.

A All powers, privileges and duties invested in or vouchsafed to the W3C shall be exercised and performed by and through a Board of Directors; provided, however, that the exercise of any and all executive, administrative and ministerial powers may be delegated by the Board of Directors to a General Manager it shall appoint.

B. The Board shall be comprised of one Director from each party hereto with each director being entitled to one (1) vote.

C. Each Authority Member shall appoint the Board Members within sixty (60) days of adoption of this Agreement. The initial appointments for the positions in shall be for one (1) and two (2) year terms, and the initial terms shall be determined by lot at the Board's first meeting. Thereafter, the appointments shall be for terms of two (2) years.

D. The terms of all Directors shall run commensurate with the fiscal year of the W3C.

E. Any Director may resign from all duties and responsibilities hereunder by giving at least thirty (30) calendar days prior written notice sent by registered or certified mail to the General Manager. Such notice shall state the date such resignation shall take effect and such resignation shall take effect on that date.

F. Authority Members may only suspend or remove a Director involuntarily by the following process:

1. By resolution specifying facts sufficient to advise the Director as to the basis of his or her suspension or removal and after reasonable notice to the Director and an opportunity for the Director to be heard, the governing body of the Authority Member may:

- a) Suspend or remove from office any Director for malfeasance, misfeasance, neglect of duty, habitual drunkenness, incompetence, permanent inability to perform his or her official duties.

- b) Suspend from office any Director who is arrested for a felony or for a misdemeanor related to the duties of office or who is indicted or informed against for the commission of any federal felony or misdemeanor or state felony or misdemeanor.

The governing body of a party may remove from office any Director who is convicted of a federal or state felony or misdemeanor. For the purpose of this subsection, any person who pleads guilty or nolo contendere or who is found guilty shall be deemed to have been convicted, notwithstanding a suspension of sentence or a withholding of adjudication.

2. A suspended Director may, at any time before his or her removal, be reinstated by the governing body of the Authority Member in its discretion.

3. The suspension of a Director by the governing body of a party shall be deemed to create a temporary vacancy in such office during the suspension. Such temporary vacancy shall be filled by a temporary appointment for the period of the suspension, not to extend beyond the term of office of the suspended Director. Such temporary appointment shall be made by the governing body of the party represented and shall meet the residency and homestead requirements set forth in this Agreement.

4. No Director who has been suspended from office under this section may perform any official act, duty, or function during his or her suspension, or be entitled to any of the privileges of his or her office during suspension.

5. If the Director is acquitted or found not guilty or is otherwise cleared of the charges that led to suspension the governing body of the party appointing the director in question

Shall be required forthwith revoke the suspension and restore such Director to office unless the suspended director's term of office shall have expired.

SECTION 2.05. BOARD MEETINGS. The Board shall meet on a regular basis at such times and at such places as determined by the Board; provided, however, special meetings may be called by the Chairperson and in his or her absence, by the Vice-Chairperson. All Board Meetings shall be held pursuant to Section 286.011, Florida Statutes, and other applicable laws.

SECTION 2.06. QUORUM AND VOTING.

A. A quorum for the transaction of business at any regular or special meeting of the Board shall consist of a majority of Directors. Notwithstanding the foregoing, a majority of the Directors present at any meeting may act to continue the meeting to any time and date specified in such action.

B. Each Director shall be entitled to one (1) vote. Except as specifically otherwise provided Board action shall require a majority vote of the Directors present.

C. The following Board actions shall require a unanimous vote of the Board of Directors:

- 1) Approval to incur debt.
- 2) Dismissal of the General Manager.

3) Purchase of water, wastewater, and/or reclamation facilities or any portion thereof.

4) Sale or other disposition of W3C water, wastewater, and/or reclamation facilities or any portion thereof.

5) Contracts with a party or any private or public entity or person for the operation or management of water or wastewater facilities owned or operated by the W3C.

SECTION 2.07. OFFICERS OF THE BOARD.

A. At its first organizational meeting and each year thereafter, the Board shall elect a Chairperson from their number, who shall serve for a period of one (1) year, or until a successor shall have been duly elected and qualified, whichever is later. The Chairperson shall preside at all meetings of the Board.

B. At its first organizational meeting and each year thereafter, the Board shall elect a Vice-Chairperson from their number, who shall serve for a period of one (1) year or until a successor shall have been duly elected and qualified, whichever is later. In case of the absence or the disability of the Chairperson, the Chairperson's duties shall be performed by the Vice-Chairperson. The Vice-Chairperson shall perform such additional duties as are authorized by the Board.

C. At its first organizational meeting and in each year thereafter, the Board shall elect a Secretary-Treasurer from their number, who shall serve for a period of one (1) year, or until a successor shall have been duly

elected and qualified, whichever is later. In case of the absence or disability of the Vice-Chairperson, the Vice-Chairperson's duties shall be performed by the Secretary-Treasurer. The Secretary-Treasurer shall perform such additional duties as are authorized by the Board.

D. If a vacancy occurs in any office, the Board shall at its next regular meeting, where practicable, elect a replacement to serve the balance of the expired term.

E. If neither the Chairperson nor Vice-Chairperson attends a meeting at which a quorum is present, the Directors present may elect one of their number to serve as Chairperson Pro-Tern for that meeting.

SECTION 2.08. POWERS AND DUTIES OF THE BOARD. The Board shall be the governing body of the Cooperative and shall have 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 and orders not inconsistent with the Constitution of the United States or of the State, this agreement or any other restriction of condition that may be applicable.

C. To fix the location of its principal place of business and the location of all offices maintained.

D. To prescribe a system of business administration and to create any and all necessary officers in addition to Chairman, Vice-Chairman and 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 Authority.

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

F. To appoint a General Counsel to act as the Chief Legal Officer to manage the Cooperative's legal representation and provide legal advice and support to the Board and staff and perform such other duties as may be requested by the Board.

G. Upon establishment, the Board shall formulate and adopt a set of policies and parameters for dealing with notice requirements, crisis events and such other procedures as shall be incidental to orderly and effectual administration. Likewise, standards of water quality shall be established expeditiously, adopted and implemented.

H. Within a reasonable but unextended time after its constitution the Board shall inaugurate planning for future needs, taking account of all relevant criteria, studies, proposals and recommendations. Such planning shall be reduced to writing and formally adopted by the Board with periodic updates as necessary.

SECTION 2.09. ANNUAL BUDGET.

A. On a timely basis each year the GM shall prepare and deliver to the Board a balanced tentative budget for the Cooperative covering its proposed operating and other financial requirements for the ensuing fiscal year. The tentative budget shall identify the rates for which water will be sold and wastewater treated during such fiscal year and shall specifically state if the identified rates constitute a change from existing rates. The Board shall publish a notice of its intention to adopt the budget and shall provide copies of the notice and tentative budget to each party on or before the first publication date. The

notice shall include a summary of the tentative budget, specify the rates at which water will be sold and any proposed changes to such rates anticipated in the tentative budget, and identify the time, date and place at which the public may appear before the Board and state objections to or support of the budget and rates.

B. At the time, date and place specified in the notice, the Board shall conduct a public hearing and thereafter may consider adoption of the budget and rates with any amendments it deems advisable. The public hearing on the budget may be continued without the need for republication of notice. Unless otherwise authorized by the Board, the final budget and rates shall be adopted and provided to each party on an established date which shall obtain annually.

C. The adopted budget shall be balanced and shall be the operating and fiscal guide for the W3C for the ensuing fiscal year. The Board may from time to time amend the budget at any regular or special meeting; provided however, that prior to approving any budget amendment that increases the total budget for any fiscal year (other than a budget amendment appropriating grant funds or the proceeds of obligations), the Board shall provide notice of and conduct an additional public hearing in the manner described in this section.

SECTION 2.10. PERFORMANCE AUDIT AND MANAGEMENT

STUDY. The W3C shall consider whether or not to conduct a performance audit and management study to review program results and make recommendations regarding its governance, structure, and/or the proper, efficient and economical operation and maintenance of water supply and wastewater treatment immediately following the end of the second full fiscal year. If it is determined at the end of the second full fiscal year to conduct the performance audit and management study, it may thereafter consider further performance audit and management studies from time to time as it may deem necessary. If the W3C does not determine at the end of the second full fiscal year to conduct the performance audit and management study, it shall conduct a performance audit and management study at the end of the third full fiscal year and thereafter as may be determined by the Board. The W3C shall retain an accounting firm or

management consulting firm to conduct the performance audit and management study.

SECTION 2.11. ANNUAL AUDIT. An annual audit shall be conducted each year by independent auditors. The audit shall be completed no later than six (6) months after the end of the fiscal year. The audit shall be in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

ARTICLE III

WATER SUPPLY, WASTEWATER, AND RECLAIMED WATER PROVISIONS

SECTION 3.01. COOPERATION. The parties agree that cooperative efforts are necessary to meet their respective needs for water, wastewater, and reclaimed water in a manner which will provide adequate and dependable supplies and service. The parties shall continue their cooperative efforts to develop and implement effective conservation programs as well/

SECTION 3.02. EXCLUSIVITY. It is expressly understood and agreed that W3C shall be the sole and exclusive supplier of water, the sole and exclusive provider of wastewater treatment, and the sole and exclusive provider of reclaimed water to within the service area set forth in Appendix A hereto, or as hereafter amended.

A. The parties hereto shall neither create nor, to the extent permitted by law, allow creation of any special district (including a community development district) or governmental authority pursuant to Chapter 189, Florida Statutes, Section 163.01, Florida Statutes, Section 373.1962, Florida Statutes, or another provision of general or special law or by ordinance or contract, which is authorized to provide potable water, treat wastewater, or reclaimed water within the service area of the Cooperative.

B. To the extent permitted by law, the parties shall not franchise new or expanded private water utilities following the effective date of this Agreement unless the franchisee agrees to the use of the Cooperative as its exclusive supplier of water, treater of wastewater, and/or reclaimed water for customers located within the service area.

C. The Authority Members shall not assist or encourage the creation or expansion of a private utility unless the private utility agrees to use the W3C (th as its exclusive supplier of water, treater of wastewater, and/or reclaimed water for customers located within the service area.

D. The parties shall not work in concert with any person, corporation, local government, unit of federal or state government, special district, governmental authority or other entity for the purposes of avoiding or evading the exclusivity requirements herein contained.

SECTION 3.03. OBLIGATION TO MEET WATER, WASTEWATER, AND RECLAIMED WATER NEEDS.

A. Except as otherwise expressly provided herein, the W3C shall have the absolute, continuing, and unequivocal obligation to meet the water, wastewater, and reclaimed water needs of the parties within the service area established in Appendix A hereto or as it may be subsequently amended.

B. The W3C shall oppose any permit, order, rule or other regulatory effort to reduce or limit the permanent capacity of its water, wastewater facilities, and reclaimed water unless (1) the reduction or limitation results from an agreement to which all parties subscribe; or, (2) the reduction or limitation will not become effective until adequate replacement capacity has been placed in service. The W3C may join any Authority Member in opposing any permit, order, rule or other regulatory effort to reduce or limit the permitted capacity of a party's water and wastewater facilities.

C. The GM shall actively monitor the relationship between the quantity of water actually delivered to the parties or wastewater treated or

reclaimed water availability and the aggregate permitted capacity of facilities.

SECTION 3.04. NOTICE AND REVIEW OF RATES, FEES AND CHARGES.

A. The Board shall take all such actions and pass such resolutions as may be necessary to ensure that the rates, fees and other charges applied to and collected from the resident who receive water, wastewater, and/or reclaimed water service from are identical.

- D. The parties hereby reserve the right to review and approve as fair and reasonable any changes proposed by the W3C to the rates, charges, customer classifications and terms of service to be offered to customers prior to the adoption of such changes. In reserving the foregoing right, the parties understand and acknowledge that the right to review and approve any changes proposed must take cognizance of the obligation of the Cooperative to establish rates and charges that comply with the requirements contained in any indenture, resolution or trust agreement relating to the issuance of bonds and irreversibly agree that they shall not, collectively or individually, dispute any rate change, or part thereof, required to permit the Cooperative to pay bonds or otherwise meet established obligations. All parties shall receive information concerning any proposed change in rates, charges, customer classifications and terms of service at least thirty (30) days prior to the hearing date established for consideration of such changes except that this notice and review provision shall not apply nor be required for annual indexing adjustments to such rates and charges. Each party shall have fifteen (15) days from receipt of such information to notify the W3C in writing if they do not approve of any proposed change and shall specify reasons for such disapproval. If a party fails to notify the W3C in writing of such disapproval, the proposed change shall be deemed approved. If

a party notifies the W3C of its disapproval of a change, the dispute resolution provisions of this agreement shall be invoked and implemented.

SECTION 3.05. REVIEW OF CAPITAL IMPROVEMENT PROGRAM.

A. The W3C shall annually submit a five-year capital improvement plan to the parties prior to its adoption of an annual budget. The capital improvement plan, capital improvements and utility expansion and line extension policies and procedures shall remain at all times consistent with the land development regulations, local comprehensive plans, building and zoning codes and specifications, right-of-way utilization and other applicable ordinances, policies and regulations of the parties. It shall be within the parties' sole discretion to determine whether such capital improvement plan, capital improvements as well as utility expansion and line extension policies as applied within each party's political boundaries are consistent with their respective land development regulations, comprehensive plan, building and zoning codes and specifications, right-of-way utilization and other applicable ordinances, policies and regulations unless the authority to make preliminary determinations of such consistency is theretofore expressly delegated to the W3C by an Authority Member.

B. Each party shall have sixty (60) days from receipt of such plan to notify the W3C in writing that they do not approve of any proposed project within the plan and shall specify reasons for such disapproval. If a party fails to notify the W3C in writing of such disapproval, the proposed plan shall be deemed approved. If an Authority Member notifies the W3C of the disapproval of a project, that shall invoke and implement the dispute resolution process set forth in this agreement.

SECTION 3.06. FILING OF ANNUAL REPORTS BY NCRWA.

Annually, the W3C shall file a copy with and, if requested, appear and present

to each party its Comprehensive Annual Financial Report ("CAFR") for the preceding fiscal year and do so within fourteen (14) days of the CAFR becoming final.

ARTICLE IV OBLIGATIONS

SECTION 4.01. GENERAL AUTHORITY. The Board shall have the power and is hereby authorized to provide, at one time or from time to time in series, for the issuance of obligations to fund the project cost of water, wastewater, and reclamation facilities.

SECTION 4.02. TERMS OF THE OBLIGATIONS. The obligations shall be dated, shall bear interest at such rate or rates, shall mature at such times as may be determined by the Board, and may be made redeemable before maturity, at the option of the Cooperative, at such price or prices and under such terms and conditions as may be fixed by the Board. Such obligations shall mature not later than thirty (30) years after their issuance and may, at the option of the Board, bear interest at a variable rate. The Board shall determine the form of the obligations, the manner of executing such obligations, and shall fix the denominations of such obligations, the place or places of payment of the principal and interest, which may be at any bank or trust company within or outside of this state, and such other terms and provisions of the obligations as it deems appropriate. The obligations may be sold at public or private sale for such price or prices as the Board shall determine.

SECTION 4.03. TEMPORARY OBLIGATIONS. Prior to the preparation of definitive obligations of any series, the Board may, under like restrictions, issue interim receipts, interim certificates, or temporary obligations, exchangeable for definitive obligations when such Obligations have been executed and are

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

SECTION 4.04. ANTICIPATION NOTES. In anticipation of the sale of obligations, the Board may issue notes and may renew the same from time to time. Such notes may be paid from the proceeds of obligations as the Board deems appropriate. Said notes shall mature within five (5) years of their issuance and shall bear interest at a rate not exceeding the maximum rate provided by law. The Board may issue obligations or renewal notes to repay the notes. The notes shall be issued in the same manner as the Obligations.

SECTION 4.05. TAXING POWER NOT PLEDGED. Obligations issued under the provisions of this Agreement shall not be deemed to constitute a pledge of the faith and credit of any party to this agreement. The issuance of obligations under the provisions of this agreement shall not directly or indirectly obligate any party to levy or to pledge any form of ad valorem taxation whatever therefor. No holder of such obligations shall ever have the right to compel any exercise of the ad valorem taxing power on the part of any party hereto to pay any such obligation against any property of the W3C, nor shall such obligations constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Cooperative not specifically pledged and set aside for that specific purpose.

SECTION 4.06. TRUST FUNDS. Upon issuance of any series of obligations any pledged funds associated therewith shall be deemed to be trust

funds, to be held and applied solely as provided in financing documents. The pledged funds may be invested by the W3C but only in the manner provided by the financing documents. The pledged funds upon receipt thereof by the Cooperative shall be subject to the lien and pledge of the holders of any obligations or any entity other than the Cooperative that shall have provided credit enhancement therefor.

SECTION 4.07. REMEDIES OF HOLDERS. Any holder of obligations, except to the extent the rights herein given may be restricted by the financing documents, may, whether at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under the financing documents, and may enforce and compel the performance of all duties required hereunder or under the financing documents, to be performed by the W3C.

SECTION 4.08. REFUNDING OBLIGATIONS. The Cooperative may issue obligations to refund any obligations then outstanding and provide for the rights of the holders hereof. Such refunding obligations may be issued in an amount sufficient to provide for the payment of the principal of, redemption premium, if any, and interest on the outstanding obligations to be refunded.

SECTION 4.09. CONDUIT TRANSACTIONS. In addition to the powers granted to the W3C hereunder, including the power to issue obligations, the Cooperative may issue obligations for the principal purpose of loaning the proceeds thereof to a public or private entity, which shall

finance or refinance the acquisition and construction of water treatment, production or transmission facilities, wastewater, and/or reclamation facilities. Water, wastewater, or reclaimed water service from such facilities shall be purchased in whole or in part by the Cooperative for purposes of supplying quality services.. Such security may include monies received pursuant to a loan agreement between the Cooperative and such public or private entity.

SECTION 4.10. AUTHORITY MEMBER GOVERNMENT COOPERATION. Each party shall cooperate with the W3C when it shall issue obligations and each party shall comply with reasonable requests including, without limitation, the following:

- A. Making available copies of annual reports produced annually by any of the parties 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.

It is recognized and understood by the parties that the intended source of funding for the initial operations and infrastructural improvements contemplated is governmental programs, grants and dispensations that

are available to improve the water and wastewater management in the interest of the public welfare.

ARTICLE V

DISPUTE RESOLUTION

SECTION 5.01. NOTICE. The parties agree to resolve any dispute related to the interpretation or performance of this agreement, in the manner described in this section. Any party may initiate the dispute resolution process by providing written notice to the other parties identifying the matter(s) in dispute.

SECTION 5.02. MEETING. After transmittal and receipt of a notice specifying the issue or issues in dispute, the parties agree to meet at reasonable times and places, as mutually agreed upon, to discuss the disputed issues.

SECTION 5.03. MEDIATION. If discussions between the parties fail to resolve the dispute(s) within thirty (30) days of the initial notice of such dispute, the parties shall designate a mutually acceptable, neutral, third party to act as a mediator. The cost of the mediation, if any, shall be borne equally by the parties. The mediation contemplated by this section is intended to be a non-adversarial process with the objective to help the parties reach a mutually acceptable and voluntary agreement. The decision-making shall rest solely with the parties. The mediator shall assist the parties in identifying the issues, fostering joint problem-solving and exploring settlement alternatives.

SECTION 5.04. LAWSUITS. If the parties are unable to reach a mediated settlement within sixty (60) days of the mediator's appointment, any party may terminate the settlement discussions by written notice to the other party (or parties). In such event, any party may initiate litigation or, where applicable, a

proceeding under Section 403.412(2), Florida Statutes, within thirty (30) days of the notice terminating the settlement discussions. The venue for any such action, other than a proceeding under Section 403.412(2), Florida Statutes, shall be Levy County.

ARTICLE VI

WITHDRAWAL AND TERMINATION

SECTION 6.01. WITHDRAWAL OF AUTHORITY MEMBER. The parties acknowledge and agree that a party may withdraw from the W3C at their sole discretion upon a supermajority (4/5) vote of its governing body. In the event of a withdrawal the W3C shall retain water, wastewater, and/or reclaimed water facilities, assets, expenses, liabilities, revenue, connection fees, and other assets and customer-related information.

SECTION 6.02. TERMINATION OF AUTHORITY. In the event that all parties agree hereon the Cooperative's existence shall be terminated. The parties acknowledge and agree that in the event of termination they shall negotiate a fair and equitable distribution of facilities, expenses, liabilities, revenue, connection fees and other assets. To facilitate a fair allocation in the event of termination, the Cooperative shall work with its financial planners, accountant and engineers to provide the parties with unaudited allocations of assets and liabilities on a periodic basis not to exceed every three (3) years.

SECTION 6.03. TRANSFER OF W3C FACILITIES TO WITHDRAWING AUTHORITY MEMBER OR UPON TERMINATION OF COOPERATIVE'S EXISTENCE

A. In the event of a withdrawing party, the Cooperative may transfer facilities and any debt obligations relating thereto to such part upon satisfaction

of the following conditions:

(1) Party assumes all responsibilities and liabilities in regard to such transfer.

(2) Such transfer is approved by the governing body of the party in whose jurisdiction the facilities are located.

(3) The Cooperative (where relevant) receives the opinion of nationally recognized bond counsel to that the transfer of facilities and any debt obligations related thereto will not adversely affect the tax-exempt status of outstanding obligations.

B. In the event of the termination of the Cooperative itself, the Cooperative may transfer facilities and debt obligations relating thereto to the respective parties upon satisfaction of the following conditions:

(1) Each party agrees to assume all responsibilities and liabilities in regard to the facilities, expenses, liabilities, revenue, connection fees and debt obligations to be transferred, assigned and assumed by them and to release the W3C from any liability therefor.

(2) The Cooperative receives the opinion of nationally recognized bond counsel to the effect that the transfer of facilities and debt obligations, related thereto, or the defeasance or extinguishing of such debt obligations will not adversely affect the tax-exempt status of outstanding debt obligations or otherwise subject the Cooperative to any liability whatsoever pursuant to any applicable law, rule, regulation or ordinance and that such transfer has been made in compliance with the terms of any outstanding debt instruments.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. DELEGATION OF DUTY. Nothing contained herein shall be deemed to authorize the delegation of any of the constitutional or statutory duties of any party or any officers thereof.

SECTION 7.02. FILING. A copy of this Interlocal Agreement shall be filed for records with the Clerk of the Circuit Court of Levy County.

SECTION 7.03. 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 parties shall apply to the individuals performing their respective functions and duties under the provisions of this Interlocal Agreement.

B. The parties 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, parties 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 parties 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 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 7.04. LIMITED LIABILITY. No party 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 a party hereto in any way.

SECTION 7.05. INDEMNIFICATION. To the extent that doing so does not waive any right of immunity available to the parties, whether pursuant to Section 768.28, Florida Statutes, or otherwise, W3C hereby agrees to indemnify, protect, save and hold forever harmless the party, any and all of their respective commissioners, officers and employees from and against all liabilities, obligations, claims, damages, judgments, penalties, costs and expenses (including attorneys' fees and all court costs) which arise after the creation of the Cooperative which may be incurred, suffered, sustained or for which a party may become obligated or liable as a result of the acts or omissions of the Cooperative..

SECTION 7.06. AMENDMENTS. This Interlocal Agreement may be amended in writing at any time by the concurrence of all of the Directors present at a duly called meeting and subsequent ratification by the governing body of each party. However, this Interlocal 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 7.07. ADHERENCE TO OPEN GOVERNMENT. As a public entity, the Cooperative shall adhere to and comply with all laws relating to Government in the Sunshine and Public Records. In addition, as soon as practicable, the Cooperative shall post on its website expository documents including, without intending or implying any limitation, the agendas and minutes of any Board meetings, the annual budget, the annual report, and the Capital Improvement Plan.

SECTION 7.08. 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 7.09. CONTROLLING LAW. This Interlocal Agreement shall be construed and governed by Florida law.

SECTION 7.10. EFFECTIVE DATE. This Interlocal Agreement shall become effective on the later of A. the specified date hereof or B. the date of the last designated party executes this Interlocal Agreement filing